

**SCHOOL DISTRICT OF  
UPPER FREEHOLD REGIONAL**

Allentown, New Jersey  
County of Monmouth

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**OF THE**

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**

**ALLENTOWN, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**Prepared by**

**Upper Freehold Regional School District  
Finance Department**



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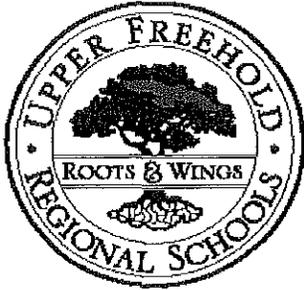
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**INTRODUCTORY SECTION**





## UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

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27 High Street • Allentown, New Jersey 08501 • central office: 609-259-7292 • fax: 609-259-0881

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

November 12, 2012

STEPHEN C. COCHRANE, MA  
*Assistant Superintendent for  
Curriculum and Instruction*

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

DIANA L. SCHIRALDI, CPA, RSBA  
*Business Administrator  
Board Secretary*

Dear Board Members:

JUDITH C. CHEVALIER M. ED., MSW  
*Director of Special Services*

The Comprehensive Annual Financial Report (CAFR) of the Upper Freehold Regional School District (the "District") for the fiscal year ended June 30, 2012, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

KARL CIAK  
*Director of Technology and  
Information Services*

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, is included in the single audit section of this report.

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

The District continues to maintain a high quality of education. The Upper Freehold Regional School District is a comprehensive educational organization that provides a full range of programs and services appropriate to grades pre-K through 12. These programs and services include regular, vocational as well as special education for youngsters with a wide range of disabilities. The District completed the 2011-2012 school year with an enrollment of 2,364 students, compared to 2,331 students as of June 30, 2012. Enrollment is defined as students on roll and students placed out of District.

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

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	
	<u>Student Enrollment</u>	<u>Percent Change</u>
2011-2012	2,364	0.04%
2010-2011	2,331	-0.26%
2009-2010	2,337	0.17%
2008-2009	2,333	4.62%
2007-2008	2,230	-2.28%

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

***Core Curriculum Content Standards***

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

***Staff Development***

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

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

***Technology***

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

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

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

3) MAJOR INITIATIVES: The District continues to develop and implement annual board goals, which serve as the areas of major focus for the board. The following are the major goals and initiatives of the District as we move forward:

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

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2012.

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

7) DEBT ADMINISTRATION: The District retired \$1,545,000 in bond principal. At June 30, 2012, the District had \$56,103,000 of outstanding bonds payable. Detail regarding the District's outstanding bond issues is on Exhibit I-1.

8) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

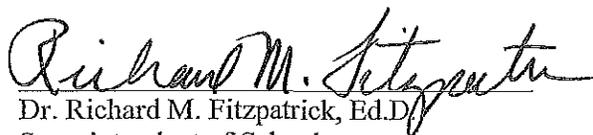
9) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found on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

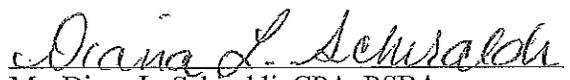
The District is a member of the School Alliance Insurance Fund (the "Fund"). The Fund is a risk-sharing public entity risk pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to its members. Additional information on the Fund is included in Note 12 to the Basic Financial Statements.

10) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman & Frenia, P.C., was selected by the Board of Education at its last organization meeting. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related Federal OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Upper Freehold Regional School District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our business office staff.

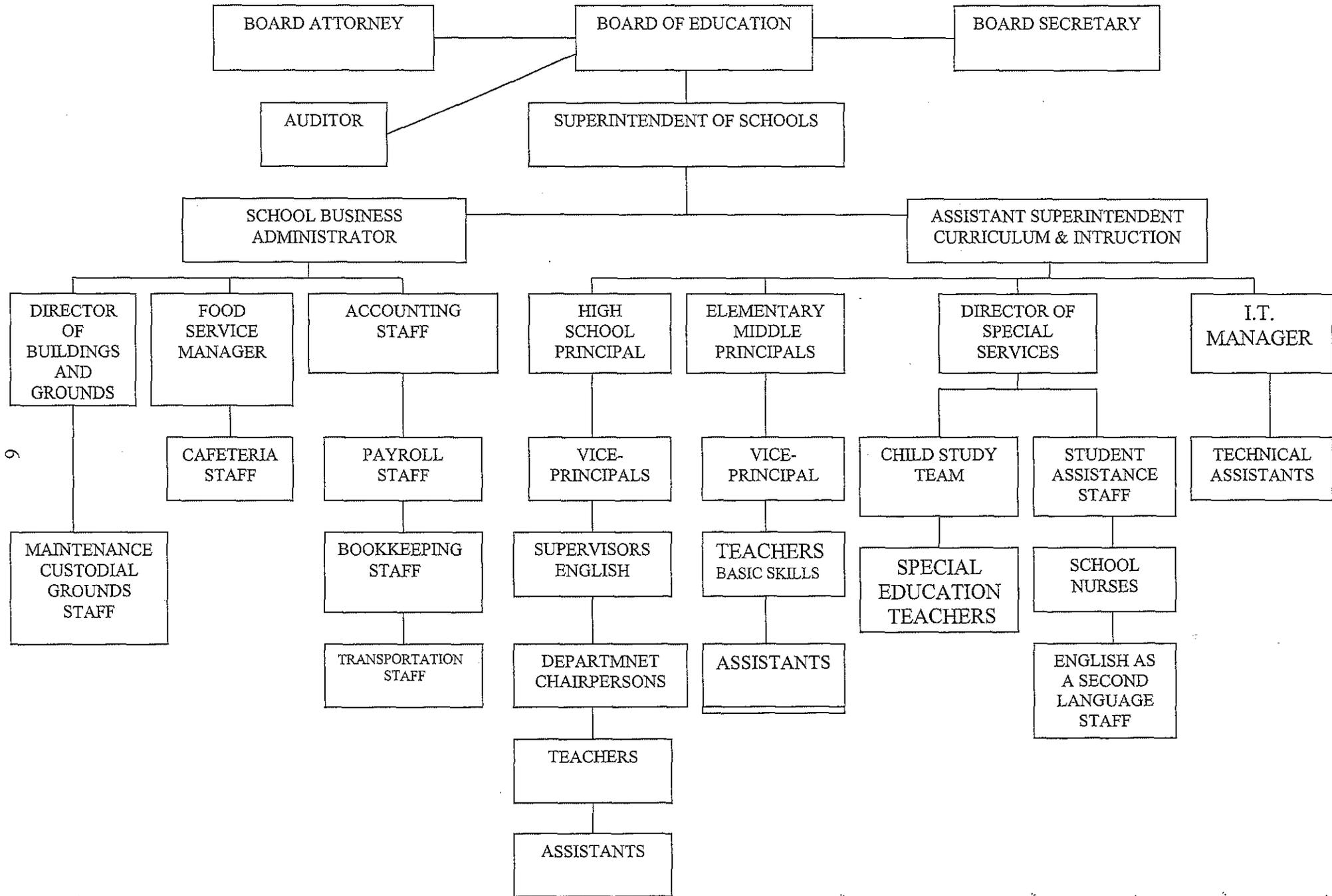
Respectfully submitted,

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

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



**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**





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

**ROSTER OF OFFICIALS  
JUNE 30, 2012**

<b>MEMBERS OF THE BOARD OF EDUCATION</b>	<b>TERM EXPIRES</b>
--	---------------------

Lisa Herzer, President	2012
Patricia Hogan, Vice President	2013
Douglas Anthony	2013
Greg Barkley	2014
Eileen Heddy	2012
Amy Jacobson	2012
Howard Krieger	2012
Patrick Nolan	2014
Christopher Shaw	2014
Richard Smith	2012

**OTHER OFFICIALS**

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

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

Cherie L. Adams, Esq., Board Attorney

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

**CONSULTANTS AND ADVISORS**

**AUDIT FIRM**

Holman & Frenia, P. C.  
Rodney R. Haines, PSA, CPA, RMA  
618 Stokes Road  
Medford, New Jersey 08055

**ATTORNEY**

Cherie L. Adams, Esq.  
Adams Stern Gutierrez Lattiboudere, LLC  
1037 Raymond Boulevard, Suite 710  
Newark, New Jersey 07102

**OFFICIAL DEPOSITORY**

Beneficial Savings Bank  
530 Walnut Street  
Philadelphia, Pennsylvania 19106-3696

**FINANCIAL SECTION**





Certified Public Accountants & Consultants

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10 Allen Street, Ste. 2B, Toms River, NJ 08753 • Tel: 732.797.1333  
618 Stokes Road, Medford, NJ 08055 • Tel: 609.953.0612  
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795 Canton Street, Troy, PA 16947 • Tel: 570.297.5090  
holmanfrenia.com

**INDEPENDENT AUDITOR’S REPORT**

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

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 Board of Education of the Upper Freehold Regional School District, County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the District’s financial statements as listed in the table of contents. These financial statements are the responsibility of the Board’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; and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Upper Freehold Regional School District, County of Monmouth, State of New Jersey, as of June 30, 2012, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Upper Freehold Regional School District, County of Monmouth, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

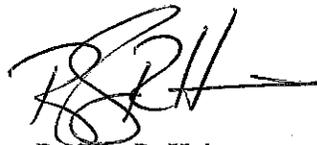
In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2012, on our consideration of the Upper Freehold Regional Board of Education’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, 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 our audit performed in accordance with *Governmental 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 on pages 11 through 22 and 60 through 70 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 Freehold Regional Board of Education's financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, schedule of expenditures of federal and state financial assistance and statistical information are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal 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* respectively, and is also not a required part of the financial statements. The combining and individual fund financial statements, long-term debt schedules and the accompanying schedule of expenditures of federal and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,

HOLMAN & FRENIA, P. C.



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

Medford, New Jersey  
November 12, 2012

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

Management's Discussion and Analysis



## UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2012

#### UNAUDITED

This section of Upper Freehold Regional School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2012. Please read it in conjunction with the transmittal letter at the front of this report and the District's basic financial statements, which immediately follow this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 - *Basic Financial Statements- and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2011-2012) and the prior year (2010-2011) is required to be presented in the MD&A.

#### Financial Highlights

Key financial highlights for the 2011-2012 fiscal year include the following:

- ◆ General revenues accounted for \$30,630,828 of all revenues. Specific revenues in the form of charges for services, operating grants & contributions accounted for \$10,949,629 to total revenues of \$41,580,457.
- ◆ The school district had \$40,493,837 in expenses; \$10,949,629 of these expenses were offset by program specific charges for services, grants or contributions.
- ◆ Total net assets of governmental activities were \$19,320,750. Net Assets increase by \$1,055,046 from July 1, 2011 to June 30, 2012.
- ◆ The General Fund fund balance at June 30, 2012 is \$3,963,709, an increase of \$1,092,138 when compared with the beginning balance at July 1, 2011 of \$2,871,571.

#### Using this Comprehensive Annual Financial Report (CAFR)

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

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis

(this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the Upper Freehold Regional School District.

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

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

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

Figure A-1 Major Features of the District-Wide and Fund Financial Statements			
	District-wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education, building maintenance and food service	Activities the district operates similar to private businesses: Food service fund
Required financial statements	Statement of net assets	Balance sheet	Statement of net assets

Statement of activities		Statement of revenue, expenditures and changes in fund balance	Statement of revenue, 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 focus	Accrual account and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets excepted to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/out flow 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 District as a whole using accounting methods similar to those used by private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid. The Statement of Net 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.

The District-wide statements report the School 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. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

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

- ◆ Governmental activities – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation, extracurricular activities, administration and community education. Aids from the State of New Jersey and from the Federal government along with local Property taxes finances most of these activities.

- ◆ Business-type activities – The District charges fees to help cover the costs of certain services it provides. The District’s Food Service, Child Watch, and Kindergarten Complement programs are reported here.

## **Reporting the School District’s Most Significant Funds**

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District’s funds – focusing on its most significant or “major” funds – not the District as a whole. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s most significant funds. The School District’s major funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

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

The District has three kinds of funds:

- ◆ Governmental funds - Most of the District’s basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the 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.
- ◆ Fiduciary funds – The District is the trustee, or fiduciary, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District’s fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

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

**Financial Analysis of the Upper Freehold Regional School District**

Net assets. Table A-1 provides a summary of the School District's net assets for 2012. The District's net assets for governmental activities were \$19,320,750 on June 30, 2012. (See Table A-1).

Table A-1 Upper Freehold Regional School District Net Assets As of June 30, 2012	
	<u>June 30, 2012</u>
Current and Other Assets	\$ 5,755,497
Capital Assets	72,692,419
<b>Total Assets</b>	<b>78,447,916</b>
Long-term Liabilities	\$ 57,148,726
Other Liabilities	1,978,440
<b>Total Liabilities</b>	<b>\$ 59,127,166</b>
Net Assets	
Invested in capital assets, net of related debt	\$ 15,931,984
Restricted	3,472,919
Unrestricted	(84,153)
<b>Total Net Assets</b>	<b>\$ 19,320,750</b>

**Changes in net assets.** Table A-2 shows the changes in net assets from fiscal year 2011 to fiscal year 2012.

**Table A-2**  
**Upper Freehold Regional School District**  
**Change in Governmental Net Assets**  
**For the year ended June 30, 2012**

<b>Revenues</b>	<u><b>June 30, 2012</b></u>
Program revenues	
Charges for services	\$ 9,193,078
Operating grants and contributions	605,984
General revenues	
Property taxes	22,211,423
State and Federal Aid	7,706,921
Other charges	704,890
<b>Total revenues</b>	<u><b>\$ 40,422,296</b></u>
<b>Expenses</b>	
Governmental Activities:	
Instruction:	
Regular	\$ 10,416,719
Special Education	3,634,594
Other Special Instruction	277,994
Other Instruction	672,951
Support Services:	
Tuition	1,034,879
Attendance & Social Work Services	99,480
Health Services	286,862
Student & Instruction Related Services	3,031,143
Educational Media Services/School Library	392,973
Instruction Staff Training	94,248
School Administrative Services	1,164,906
Central Services	406,278
Administrative Information Technology	78,909
Other Administrative Services	598,655
Plant Operations and Maintenance	2,760,106
Pupil Transportation	1,705,789
Unallocated Benefits & Depreciation	7,854,638
Interest on Long-Term Debt	2,418,256
Amortization Expense	54,715
Unallocated Compensated Absences Expense	20,790
Unallocated Depreciation	2,178,365
Unallocated Adjustment to Capital Assets	184,000
<b>Total Governmental Activities</b>	<u><b>\$ 39,367,250</b></u>
Net Increase (Decrease) in Net Assets	\$ 1,055,046

**Governmental Activities [Source: B-2]**

The unique nature of property taxes in New Jersey creates legal requirements to annually seek voter approval for the School District operations prior to 2012. Per legislation enacted in 2012, the Board Of Education approved the move of the school election to November. This eliminated the requirement for voter approval on the budget if the proposed tax levy increase does not exceed 2%. Property taxes made up 54.94% of revenues for governmental activities for the Upper Freehold Regional School District for fiscal year 2012. The District's total revenues were \$40,422,296. Federal, state and local grants accounted for another 20.56% of revenue. Tuition and transportation accounted for 22.74% of revenue. Miscellaneous revenue was 1.76%.

The total cost of all programs and services was \$39,367,250. Instruction including allocated benefits comprises 37.80% of District expenses.

Total revenues exceeded expenses, increasing net assets by \$1,055,046 from the beginning balance at July 1, 2011.

<b>Governmental Activities:</b>	<b>2012</b>	
	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
Instruction:		
Regular	\$ 10,416,719	\$ 2,217,995
Special Education	3,634,594	2,306,595
Other Special Education	277,994	277,994
Other Instruction	672,951	672,951
Support Services:		
Tuition	1,034,879	1,034,879
Attendance & Social Work Services	99,480	99,480
Health Services	286,862	286,862
Student & Instruction Related Services	3,031,143	2,977,811
Educational Media Services/School Library	392,973	392,973
Instruction Staff Training	94,248	94,248
School Administrative Services	1,164,906	1,164,906
Central Services	406,278	406,278
Administrative Information Technology	78,909	78,909
Other Administrative Services	598,655	598,655
Plant Operations and Maintenance	2,760,106	2,760,106
Pupil Transportation	1,705,789	1,613,824
Unallocated Benefits & Depreciation	7,854,638	7,854,638
Interest on Long-Term Debt	2,418,256	2,291,214
Amortization Expense	54,715	54,715
Unallocated Compensated Absences Expense	20,790	20,790
Unallocated Depreciation	2,178,365	2,178,365
Unallocated Adjustment to Capital Assets	184,000	184,000
<b>Total Governmental Activities</b>	<b>\$ 39,367,250</b>	<b>\$ 29,568,188</b>

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

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

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

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

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

### The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$40,422,296 and expenditures were \$39,683,798. The net change in fund balance for the year was an increase of \$738,498 including the change in the capital projects fund.

### General Fund

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

	Year Ended June 30, 2012	Year Ended June 30, 2011	Amount of Increase (Decrease)	Percent Increase (Decrease)
<b>REVENUES</b>				
Local sources:				
Local tax levy	\$ 18,355,168	\$ 18,083,910	\$ 271,258	1.5%
Tuition	9,101,113	10,016,242	(915,129)	-9.1%
Transportation	91,965	101,123	(9,158)	-9.1%
Miscellaneous	198,196	198,467	(271)	-0.1%
<b>Total - Local Sources</b>	<b>27,746,442</b>	<b>28,399,742</b>	<b>653,300</b>	
Federal Sources	182,476	-	182,476	100.0%
State Sources	7,232,004	6,267,878	964,126	15.4%
<b>Total - Govt Sources</b>	<b>7,414,480</b>	<b>6,267,878</b>	<b>1,146,602</b>	
Other Financing Sources:				
Sale of Fixed Asset	457,995	-	457,995	100.0%
Capital Lease	-	356,000	(356,000)	-100.0%
Transfers in	187,053	8,329	178,724	2145.8%
Transfers out	-	(43,774)	43,774	-100.0%
<b>Total Other Financing Sources</b>	<b>645,048</b>	<b>320,555</b>	<b>324,493</b>	
<b>Total Revenues</b>	<b>\$ 35,805,970</b>	<b>\$ 34,988,175</b>	<b>\$ 817,795</b>	

The primary source of funding for the District is received from local tax levy that accounted for 51.26% of total revenues. State aid accounted for 20.20% of total revenues.

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

	Year Ended June 30, 2012	Year Ended June 30, 2011	Amount of Increase/ (Decrease)	Percent Increase/ (Decrease)
Current:				
Regular Instruction	\$ 10,416,719	\$ 10,285,763	\$ 130,956	1.27%
Special Education Instruction	3,208,984	2,902,000	306,984	10.58%
Other Instruction	950,945	993,329	(42,384)	-4.27%
Support Services and Undistributed Costs:				
Tuition	1,034,879	641,077	393,802	61.43%
Attendance	99,480	-	99,480	100.00%
Health Services	286,862	-	286,862	100.00%
Student & Instruction Related Services	2,977,811	3,890,751	(912,940)	-23.46%
Educational Media Services/School Library	481,930	-	481,930	100.00%
Instructional Staff Training	94,248	-	94,248	100.00%
School Administrative Services	1,164,906	1,244,634	(79,728)	-6.41%
Central Services	406,278	408,511	(2,233)	-0.55%
Administrative Information Technology	78,909	141,198	(62,289)	-44.11%
Other Administrative Services	598,655	619,453	(20,798)	-3.36%
Plant Operations and Maintenance	3,208,007	3,279,370	(71,363)	-2.18%
Pupil Transportation	1,705,789	1,418,617	287,172	20.24%
Employee Benefits	7,854,638	6,985,545	869,093	12.44%
Capital Outlay	144,792	582,297	(437,505)	-75.13%
<b>Total Expenditures</b>	<b>34,713,832</b>	<b>33,392,545</b>	<b>1,321,287</b>	<b>3.96%</b>

Total General Fund expenditures increased \$1,321,287 or 3.96% from the previous year.

The Upper Freehold Regional School District values its fund balances as a vehicle for addressing unbudgeted and emergent needs that occur during school year. The amounts of fund balance designated to support the subsequent year's budgets were \$840,393 for the 2012-2013 school year.

## General Fund Budgetary Highlights

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

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

## Debt Service Fund

The current year obligations for payment of debt service principal and interest amounted to \$3,991,444. \$3,856,255 in funding was provided by from the local tax levy, and \$127,042 was received as aid from the state.

## Enterprise Funds

The Food Service Fund had Net Assets of \$307,869 at June 30, 2012. This reflects a decrease of \$11,629 from the prior year's Net Assets.

## Capital Asset and Debt Administration

### Capital Assets

At the end of 2012, the District had capital assets with a book value of \$72,692,419. This consists of a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices. (See Table A-6.) Total depreciation expense for the year was \$2,178,365.

	<u>2012</u>	<u>2011</u>
Building & Bldg Improvements	\$ 80,156,229	\$ 79,562,078
Machinery and Equipment	3,496,766	4,267,299
Construction in Progress	-	52,904
Land	5,419,448	5,419,448
Total Capital Assets	<u>89,072,443</u>	<u>89,301,729</u>
Less: Accumulated Depreciation	<u>(16,380,024)</u>	<u>(14,980,274)</u>
<b>Net Capital Assets</b>	<b>\$ 72,692,419</b>	<b>\$ 74,321,455</b>

## Debt Administration

At June 30, 2012, the School District had \$56,760,435 in outstanding debt. Of this amount, \$56,103,000 is for bonds and \$657,435 is for capital leases.

## Long-Term Obligations

At year-end, the District had \$56,103,000 in general obligation bonds, a decrease of \$1,545,000 from last year – as shown in Table A-7.

The District also has a \$388,291 liability for compensated absences. This liability represents the District's contractual obligation to compensation employees for accumulated unused sick leave entitlements upon retirement.

<u>Governmental Activity</u>	<u>Balance at June 30, 2012</u>	<u>Balance at June 30, 2011</u>	<u>Increase/ (Decrease)</u>	<u>% Chg</u>
General Obligation Bonds Payable	\$ 56,103,000	\$ 57,648,000	\$ (1,545,000)	-2.7%
Capital Lease Payable	657,435	1,105,336	(447,901)	-40.5%
Compensated Absences	388,291	367,501	20,790	5.7%
<b>TOTAL</b>	<b>\$ 57,148,726</b>	<b>\$ 59,120,837</b>	<b>\$ (1,972,111)</b>	<b>-37.54%</b>

## For the Future

The Upper Freehold Regional School District is in very good financial condition presently. However the major concern of the District is state aid which has decreased significantly in recent years. Upper Freehold Regional is made up of primarily residential communities thus the burden is focused on homeowners to foot the tax burden.

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

## **Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Diana L. Schiraldi, Secretary to the Board of Education and School Business Administrator at Upper Freehold Regional School District, 27 High Street, Allentown, NJ 08501.

**BASIC FINANCIAL STATEMENTS**



## A. District-Wide Financial Statements



**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2012**

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL JUNE 30, 2012
Cash & Cash Equivalents	\$2,312,660	382,763	2,695,423
Receivables, Net	1,825,478	23,522	1,849,000
Inventory		24,437	24,437
Unamortized Loss on Early Retirement of Debt	911,897		911,897
Unamortized Cost of Issuance	705,462		705,462
Capital Assets, Net (Note 7)	72,692,419	60,234	72,752,653
<b>Total Assets</b>	<b>78,447,916</b>	<b>490,956</b>	<b>78,938,872</b>
<b>LIABILITIES</b>			
Accounts Payable	114,008	50,002	164,010
Other Liabilities			
Accrued Interest Expense	966,234		966,234
Unamortized Bond Premium	856,682		856,682
Intergovernmental Payable	6,752		6,752
Deferred Revenue	34,764	50	34,814
Noncurrent Liabilities (Note 8):			
Due Within One Year	1,925,661		1,925,661
Due Beyond One Year	55,223,065		55,223,065
<b>Total Liabilities</b>	<b>59,127,166</b>	<b>50,052</b>	<b>59,177,218</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	15,931,984	60,234	15,992,218
Restricted For:			
Other Purposes	3,472,919		3,472,919
Unrestricted	(84,153)	380,670	296,517
<b>Total Net Assets</b>	<b>\$19,320,750</b>	<b>440,904</b>	<b>19,761,654</b>

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

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL JUNE 30, 2012
Governmental Activities:						
Instruction:						
Regular	\$10,416,719	8,198,724		(2,217,995)		(2,217,995)
Special Education	3,634,594	902,389	425,610	(2,306,595)		(2,306,595)
Other Special Instruction	277,994			(277,994)		(277,994)
Other Instruction	672,951			(672,951)		(672,951)
Support Services & Undistributed Costs:						
Tuition	1,034,879			(1,034,879)		(1,034,879)
Attendance & Social Work Services	99,480			(99,480)		(99,480)
Health Services	286,862			(286,862)		(286,862)
Student & Instruction Related Services	3,031,143		53,332	(2,977,811)		(2,977,811)
Educational Media Services/School Library	392,973			(392,973)		(392,973)
Instructional Staff Training	94,248			(94,248)		(94,248)
School Administrative Services	1,164,906			(1,164,906)		(1,164,906)
Central Services	406,278			(406,278)		(406,278)
Administrative Information Technology	78,909			(78,909)		(78,909)
Other Administrative Services	605,049			(605,049)		(605,049)
Plant Operations & Maintenance	2,760,106			(2,760,106)		(2,760,106)
Pupil Transportation	1,705,789	91,965		(1,613,824)		(1,613,824)
Unallocated Benefits	7,854,638			(7,854,638)		(7,854,638)
Interest on Long-Term Debt	2,418,256		127,042	(2,291,214)		(2,291,214)
Amortization Expense	54,715			(54,715)		(54,715)
Unallocated Compensated Absences Expense	20,790			(20,790)		(20,790)
Unallocated Depreciation	2,178,365			(2,178,365)		(2,178,365)
Unallocated Adjustment to Capital Assets	184,000			(184,000)		(184,000)

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL JUNE 30, 2012
Total Governmental Activities	39,373,644	9,193,078	605,984	(29,574,582)		(29,574,582)
Business-Type Activities:						
Food Service	787,417	634,121	140,467		(12,829)	(12,829)
Regional Transportation	201,633	233,525			31,892	31,892
Job Fair	131,143	142,454			11,311	11,311
Total Business-Type Activities	1,120,193	1,010,100	140,467		30,374	30,374
Total Primary Government	\$40,493,837	10,203,178	746,451	(29,574,582)	30,374	(29,544,208)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				18,355,168		18,355,168
Taxes Levied for Debt Service				3,856,255		3,856,255
Federal & State Aid Not Restricted				7,706,921		7,706,921
Miscellaneous Income				711,284	1,200	712,484
Total General Revenues, Special Items, Extraordinary Items & Transfers				30,629,628	1,200	30,630,828
Change In Net Assets				1,055,046	31,574	1,086,620
Net Assets - Beginning				18,265,704	409,330	18,675,034
Net Assets - Ending				\$19,320,750	440,904	19,761,654

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

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## B. Fund Financial Statements



## Governmental Funds



**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2012**

ASSETS & OTHER DEBITS	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	<u>TOTAL</u> JUNE 30, 2012
Cash & Cash Equivalents	\$2,313,316		1,191	18,905	2,333,412
Accounts Receivable:					
Federal Aid		39,369			39,369
State Aid	330,420	1,926	320,387		652,733
Interfund	321,787	952			322,739
Other	1,124,826	8,341			1,133,167
<b>Total Assets</b>	<b>\$4,090,349</b>	<b>50,588</b>	<b>321,578</b>	<b>18,905</b>	<b>4,481,420</b>
<b>LIABILITIES &amp; FUND BALANCES</b>					
Liabilities:					
Cash Deficit		20,752			20,752
Accounts Payable	\$98,608	15,400			114,008
Intergovernmental Payable:					
State		6,752			6,752
Interfund Payables	952		321,578		322,530
Deferred Revenue	27,080	7,684			34,764
<b>Total Liabilities</b>	<b>126,640</b>	<b>50,588</b>	<b>321,578</b>		<b>498,806</b>
Fund Balances:					
Restricted for:					
Capital Reserve Account	301,046				301,046
Maintenance Reserve Account	350,000				350,000
Emergency Reserve Account	300,000				300,000
Tuition Reserve Account	400,000				400,000
Excess Surplus	1,082,039				1,082,039
Excess Surplus - Designated for Subsequent Year's Expenditures	840,393				840,393
Debt Service Fund				18,905	18,905
Committed to:					
Other Purposes	180,408				180,408
Assigned to:					
Designated for Subsequent Year's Expenditures	140,112				140,112
Unassigned Fund Balance	369,711				369,711
<b>Total Fund Balances</b>	<b>3,963,709</b>			<b>18,905</b>	<b>3,982,614</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$4,090,349</b>	<b>50,588</b>	<b>321,578</b>	<b>18,905</b>	

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 \$89,072,443 and the accumulated depreciation is \$16,380,024.	72,692,419
Net Unamortized Loss on Early Extinguishment of Debt	911,897
Net Unamortized Bond Costs	705,462
Net Unamortized Bond Premiums	(856,682)
Accrued interest payable is not recorded in the fund financial Statements due to the fact that payable is not due in the period.	(966,234)
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.	(57,148,726)
<b>Net assets of Governmental Activities</b>	<b>\$19,320,750</b>

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

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL JUNE 30, 2012
<b>Revenues:</b>					
Local Sources:					
Local Tax Levy	\$18,355,168			3,856,255	22,211,423
Tuition	9,101,113				9,101,113
Transportation	91,965				91,965
Miscellaneous	198,196	48,352	347		246,895
<b>Total Local Sources</b>	<b>27,746,442</b>	<b>48,352</b>	<b>347</b>	<b>3,856,255</b>	<b>31,651,396</b>
State Sources	7,232,004	45,637	320,287	127,042	7,724,970
Federal Sources	182,476	405,459			587,935
<b>Total Revenues</b>	<b>35,160,922</b>	<b>499,448</b>	<b>320,634</b>	<b>3,983,297</b>	<b>39,964,301</b>
<b>Expenditures:</b>					
Current Expense:					
Regular Instruction	10,416,719				10,416,719
Special Education Instruction	3,208,984	425,610			3,634,594
Other Special Instruction	277,994				277,994
Other Instruction	672,951				672,951
Support Services:					
Tuition	1,034,879				1,034,879
Attendance	99,480				99,480
Health Services	286,862				286,862
Student & Instruction Related Services	2,977,811	53,332			3,031,143
Educational Media Services/School Library	481,930				481,930
Instructional Staff Training	94,248				94,248
School Administrative Services	1,164,906				1,164,906
Central Services	406,278				406,278
Administrative Information Technology	78,909				78,909
Other Administrative Services	598,655				598,655
Plant Operations & Maintenance	3,208,007				3,208,007
Pupil Transportation	1,705,789				1,705,789
Employee Benefits	7,854,638				7,854,638
Capital Outlay	144,792	20,506	479,074		644,372
Debt Service:					
Principal				1,545,000	1,545,000
Interest & Other Charges				2,446,444	2,446,444
<b>Total Expenditures</b>	<b>34,713,832</b>	<b>499,448</b>	<b>479,074</b>	<b>3,991,444</b>	<b>39,683,798</b>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	447,090		(158,440)	(8,147)	280,503
Other Financing Sources:					
Compensation for Sale of Fixed Assets	457,995				457,995
Transfers In/(Out)	187,053		(187,053)		
<b>Total Other Financing Sources</b>	<b>645,048</b>		<b>(187,053)</b>		<b>457,995</b>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	1,092,138		(345,493)	(8,147)	738,498
Fund Balances July 1,	2,871,571		345,493	27,052	3,244,116
Fund Balances June 30,	3,963,709	-	-	18,905	3,982,614

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

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$738,498

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period:

Depreciation Expense	(\$2,178,365)	
Adjustment/Deletions Per Fixed Asset Appraisal	(184,000)	
Capital Outlays	733,329	(1,629,036)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 1,545,000

Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 447,901

Amortization of debt issuance costs, bond premiums and loss on early retirement of debt are recorded when incurred in the governmental funds but are accrued and expensed over time in the statement of activities.

Amortization of Loss on Early Retirement of Debt	(57,802)	
Amortization of Debt Issuance Costs	(62,170)	
Amortization of Bond Premiums	65,257	(54,715)

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

Prior Year	994,422	
Current Year	(966,234)	28,188

Increase in compensated absences is not an expenditure in the governmental funds, but increases long-term liabilities in the statement of net assets and is not reported in the statement of activities.

Prior Year	367,501	
Current Year	(388,291)	(20,790)

Change in Net Assets of Governmental Activities \$1,055,046



## Proprietary Funds



**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET ASSETS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**  
**(With Comparative Totals for June 30, 2011)**

ASSETS	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				TOTAL JUNE 30, 2012
	FOOD SERVICE FUND	CHILD WATCH	KINDERGARTEN COMPLEMENT	MILLSTONE BUSING	
Current Assets:					
Cash & Cash Equivalents	\$267,870	122,332	(7,439)		382,763
Accounts Receivable:					
State	237				237
Federal	4,535				4,535
Miscellaneous			18,750		18,750
Inventories	24,437				24,437
Total Current Assets	297,079	122,332	11,311		430,722
Fixed Assets:					
Equipment	257,901				257,901
Accumulated Depreciation	(197,667)				(197,667)
Total Fixed Assets	60,234				60,234
Total Assets	357,313	122,332	11,311		490,956
Current Liabilities:					
Accounts Payable	49,444	558			50,002
Deferred Revenue		50			50
Total Current Liabilities	49,444	608			50,052
NET ASSETS					
Investment in Fixed Capital	60,234				60,234
Unreserved Retained Earnings	247,635	121,724	11,311		380,670
Total Net Assets	\$307,869	121,724	11,311	-	440,904

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

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</u>				<u>TOTAL</u> JUNE 30, 2012
	FOOD SERVICE FUND	CHILD WATCH	KINDERGARTEN COMPLEMENT	MILLSTONE BUSING	
Operating Revenue:					
Daily Sales - Reimbursable Programs:					
School Lunch Program	\$340,868				340,868
Total - Daily Sales - Reimbursable Programs	340,868				340,868
Daily Sales Nonreimbursable Programs	293,253				293,253
Fees		233,525	142,454		375,979
Miscellaneous Income	1,200				1,200
Total Operating Revenue	635,321	233,525	142,454		1,011,300
Operating Expenses:					
Salaries & Employee Benefits	287,653	186,593	128,894		603,140
Repairs and Maintenance	70,269				70,269
Supplies and Materials	23,291	8,874	2,249		34,414
Depreciation	9,694				9,694
Management Fee	70,928				70,928
Contracted Services	13,355				13,355
Miscellaneous	4,352	6,166			10,518
Cost of Sales	307,875				307,875
Total Operating Expenses	787,417	201,633	131,143		1,120,193
Operating (Loss)/Gain	(152,096)	31,892	11,311		(108,893)
Nonoperating Revenues:					
State Sources:					
State School Lunch Program	6,332				6,332
Federal Sources:					
National School Breakfast Program	6,139				6,139
National School Lunch Program	81,784				81,784
Food Distribution Program	46,212				46,212
Total Nonoperating Revenues	140,467				140,467
Change in Net Assets	(11,629)	31,892	11,311		31,574
Total Net Assets - Beginning	319,498	89,832			409,330
Total Net Assets - Ending	\$307,869	121,724	11,311	-	440,904

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

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</u>				<u>TOTAL</u> JUNE 30, 2012
	FOOD SERVICE FUND	CHILD WATCH	KINDERGARTEN COMPLEMENT	MILLSTONE BUSING	
Cash Flows From Operating Activities:					
Receipts from Customers	\$635,321	233,575	123,704		992,600
Payments to Employees	(287,653)	(186,593)			(474,246)
Payments to Suppliers	(446,934)	(14,482)	(131,143)	(44,063)	(636,622)
Net Cash Provided/(Used) by Operating Activities	(99,266)	32,500	(7,439)	(44,063)	(118,268)
Cash Flows From Capital & Related Financing Activities:					
Decrease In Capital Assets	6,464				6,464
Net Cash Provided/(Used) by Capital & Related Financing Activities	6,464				6,464
Cash Flows From Noncapital Financing Activities:					
Cash Received From State & Federal Reimbursements	95,362				95,362
Net Cash Provided by Noncapital Financing Activities	95,362				95,362
Net Increase/(Decrease) in Cash & Cash Equivalents	2,560	32,500	(7,439)	(44,063)	(16,442)
Cash and Cash Equivalents, July 1	265,310	89,832		44,063	399,205
Cash & Cash Equivalents, June 30	\$267,870	122,332	(7,439)	-	382,763

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

Cash Provided/(Used) by Operating Activities:					
Operating Income/(Loss)	(\$152,096)	31,892	11,311		(108,893)
Adjustments to Reconcile Operating to Cash Provided/(Used) by Operating Activities:					
Depreciation Expense	9,694				9,694
Food Distribution Program	46,212				46,212
Change in Assets & Liabilities:					
Decrease/(Increase) in Accounts Receivable			(18,750)		(18,750)
(Increase)/Decrease in Inventory	(6,589)				(6,589)
Increase/(Decrease) in Accounts Payable	3,513	558		(44,063)	(39,992)
Increase/(Decrease) in Deferred Revenue		50			50
Total Adjustments	52,830	608	(18,750)	(44,063)	(9,375)
Net Cash Provided/(Used) by Operating Activities	(\$99,266)	32,500	(7,439)	(44,063)	(118,268)

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



## Fiduciary Fund



**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2012**

ASSETS	PRIVATE PURPOSE		AGENCY		TOTAL JUNE 30, 2012
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP TRUST	PAYROLL FUND	STUDENT ACTIVITY	
Cash & Cash Equivalents	\$164,098	47,835	143,754	110,100	465,787
Total Assets	164,098	47,835	143,754	110,100	465,787
LIABILITIES					
Interfund Payable			209		209
Payroll Deductions & Withholdings	24,891		143,545		168,436
Due to Student Groups				110,100	110,100
Total Liabilities	24,891		143,754	110,100	278,745
NET ASSETS					
Reserved:					
Unemployment Claims	139,207				139,207
Scholarship Awards		47,835			47,835
Total Net Assets	\$139,207	47,835	-	-	187,042

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

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
FIDUCIARY FUND  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	PRIVATE PURPOSE		TOTAL JUNE 30, 2012
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP TRUST	
<b>ADDITIONS:</b>			
Contributions:			
Deductions From Employees'			
Salaries	\$221,685		221,685
Donor Contributions		13,114	13,114
Total Contributions	221,685	13,114	234,799
Investment Earnings:			
Interest on Investments	151	54	205
Total Investment Earnings	151	54	205
Total Additions	221,836	13,168	235,004
<b>DEDUCTIONS:</b>			
Unemployment Claims	229,043		229,043
Scholarships Awarded		16,575	16,575
Total Deductions	229,043	16,575	245,618
Change in Net Assets	(7,207)	(3,407)	(10,614)
Net Assets - Beginning of Year	146,414	51,242	197,656
Net Assets - End of Year	\$139,207	47,835	187,042

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

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012**



## UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2012

#### **Note 1. Summary of Significant Accounting Policies**

The accompanying financial statements of the Upper Freehold Regional School District have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999 the GASB issued Statement 34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This statement established new financial reporting requirements for state and local governmental entities throughout the United States. They require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in prior years is affected.

The District has implemented these standards for the fiscal year-ending June 30, 2003 with the implementation of GASB Statement 34; the District has prepared required supplementary information titled *Management’s Discussion and Analysis*, which precedes the basic financial statements.

Other GASB Statements are required to be implemented in conjunction with GASB Statement 34. Therefore, the District has implemented the following GASB Statements in the current fiscal year: Statement 33 – *Accounting and Financial Reporting for Nonexchange Transactions*; Statement 36 – *Recipient Reporting for Certain Shared Nonexchange Revenues*; Statement 37 - *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus* and Statement 38 – *Certain Financial Statement Note Disclosures*; Statement 40 – *Deposit and Investment Risk Disclosures* and Statement 44 – *Economic Condition Reporting – The Statistical Section*; Statement 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* and Statement 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*.

The accompanying financial statements present the financial position of the District and the various funds and fund types, the results of operations of the District and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2012 and for the year then ended.

#### **A. Reporting Entity**

The Upper Freehold Regional School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The operations of the District include three schools which comprise the Upper Freehold Regional School District. The Board is comprised of nine members appointed to three-year terms. These terms are staggered so that three members’ terms expire each year. The District provides a full range of educational services appropriate to grade levels K through 12. These include regular, vocational, as well as special education for handicapped youngsters. The Upper Freehold Regional School District has an approximate enrollment at June 30, 2012 of 2,355 students.

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

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (continued):**  
**JUNE 30, 2012**

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

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

Based on the aforementioned criteria, the District has no component units.

**B. District-Wide and Fund Financial Statements**

The district-wide financial statements (the statement of net assets and the statement of activities) report information of all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these district-wide statements. District activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District does not allocate general government (indirect) expenses to other functions.

Net assets are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds and similar component units, and major component units. However, the fiduciary funds are not included in the district-wide statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

**District-Wide Financial Statements** – The governmental fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2012

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

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued):**

**Governmental Fund Financial Statements** – The Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year-end. Principal revenue sources considered susceptible to accrual include federal and state grants, interest on investments, tuition and transportation. Other revenues are considered to be measurable and available only when cash is received by the state.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**D. Fund Accounting**

The accounts of the Upper Freehold Regional School District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The various funds and accounts are grouped, in the financial statements in this report, into seven fund types within three broad fund categories and two account groups as follows:

**Governmental Funds**

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

As required by the New Jersey Department of Education Upper Freehold Regional School District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles (GAAP) as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (continued):**  
**JUNE 30, 2012**

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

**D. Fund Accounting (continued):**

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

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

**Capital Projects Fund** - The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

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

**Permanent Fund** - Resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the reporting governments programs, that is for the benefit of the government or its citizenry.

**Proprietary Fund**

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

**Enterprise** - The enterprise fund is used to account for the operations that are financed and operated in a manner similar to a private business enterprise. The costs of providing goods or services are financed primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2012

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

**D. Fund Accounting (continued):**

The District's Enterprise Fund is comprised of the Food Service Fund, Regional Transportation Program, Evening School Program, Job Fair Program, Shared Services and Technology Fund.

All Proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line-method. The estimated useful lives are as follows:

Machinery & Equipment	5-20 years
-----------------------	------------

**Fiduciary Fund**

Fiduciary funds are used to account for assets held by a governmental entity for other parties (either as trustee or as an agent) and that cannot be used to finance the governmental entity's own operating programs which includes private purpose trust funds and agency funds

Private Purpose Trust Funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The District currently maintains an Unemployment Trust Fund and Retirement Trust as private purpose trusts.

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

**E. Basis of Accounting:**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and private purpose trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):**  
**JUNE 30, 2012**

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

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

In its accounting and financial reporting, the Upper Freehold Regional School District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

The Upper Freehold Regional School District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and private purpose trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

**F. Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in *N.J.A.C.6A:23-1.2*. All budget amendments must be approved by School Board resolution.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (continued):**  
**JUNE 30, 2012**

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

**F. Budget/Budgetary Control (continued):**

fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

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

The following presents a reconciliation of the special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – General, Special Revenues and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types:

**Notes to Required Supplementary Information.**  
**Budgetary Comparison Schedule**

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures.

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$35,245,894	\$498,337
Difference – Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized		1,111
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	353,290	
State aid payment recognized for budgetary purposes, not recognized for GAAP Statements until the subsequent year	<u>(438,262)</u>	<u>                    </u>

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (continued):**  
**JUNE 30, 2012**

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

**F. Budget/Budgetary Control (continued):**

	<b>General Fund</b>	<b>Special Revenue Fund</b>
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$35,160,922</u>	<u>\$499,448</u>
<b>Uses/Outflows of Resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$34,713,832	\$498,337
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	<u>                    </u>	<u>1,111</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances -- governmental funds	<u>\$34,713,832</u>	<u>\$499,448</u>

**G. Encumbrances**

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

Open encumbrances in the special revenue fund for which the Upper Freehold Regional School District has received advances are reflected in the balance sheet as deferred revenues at fiscal year-end.

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

**H. Cash and Cash Equivalents**

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

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2012**

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

**H. Cash and Cash Equivalents (continued):**

New Jersey School Districts are limited as to the types of investments and types of financial institutions they may invest in. *N.J.S.18A:20-37* provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with a failed banking institution in New Jersey.

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

**I. Tuition Receivable/Payable**

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

These adjustments are recorded upon certification by the State Board of Education, which is normally three years following the contract year. The cumulative adjustments through June 30, 2012, which have not been recorded, are not determinable.

The tuition rate adjustments for the years 2009-2010 have been established. According to the School District's records, these amounts of adjustments are immaterial to the financial statements.

**J. Inventories & Prepaid Expenses**

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

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

Prepaid expenses, which benefit future periods, other than those recorded in the enterprise funds, are recorded as expenditure during the year of purchase. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2012

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

**K. Short-Term Interfund Receivables/Payables**

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

**L. Fixed Assets**

General fixed assets acquired or constructed during the year are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Fixed assets are defined by the District as assets, which have a cost in excess of \$2,000 at the date of acquisition and a useful life of one year or more. Donated fixed assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed were valued by an independent appraisal company. General fixed assets, such as land and buildings, are valued at the historical cost basis and through estimated procedures performed by an independent appraisal company, respectively.

General fixed assets are reflected as expenditures in the applicable governmental funds. Depreciation expense is recorded in the district-wide financial statements as well as the proprietary fund. Capital assets are depreciated on the straight-line method over the assets' estimated useful life. There is no depreciation recorded for land and construction in progress. Generally estimated useful lives are as follows:

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

**M. Accrued Salaries and Wages**

District employees, who provide services to the District over the ten-month academic year and extended eleven-month calendar, do not have the option to have their salaries disbursed during the entire twelve-month year. Therefore, there is no accrual as of June 30, 2012 for such salaries.

**N. Compensated Absences**

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

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

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (continued):**  
**JUNE 30, 2012**

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

**O. Deferred Revenue**

Deferred revenue in the special revenue fund represents cash, which has been received but not yet earned.

**P. Long-term Obligations**

In district-wide financial statements, under governmental activities, long-term debt is recognized as a liability in the general fund as debt is incurred.

**Q. Fund Equity**

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

In accordance with State of New Jersey statutes, the fund balance to be utilized in the subsequent year budget is not legally restricted and therefore has been classified as fund balance designated for subsequent year's expenditures and is not reserved.

**R. Subsequent Events**

The Upper Freehold Regional School District has evaluated subsequent events occurring after June 30, 2012 through the date of November 12, 2012, which is the date the financial statements were available to be issued.

**Note 2. Cash and Cash Equivalents**

The District is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at June 30, 2012, and reported at fair value are as follows:

<b>Type</b>	<b>Carrying Value</b>
<b>Deposits:</b>	
Demand Deposits	<u>\$3,161,210</u>
Total Deposits & Investments	<u>\$3,161,210</u>
<b>The District's Cash &amp; Cash Equivalents are Reported as Follows:</b>	
Governmental Funds	\$2,312,660
Enterprise Funds	382,763
Fiduciary Funds	<u>465,787</u>
Total Cash & Cash Equivalents	<u>\$3,161,210</u>

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2012

**Note 2. Cash and Cash Equivalents (continued):**

**Custodial Credit Risk** – Deposits in financial institutions, reported as components of cash, cash equivalents and investments had a bank balance of \$4,471,750 at June 30, 2012 and was insured or collateralized as follows:

Insured	\$ 250,000
Collateralized in the District's Name Under GUDPA (see Note 3)	<u>4,221,750</u>
Total	<u>\$4,471,750</u>

**Note 3. Governmental Unit Deposit Protection Act (GUDPA)**

The District has deposited cash in 2012 with an approved public fund depository qualified under the provisions of the Government Unit Deposit Protection Act. In addition to savings and checking accounts the District invests monies in certificates of deposits.

The Governmental Unit Deposit Protection Act P.L. 1970, Chapter 236, was passed to afford protection against bankruptcy or default by a depository. C.17:9-42 provides that no governmental unit shall deposit funds in a public depository unless such funds are secured in accordance with this act. C.17:9-42 provides that every public depository having public funds on deposit shall, as security for such deposits, maintain eligible collateral having a market value at least equal to either (1) 5% of the average daily balance of collected public funds on deposit during the 6 month period ending on the next preceding valuation date (June 30 or December 31) or (2) at the election of the depository, at least equal to 5% of the average balance of collected public funds on deposit on the first, eighth, fifteenth, and twenty-second days of each month in the 6 month period ending on the next preceding valuation date (June 30 or December 31). No public depository shall be required to maintain any eligible collateral pursuant to this act as security for any deposit or deposits of any governmental unit to the extent such deposits are insured by F.D.I.C. or any other U.S. agency which insures public depository funds.

No public depository shall at any time receive and hold on deposit for any period in excess of 15 days public funds of a governmental unit(s) which, in the aggregate, exceed 75% of the capital funds of the depository, unless such depository shall, in addition to the security required to be maintained under the paragraph above; secure such excess by eligible collateral with a market value at least equal to 100% of such excess.

In the event of a default, the Commissioner of Banking within 20 days after the default occurrence shall ascertain the amount of public funds on deposit in the defaulting depository and the amounts covered by federal deposit insurance and certify the amounts to each affected governmental unit. Within 10 days after receipt of this certification, each unit shall furnish to the Commissioner verified statements of its public deposits. The Commissioner shall ascertain the amount derived or to be derived from the

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2012**

**Note 3. Governmental Unit Deposit Protection Act (GUDPA) (continued):**

liquidation of the collateral maintained by the defaulting depository and shall distribute such proceeds pro rata among the governmental units to satisfy the net deposit liabilities to such units.

If the proceeds of the sale of the collateral are insufficient to pay in full the liability to all affected governmental units, the Commissioner shall assess the deficiency against all other public depositories having public funds on deposit determined by a formula determined by law. All sums collected by the Commissioner shall be paid to the governmental units having deposits in the defaulting depository in the proportion that the net deposit liability to each such governmental unit bears to the aggregate of the net deposit liabilities to all such governmental units.

All public depositories are required to furnish information and reports dealing with public funds on deposit every six months, June 30th and December 31st, with the Commissioner of Banking. Any public depository which refuses or neglects to give any information so requested may be excluded by the Commissioner from the right to receive public funds for deposit until such time as the Commissioner shall acknowledge that such depository has furnished the information requested.

Upon review and approval of the Certification Statement that the public depository complies with statutory requirements, the Commissioner issues forms approving the bank as a municipal depository. The District should request copies of these approval forms semiannually to assure that all depositories are complying with requirements.

**Note 4. Capital Reserve Account**

A capital reserve account was established by the Upper Freehold Regional School District for the accumulation of funds for use as capital outlay expenditures in subsequent years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

The activity of the capital reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (continued):**  
**JUNE 30, 2012**

**Note 4. Capital Reserve Account (continued):**

Beginning Balance, July 1, 2011	\$101,010
Deposits:	
Increase per Resolution passed (June 20, 2012)	200,000
Interest Earnings	36
Ending Balance, June 30, 2012	<u>\$301,046</u>

The June 30, 2012 LRFPP balance of local support costs of uncompleted capital projects at June 30, 2012 is \$0.

**Note 5. Reserve Accounts**

**A. Maintenance Reserve Account**

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

Pursuant to *N.J.A.C. 6A:26A-4.2* funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the District by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the District's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (continued):**  
**JUNE 30, 2012**

**Note 5. Reserve Accounts (continued):**

Beginning Balance, July 1, 2011	\$150,000
Interest Earnings	
Deposits by Board Resolution - June 20, 2012	<u>200,000</u>
Ending Balance, June 30, 2012	<u>\$350,000</u>

**B. Emergency Reserve Account**

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

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

The activity of the emergency reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning Balance, July 1, 2011	<u>\$300,000</u>
Ending Balance, June 30, 2012	<u>\$300,000</u>

**C. Tuition Reserve Account**

A tuition reserve account may be established in accordance with *N.J.A.C.6A:23-3.1(f)* for tuition between two Boards of Education that are in a formal sending/receiving relationship. The maximum amount that may be restricted at year end is 10% of the estimated contract year. Upon certification of tuition rates in the second year following the contract year, full appropriation of the applicable year's reserve must be liquidated and any remaining balance related to that year must be reserved and budgeted for tax relief. The District's tuition reserve account balance of \$400,000 as of June 30, 2012 is comprised of \$300,000 established during 2010/2011 which will be used to pay for any tuition adjustments for the fiscal year ending June 30, 2013 and \$100,000 established during 2011/2012 which will be used to pay for any tuition adjustments for the fiscal year ending June 30, 2014.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2012**

**Note 6. Transfers to Capital Outlay**

During the year ended June 30, 2012, the District transferred \$0 to the capital outlay accounts for the acquisition of equipment which did not require the approval of the County Superintendent as per *N.J.A.C. 6A:23A-13.3(h)*.

**Note 7. Capital Assets**

Capital asset balances and activity for the year ended June 30, 2012 were as follows:

	June 30, 2011	Adjustments	Additions	Deletions	June 30, 2012
Land	\$ 5,419,448				\$ 5,419,448
Construction in Progress	52,904		\$ 91,460	\$ (144,364)	
Buildings	79,562,078	\$144,364	495,824	(46,037)	80,156,229
Machinery & Equipment	4,267,299	(82,613)	146,045	(833,965)	3,496,766
Subtotal	89,301,729	61,751	733,329	(1,024,366)	89,072,443
Accumulated Depreciation	(14,980,274)	9,359	(2,178,365)	769,256	(16,380,024)
Total	<u>\$74,321,455</u>	<u>\$ 72,110</u>	<u>\$(1,445,036)</u>	<u>\$ (255,110)</u>	<u>\$72,692,419</u>

The following is a summary of proprietary fund type fixed assets at June 30, 2012:

	Balance as of June 30, 2011	Additions	Deletions	Balance as of June 30, 2012
Equipment	\$292,916		\$(35,015)	\$257,901
Accumulated Depreciation	(216,524)	\$(9,694)	28,549	(197,669)
Total	<u>\$ 76,392</u>	<u>\$(9,694)</u>	<u>\$ 6,466</u>	<u>\$ 60,232</u>

**Note 8. Long-Term Liabilities**

During the fiscal year ended June 30, 2012, the following changes occurred in liabilities reported in the district-wide financial statements:

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2012**

**Note 8. Long-Term Liabilities (continued):**

	Balance 6/30/2011	Added	Retired/ Defeased	Balance 6/30/2012	Balance Due In One Year
Serial Bonds Payable	\$57,648,000		\$(1,545,000)	\$56,103,000	\$1,565,000
Compensated Absences Payable	367,501	20,790		388,291	
Capital Leases Payable	<u>1,105,336</u>		(447,901)	<u>657,435</u>	<u>360,661</u>
<b>Total</b>	<u>\$59,120,837</u>	<u>\$20,790</u>	<u>\$(1,992,901)</u>	<u>\$57,148,726</u>	<u>\$1,925,661</u>

**A. Bonds Payable:**

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

The District had bonds outstanding as of June 30, 2012 as follows:

Date of Issue	Final Maturity	Interest Rate	Amount
02/24/04	11/01/16	3.00% - 3.60%	\$ 2,560,000
02/01/05	02/15/32	4.00% - 4.50%	23,600,000
11/02/06	02/15/35	4.00% - 4.375%	9,595,000
07/15/07	07/11/132	4.375% - 4.50%	11,293,000
05/04/10	07/15/23	3.00% - 4.50%	<u>9,055,000</u>
		<b>Total</b>	<u><b>\$56,103,000</b></u>

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

Year Ended June 30,	Principal	Interest	Total
2013	\$ 1,565,000	\$ 2,391,366	\$ 3,956,366
2014	1,595,000	2,334,807	3,929,807
2015	1,645,000	2,272,899	3,917,899
2016	1,695,000	2,207,712	3,902,712
2017	1,745,000	2,139,642	3,884,642
2018-2022	9,965,000	9,530,150	19,495,150

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (continued):**  
**JUNE 30, 2012**

**Note 8. Long-Term Liabilities (continued):**

Year Ended June 30,	Principal	Interest	Total
2023-2027	12,545,000	7,182,010	19,727,010
2028-2032	15,815,000	4,194,933	20,009,933
2033-2035	<u>9,533,000</u>	<u>796,455</u>	<u>10,329,455</u>
Total	<u>\$56,103,000</u>	<u>\$33,049,974</u>	<u>\$ 89,152,974</u>

On May 4, 2010, the District issued \$9,175,000 refunding bonds with interest rates ranging from 3.00% to 5.00% to advance refund \$9,348,000 school bonds with interest rates ranging from 4.00% to 4.75%. The refunding bonds mature on July 15, 2010 through 2023. The net proceeds from the issuance of the refunding bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the school bonds were called on July 15, 2011. The advance refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the District's financial statements. Bond issuance costs are expenditures in the fund financial statements; but are amortized over the life of the shorter of the refunding issue or the refunded issue in the district-wide financial statements. As a result of the advance refunding, the District reduced its total debt service requirements by \$406,691, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$329,775.

**B. Bonds Authorized But Not Issued:**

As of June 30, 2012, the Board had no bonds authorized but not issued.

**C. Capital Leases Payable:**

The District has purchased buses, computer, audiovisual, athletic and other equipment, and musical instruments, collectively valued at \$1,959,382 under active lease agreements and has retired \$447,901 of the lease principal leaving a balance of \$657,435 at June 30, 2012. All of the capital leases are for terms of five years.

The schedule of the future minimum lease payments under the District's capital leases and the present value of the net minimum lease payments at June 30, 2012 is as follows:

	Year	
	2013	\$381,813
	2014	220,193
	2015	<u>87,130</u>
Subtotal		689,136
Less: Amount representing interest		<u>(31,701)</u>
Present value of net minimum lease payments		<u>\$657,435</u>

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2012

**Note 8. Long-Term Liabilities (continued):**

The current portion of capital leases payable at June 30, 2012 is \$360,661 and the long-term portion is \$296,774. The General Fund will be used to liquidate capital leases payable.

**D. Compensated Absences:**

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The liability at June 30, 2012 is \$388,291 all of which is a long-term liability.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2012 no liability existed for compensated absences in the Proprietary Funds.

**Note 9. Pension Plans**

**Plan Descriptions** - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625.

**Teachers' Pension and Annuity Fund (TPAF)** - The Teachers' Pension and Annuity Fund was established in January 1955, under the provisions of *N.J.S.A. 18A:66* to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related noncontributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners and employees of the Department of Education who have titles that are unclassified, professional and certified.

**Public Employees' Retirement System (PERS)** - The Public Employees' Retirement System (PERS) was established in January 1955 under the provisions of *N.J.S.A. 43:15A* to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2012

**Note 9. Pension Plans (continued):**

**Vesting and Benefit Provisions** - The vesting and benefit provisions of PERS are set by *N.J.S.A. 43:15A* and *43:3B* and *N.J.S.A. 18A:66* for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**Significant Legislation** – During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the District's normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for TPAF and PERS were reduced.

New Legislation signed by the Acting Governor (Chapter 133, Public Laws 2001) changed the formula for calculating retirement benefits for all current and future non-veteran retirees from N/60 to N/55 (a 9.09% increase). This legislation, signed June 29, 2001, provides that all members of the TPAF and the PERS will have their pensions calculated on the basis of years of credit divided by 55. It also provides that all current retirees will have their original pension recalculated under the N/55 formula. Starting February 1, 2002, pension cost of living adjustments will be based on the new original pension.

**Contribution Requirements** – The contribution policy is set by *N.J.S.A. 43:15A*, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and *N.J.S.A. 18:66*, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2012**

**Note 9. Pension Plans (continued):**

TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits and post-retirement medical premiums. Under current statute the District is a noncontributing employer of the TPAF.

**Three-Year Trend Information for PERS**

<b>Year Funding</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
6/30/12	\$529,530	100%	\$ -0-
6/30/11	457,130	100%	-0-
6/30/10	342,866	100%	-0-

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

<b>Year Funding</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
6/30/12	\$1,457,495	100%	\$ -0-
6/30/11	1,010,328	100%	-0-
6/30/10	971,228	100%	-0-

During the year ended June 30, 2012 the State of New Jersey contributed \$1,457,495 to the TPAF for normal post-retirement benefits on behalf of the District. Also in accordance with *N.J.S.A. 18A:66-66* the State of New Jersey reimbursed the District \$1,126,434 for the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

**Note 10. Post-Retirement Benefits**

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State Employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (continued):**  
**JUNE 30, 2012**

**Note 10. Post-Retirement Benefits (continued):**

employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

**Note 11. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has health benefits coverage for its employees under the State Employees' Health Benefit Plan.

**Property and Liability Insurance**

The Upper Freehold Regional School District is a member of the School Alliance Insurance Fund (the "Fund"). The Fund provides general liability, workers' compensation, property and automobile coverage for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Fund is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for their respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

As a member of the Fund, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities. The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

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

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

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2012**

**Note 11. Risk Management (continued):**

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

<b>Fiscal Year</b>	<b>District Contributions</b>	<b>Employee Contributions</b>	<b>Amount Reimbursed</b>	<b>Ending Balance</b>
2011-2012	\$171,651	\$50,184	\$229,043	\$139,207
2010-2011	318,235	50,731	330,245	146,414
2009-2010	80,000	50,164	103,091	105,798

**Note 12. Contingent Liabilities**

**Litigation**

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

**Grant Programs**

The District participates in federally and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management of the District is not aware of any material items of noncompliance which would result in the disallowance of grant program expenditures.

**Encumbrances**

At June 30, 2012, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

Governmental Funds:

General	Special Revenue	Total
\$180,408	\$1,501	\$181,909

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2012**

**Note 12. Contingent Liabilities (continued):**

On the District's Governmental Funds Balance Sheet as of June 30, 2012, \$0 is assigned for year-end encumbrances in the Special Revenue Fund, which is \$1,501 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized and are reflected as either a reduction in grants receivables or an increase in deferred revenue.

**Note 13. Economic Dependency**

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

**Note 14. Interfund Receivables and Payables**

The following interfund balances remained on the balance sheet at June 30, 2012:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$321,787	\$ 952
Special Revenue Fund	952	
Capital Projects Fund		321,578
Fiduciary Fund	<u>                    </u>	<u>209</u>
Total	<u>\$322,739</u>	<u>\$322,739</u>

The purpose of interfunds are for short-term borrowings.

**Note 15. GASB #54 – Fund Balance Disclosures**

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

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because legal or contractual constraints.

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):

JUNE 30, 2012

**Note 15. GASB #54 – Fund Balance Disclosures (continued):**

- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by external parties, constitutional provision or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Business Administrator.
- Unassigned – includes balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

**General Fund (Exhibit B-1)** – Of the \$3,963,709 General Fund fund balance at June 30, 2012, \$180,408 has been committed to other purposes; \$301,046 has been restricted for the Capital Reserve Account; ; \$350,000 has been restricted for the Maintenance Reserve Account; \$300,000 has been restricted for the Emergency Reserve Account; \$400,000 has been restricted for the Tuition Reserve Account; \$1,082,039 was been restriced for excess surplus, \$840,393 has been restricted for excess surplus designated for subsequent year’s expenditures, \$140,112 has been assigned for designated for subsequent year’s expenditures and \$369,711 is unassigned.

**Note 16. Deferred Compensation**

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

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

**Note 17. Compensated Absences**

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), “Accounting for Compensated Absences”. A liability for compensated absences attributable to services already rendered and not

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):  
JUNE 30, 2012

**Note 17. Compensated Absences (continued):**

contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net assets under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2012 is \$388,291.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2012 no liability existed for compensated absences in the proprietary fund types.

**Note 18. Calculation of Excess Surplus**

In accordance with *N.J.S.A.18A:7F-7*, as amended by *P.L. 2004, c.73 (S1701)*, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2012 is \$1,082,039.

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**



### C. Budgetary Comparison Schedules



**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	ACCOUNT NUMBERS	JUNE 30, 2012			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
<b>Revenues:</b>						
Local Tax Levy	10-1210	\$18,355,168		18,355,168	18,355,168	
Tuition	10-1300	9,056,033		9,056,033	9,101,113	45,080
Transportation	10-1420-1440	91,575		91,575	91,965	390
Miscellaneous Revenues	10-1XXX	157,800		157,800	198,196	40,396
<b>Total Local Sources</b>		<b>27,660,576</b>		<b>27,660,576</b>	<b>27,746,442</b>	<b>85,866</b>
<b>Federal Sources:</b>						
Education Jobs Fund	10-4200	176,933	5,543	182,476	182,476	
<b>Total Federal Sources</b>		<b>176,933</b>	<b>5,543</b>	<b>182,476</b>	<b>182,476</b>	
<b>State Sources:</b>						
School Choice Aid	10-3116	376,092		376,092	449,221	73,129
Extraordinary Aid	10-3131	110,000		110,000	259,907	149,907
Categorical Special Education Aid	10-3132	908,641		908,641	908,641	
Equalization Aid	10-3176	2,649,879		2,649,879	2,649,879	
Categorical Security Aid	10-3177	119,667		119,667	120,384	717
Categorical Transportation Aid	10-3121				324,820	324,820
Non-Public Transportation Aid	10-3XXX				15,340	15,340
Other State Aid	10-3XXX				4,855	4,855
<b>Nonbudgeted:</b>						
On-Behalf TPAF Pension Contribution					1,457,495	1,457,495
Reimbursed TPAF Social Security Contribution					1,126,434	1,126,434
<b>Total State Sources</b>		<b>4,164,279</b>		<b>4,164,279</b>	<b>7,316,976</b>	<b>3,152,697</b>
<b>Total Revenues</b>		<b>32,001,788</b>	<b>5,543</b>	<b>32,007,331</b>	<b>35,245,894</b>	<b>3,238,563</b>
<b>Expenditures:</b>						
<b>Current Expense:</b>						
<b>Instruction - Regular Programs:</b>						
<b>Salaries of Teachers:</b>						
Kindergarten	11-110-100-101	225,285	(5,300)	219,985	213,767	6,218
Grades 1-5	11-120-100-101	2,297,475	2,684	2,300,159	2,268,674	31,485
Grades 6 - 8	11-130-100-101	1,759,901	80,700	1,840,601	1,833,297	7,304
Grades 9 - 12	11-140-100-101	5,218,020	(94,999)	5,123,021	5,107,416	15,605
<b>Home Instruction:</b>						
Salaries of Teachers	11-150-100-101	11,000	5,954	16,954	13,846	3,108
Purchased Professional - Educational Services	11-150-100-320	6,000	(1,500)	4,500	1,695	2,805
<b>Regular Programs - Undistributed Instruction:</b>						
Other Salaries for Instruction	11-190-100-106	51,890		51,890	51,890	
Other Purchased Services	11-190-100-500	444,745	(13,299)	431,446	407,491	23,955
General Supplies	11-190-100-610	403,693	3,562	407,255	386,218	21,037
Textbooks	11-190-100-640	84,287	24,538	108,825	92,337	16,488
Other Objects	11-190-100-890	52,207	(17)	52,190	40,088	12,102
<b>Total Regular Programs</b>		<b>10,554,503</b>	<b>2,323</b>	<b>10,556,826</b>	<b>10,416,719</b>	<b>140,107</b>

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	ACCOUNT NUMBERS	JUNE 30, 2012			ACTUAL	POSITIVE/ (NEGATIVE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		FINAL TO ACTUAL
<b>Special Education:</b>						
<b>Behavioral Disabilities</b>						
Salaries of Teachers	11-209-100-101	142,454		142,454	142,454	
Other Salaries for Instruction	11-209-100-106	25,945	1,400	27,345	27,334	11
<b>Total Behavioral Disabilities</b>		<b>168,399</b>	<b>1,400</b>	<b>169,799</b>	<b>169,788</b>	<b>11</b>
<b>Resource Room:</b>						
Salaries of Teachers	11-213-100-101	2,292,680	153,038	2,445,718	2,445,644	74
Other Salaries for Instruction	11-213-100-106	271,977	(5,016)	266,961	266,959	2
General Supplies	11-213-100-610	12,400	8,037	20,437	16,332	4,105
Textbooks	11-213-100-640	1,300	(131)	1,169	1,169	
Other Objects	11-213-100-800		268	268	268	
<b>Total Resource Room</b>		<b>2,578,357</b>	<b>156,196</b>	<b>2,734,553</b>	<b>2,730,372</b>	<b>4,181</b>
<b>Preschool Disabilities - Full Time:</b>						
Salaries of Teachers	11-216-100-101	199,471		199,471	198,923	548
Other Purchased Services	11-216-100-106	137,220	(29,700)	107,520	105,470	2,050
General Supplies	11-216-100-600	5,000	376	5,376	4,431	945
<b>Total Preschool Disabilities - Full-Time</b>		<b>341,691</b>	<b>(29,324)</b>	<b>312,367</b>	<b>308,824</b>	<b>3,543</b>
<b>Total Special Education</b>		<b>3,088,447</b>	<b>128,272</b>	<b>3,216,719</b>	<b>3,208,984</b>	<b>7,735</b>
<b>Basic Skills/Remedial:</b>						
Salaries of Teachers	11-230-100-101	184,391	(15,500)	168,891	157,235	11,656
Other Salaries for Instruction	11-230-100-106	31,143		31,143	31,143	
General Supplies	11-230-100-610	3,458		3,458	1,601	1,857
<b>Total Basic Skills/Remedial</b>		<b>218,992</b>	<b>(15,500)</b>	<b>203,492</b>	<b>189,979</b>	<b>13,513</b>
<b>Bilingual Education:</b>						
Salaries of Teachers	11-240-100-101	85,318		85,318	85,318	
General Supplies	11-240-100-610	2,350	347	2,697	2,697	
<b>Total Bilingual Education</b>		<b>87,668</b>	<b>347</b>	<b>88,015</b>	<b>88,015</b>	
<b>School Sponsored Cocurricular Activities:</b>						
Salaries	11-401-100-100	177,987	2,248	180,235	157,306	22,929
Purchased Services	11-401-100-500	8,500	(3,000)	5,500	3,800	1,700
Supplies and Materials	11-401-100-600	13,725	1,896	15,621	12,075	3,546
Other Objects	11-401-100-800	7,500	444	7,944	7,944	
<b>Total School Sponsored Cocurricular Activities</b>		<b>207,712</b>	<b>1,588</b>	<b>209,300</b>	<b>181,125</b>	<b>28,175</b>
<b>School Sponsored Athletics - Instruction:</b>						
Salaries	11-402-100-100	358,963	3,528	362,491	332,100	30,391
Purchased Services	11-402-100-500	67,703	12,570	80,273	75,202	5,071
Supplies and Materials	11-402-100-600	55,472	4,187	59,659	57,878	1,781
Other Objects	11-402-100-800	26,500	394	26,894	26,646	248

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

ACCOUNT NUMBERS	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Total School Sponsored Athletics Instruction	508,638	20,679	529,317	491,826	37,491	
Total Instruction	14,665,960	137,709	14,803,669	14,576,648	227,021	
Undistributed Expenditures:						
Instruction :						
Tuition to Other LEAs Within the State - Regular	11-000-100-561		400,000	400,000	400,000	
Tuition to County Vocational School District - Regular	11-000-100-563	69,890	19,000	88,890	88,745	145
Tuition to County Vocational School District - Special	11-000-100-564	60,000	(2,287)	57,713	56,570	1,143
Tuition to CSSD & Regional Day School	11-000-100-565	265,335	(95,633)	169,702	167,144	2,558
Tuition to Private School for the Handicapped - State	11-000-100-566	317,700	(6,821)	310,879	308,949	1,930
Tuition - State Facilities	11-000-100-568	4,500	(4,500)			
Tuition - Other	11-000-100-569		14,000	14,000	13,471	529
Total Undistributed Expenditures - Instruction	717,425	323,759	1,041,184	1,034,879	6,305	
Attendance & Social Work Services:						
Salaries	11-000-211-100	118,506	(10,948)	107,558	94,033	13,525
Other Purchased Services	11-000-211-500	5,256		5,256	5,088	168
Supplies and Materials	11-000-211-600	450		450	359	91
Total Attendance & Social Work Services	124,212	(10,948)	113,264	99,480	13,784	
Health Services:						
Salaries	11-000-213-100	265,271		265,271	261,697	3,574
Purchased Professional & Technical Services	11-000-213-300	23,500		23,500	20,000	3,500
Supplies and Materials	11-000-213-600	5,200		5,200	5,165	35
Total Health Services	293,971		293,971	286,862	7,109	
Other Support Services - Students - Related Services:						
Salaries	11-000-216-100	288,992	80,828	369,820	369,819	1
Purchased Services	11-000-216-320	3,400	4,100	7,500	6,947	553
Supplies and Materials	11-000-216-600	2,400	(8)	2,392	2,384	8
Total Other Support Services-Students-Related Services	294,792	84,920	379,712	379,150	562	
Other Support Services - Students - Extra Services:						
Salaries	11-000-217-100	462,359	49,625	511,984	504,575	7,409
Purchased Professional Ed. Service	11-000-217-320	197,187	(64,428)	132,759	98,104	34,655
Supplies and Materials	11-000-217-600	1,050	(43)	1,007	1,007	
Total Other Support Services-Students-Extra Services	660,596	(14,846)	645,750	603,686	42,064	

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	ACCOUNT NUMBERS	JUNE 30, 2012			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
<b>Other Support Services - Students - Regular:</b>						
Salaries of Other Professional Staff	11-000-218-104	712,832	8,150	720,982	720,939	43
Salaries of Secretarial & Clerical Assistants	11-000-218-105	74,490	16,798	91,288	91,121	167
Purchased Professional & Technical Services	11-000-218-320	10,000	4,663	14,663	14,663	
Other Purchased Professional & Technical Services	11-000-218-390	4,700		4,700	4,496	204
Other Purchased Services	11-000-218-500	18,537	(2,468)	16,069	15,254	815
Supplies and Materials	11-000-218-600	4,350	10	4,360	4,149	211
<b>Total Other Support Services - Students - Regular</b>		<b>824,909</b>	<b>27,153</b>	<b>852,062</b>	<b>850,622</b>	<b>1,440</b>
<b>Other Support Services - Students - Special Services:</b>						
Salaries of Other Professional Staff	11-000-219-104	721,224	10,957	732,181	732,141	40
Salaries of Secretarial & Clerical Assistants	11-000-219-105	175,030		175,030	172,616	2,414
Purchased Professional - Educational Services	11-000-219-320	1,800	400	2,200	2,200	
Miscellaneous Purchased Services	11-000-219-592	16,889	(83)	16,806	13,080	3,726
Supplies and Materials	11-000-219-600	9,550	3,908	13,458	13,051	407
Other Objects	11-000-219-800	975	(75)	900	900	
<b>Total Other Support Services-Students-Special Services</b>		<b>925,468</b>	<b>15,107</b>	<b>940,575</b>	<b>933,988</b>	<b>6,587</b>
<b>Improvement of Instruction Services/Other Support Services - Instruction Staff:</b>						
Salaries of Supervisors of Instruction	11-000-221-102	171,523	(19,100)	152,423	146,895	5,528
Salaries of Other Professional Staff	11-000-221-104	29,750	1,078	30,828	30,031	797
Salaries of Secretarial & Clerical Assistants	11-000-221-105	22,002		22,002	21,372	630
Other Purchased Services	11-000-221-500		600	600	600	
Supplies and Materials	11-000-221-600	16,038	184	16,222	8,903	7,319
Other Objects	11-000-221-800	2,600	188	2,788	2,564	224
<b>Total Improvement of Instruction Services/Other Support Services Instructional Staff</b>		<b>241,913</b>	<b>(17,050)</b>	<b>224,863</b>	<b>210,365</b>	<b>14,498</b>
<b>Educational Media Services/School Library:</b>						
Salaries	11-000-222-100	314,170	37,560	351,730	351,356	374
Salaries of Tech Coordinators	11-000-222-177	86,478		86,478	86,478	
Purchased Professional & Technical Services	11-000-222-300		1,701	1,701	1,701	
Supplies and Materials	11-000-222-600	44,337	(1,399)	42,938	42,395	543
<b>Total Educational Media Services/School Library</b>		<b>444,985</b>	<b>37,862</b>	<b>482,847</b>	<b>481,930</b>	<b>917</b>

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	ACCOUNT NUMBERS	JUNE 30, 2012			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Support Services Instructional Staff Training Service:						
Salaries of Other Professional	11-000-223-104	74,247	(8,575)	65,672	44,618	21,054
Purchased Professional -						
Educational Services	11-000-223-320	8,000	3,500	11,500	10,484	1,016
Other Purchased Services	11-000-223-500	34,868	3,042	37,910	28,127	9,783
Supplies and Materials	11-000-223-600	7,800	2,945	10,745	9,754	991
Other Objects	11-000-223-800	4,850	(2,972)	1,878	1,265	613
Total Support Services Instructional Training Services		129,765	(2,060)	127,705	94,248	33,457
Support Services General Administration:						
Salaries	11-000-230-100	275,557	(22,652)	252,905	252,872	33
Legal Services	11-000-230-331	84,883	(28,023)	56,860	56,740	120
Audit Services	11-000-230-332	36,300	8,943	45,243	45,240	3
Architectural/Engineering Services	11-000-230-334	5,000	16,882	21,882	7,998	13,884
Other Purchased Professional Services	11-000-230-339	20,265	(4,635)	15,630	12,107	3,523
Communications/Telephone	11-000-230-530	104,350	3,053	107,403	103,489	3,914
Other Purchased Services	11-000-230-590	86,588	(11,493)	75,095	70,915	4,180
General Supplies	11-000-230-610	19,663	(9,140)	10,523	7,882	2,641
BOE In-House Training/Meeting Supplies	11-000-230-630	4,473	(4,000)	473	367	106
Judgments Against the School District	11-000-230-820	21,000	33,000	54,000		54,000
Miscellaneous Expenditures	11-000-230-890	9,756	16,794	26,550	26,286	264
BOE Membership Dues & Fees	11-000-230-895	17,500	(2,740)	14,760	14,759	1
Total Support Services General Administration		685,335	(4,011)	681,324	598,655	82,669
Support Services School Administration:						
Salaries of Principals & Assistant Principals	11-000-240-103	709,150	(44,160)	664,990	658,429	6,561
Salaries of Secretarial & Clerical Assistants	11-000-240-105	485,956	5,856	491,812	491,543	269
Other Purchased Services	11-000-240-500	4,390	5,772	10,162	9,003	1,159
Supplies and Materials	11-000-240-600	8,000	(2,796)	5,204	4,931	273
Other Objects	11-000-240-800	1,000		1,000	1,000	
Total Support Services School Administration		1,208,496	(35,328)	1,173,168	1,164,906	8,262
Central Services:						
Salaries	11-000-251-100	379,841		379,841	362,182	17,659
Purchased Professional Services	11-000-251-330	11,600	(10,000)	1,600		1,600
Purchased Technical Services	11-000-251	24,880	(265)	24,615	22,514	2,101
Miscellaneous Purchased Services	11-000-251-592	22,173	(6,500)	15,673	7,158	8,515
Supplies & Materials	11-000-251-600	6,641	(709)	5,932	5,239	693
Interest on Lease Purchase Agreements	11-000-251-832	7,219	116	7,335	7,335	
Miscellaneous Expenditures	11-000-251-890	4,200	(2,116)	2,084	1,850	234

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

ACCOUNT NUMBERS	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Total Central Services	456,554	(19,474)	437,080	406,278	30,802
Administrative Information Technology:					
Salaries 11-000-252-100	113,434	(39,308)	74,126	65,542	8,584
Purchased Professional-Educational 11-000-252-320		6,232	6,232	6,232	
Other Purchased Services 11-000-252-500	1,500	(1,497)	3	3	
Supplies and Materials 11-000-252-600	10,500	(3,340)	7,160	7,132	28
Total Administrative Information Technology	125,434	(37,913)	87,521	78,909	8,612
Allowance Maintenance for School Facilities:					
Salaries 11-000-261-100	243,275	13,127	256,402	228,066	28,336
Cleaning, Repair & Maintenance Services 11-000-261-420	166,646	93,398	260,044	227,156	32,888
General Supplies 11-000-261-610	71,433	19,822	91,255	90,632	623
Total Allowance Maintenance for School Facilities	481,354	126,347	607,701	545,854	61,847
Operation & Maintenance of Plant Services:					
Salaries 11-000-262-100	861,090	(28,477)	832,613	815,102	17,511
Salaries of Non-Instructional Aides 11-000-262-107	140,877	4,169	145,046	143,232	1,814
Cleaning, Repair & Maintenance Services 11-000-262-420	51,958	4,216	56,174	43,879	12,295
Other Purchased Property Services 11-000-262-490	166,872	46,592	213,464	155,063	58,401
Insurance 11-000-262-520	145,146	(24,432)	120,714	120,713	1
Travel 11-000-262-580		420	420	420	
Miscellaneous Purchased Services 11-000-262-590	63,314	(5,198)	58,116	58,045	71
General Supplies 11-000-262-610	213,946	(16,212)	197,734	182,982	14,752
Energy (Natural Gas) 11-000-262-621	166,499	(590)	165,909	127,414	38,495
Energy (Electricity) 11-000-262-622	710,821	(25,214)	685,607	609,232	76,375
Energy (Oil) 11-000-262-624	4,326	(4,326)			
Energy (Gasoline) 11-000-262-626	8,000	4,590	12,590	12,441	149
Other Objects 11-000-262-800	1,007	2,067	3,074	3,074	
Total Operation & Maintenance of Plant Services	2,533,856	(42,395)	2,491,461	2,271,597	219,864
Care & Upkeep of Grounds					
Cleaning, Repair & Maintenance Salaries 11-000-263-100	209,850	(2,000)	207,850	201,523	6,327
Services 11-000-263-420	12,645	2,593	15,238	15,238	
General Supplies 11-000-263-610	35,926	31,258	67,184	66,190	994
Total Care & Upkeep of Grounds	258,421	31,851	290,272	282,951	7,321
Security					
Salaries 11-000-266-100	87,215		87,215	86,246	969
Cleaning, Repair & Maintenance 11-000-266-420	7,410	150	7,560	7,548	12
General Supplies 11-000-266-610	13,910	2,539	16,449	13,811	2,638
Total Security	108,535	2,689	111,224	107,605	3,619

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	ACCOUNT NUMBERS	JUNE 30, 2012			ACTUAL	POSITIVE/ (NEGATIVE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		FINAL TO ACTUAL
<b>Student Transportation Services:</b>						
Salaries of Non-Instructional Aides	11-000-270-107	46,158		46,158	44,697	1,461
Salaries for Pupil Transportation (Between Home & School) - Reg	11-000-270-160	74,000	(18,678)	55,322	55,319	3
Salaries for Pupil Transportation (Between Home & School)-Spec.	11-000-270-161	44,629	101,712	146,341	142,268	4,073
Salaries for Pupil Transportation (Other Than Between Home & School)	11-000-270-162		3,117	3,117	2,115	1,002
Purchased Professional & Technical Services	11-000-270-390	6,000	47,273	53,273	53,125	148
Cleaning, Repair & Maintenance Services	11-000-270-420	18,000	1,732	19,732	19,482	250
Lease Purchase Payments - Buses	11-000-270-443	48,645	68,000	116,645	115,810	835
Contracted Services (Other Than Between School) - Vendors	11-000-270-511	723,613	(82,191)	641,422	626,072	15,350
Contracted Services Between Home & School - Vendors	11-000-270-512	70,100	20,048	90,148	82,463	7,685
Contracted Services (Between Home & Home & School) Joint Agreements	11-000-270-513	31,755	4,000	35,755	35,339	416
Contracted Services (Regular Students) - ESCs & CTSA	11-000-270-517	16,198	242,800	258,998	258,921	77
Contracted Services (Special Education Students) - ESCs & CTSA	11-000-270-518	92,618	35,614	128,232	125,585	2,647
Aid in Lieu of Payments-Nonpublic	11-000-270-503	108,675	(40,500)	68,175	66,595	1,580
Miscellaneous Purchased Services - Transportation	11-000-270-593	6,241	8,259	14,500	14,499	1
Transportation Supplies	11-000-270-615	45,057	31,000	76,057	63,063	12,994
Other Objects	11-000-270-800	1,200		1,200	436	764
<b>Total Student Transportation Services</b>		<b>1,332,889</b>	<b>422,186</b>	<b>1,755,075</b>	<b>1,705,789</b>	<b>49,286</b>
<b>Unallocated Benefits - Employee Benefits:</b>						
Social Security	11-000-291-220	425,797	40,988	466,785	466,785	
Other Retirement Contributions - PERS	11-000-291-241	557,107	(70,506)	486,601	486,596	5
Unemployment Compensation	11-000-291-250	652,090	(514,530)	137,560	137,406	154
Worker's Compensation	11-000-291-260	230,640	751	231,391	216,443	14,948
Health Benefits	11-000-291-270	4,363,704	(316,634)	4,047,070	3,878,777	168,293
Tuition Reimbursement	11-000-291-280	52,459	(500)	51,959	43,721	8,238
Other Employee Benefits	11-000-291-290	41,659	6,000	47,659	40,981	6,678
<b>Total Unallocated Benefits - Employee Benefits</b>		<b>6,323,456</b>	<b>(854,431)</b>	<b>5,469,025</b>	<b>5,270,709</b>	<b>198,316</b>
<b>Nonbudgeted:</b>						
On-Behalf TPAF Pension Contribution					1,457,495	(1,457,495)
Reimbursed TPAF Social Security Contribution					1,126,434	(1,126,434)
<b>Total Undistributed Expenditures</b>		<b>18,172,366</b>	<b>33,418</b>	<b>18,205,784</b>	<b>19,992,392</b>	<b>(1,786,608)</b>
<b>Total Expenditures - Current Expense</b>		<b>32,838,326</b>	<b>171,127</b>	<b>33,009,453</b>	<b>34,569,040</b>	<b>(1,559,587)</b>

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	ACCOUNT NUMBERS	JUNE 30, 2012			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Capital Outlay:						
Equipment:						
Regular Programs - Instruction:						
Grades 9 - 12	12-140-100-730	7,000	(2,059)	4,941	4,941	
Special Education - Instruction:						
School Sponsored Other						
Instruction	12-400-100-730		6,787	6,787	6,637	150
Instruction	12-000-100-730		2,324	2,324	2,324	
Required Maintenance of						
School Facilities	12-000-261-730		12,250	12,250	11,201	1,049
Undistributed Expense -						
Custodial Services	12-000-262-730	7,956	(7,956)			
Total Equipment		14,956	11,346	26,302	25,103	1,199
Facilities Acquisition & Construction Services:						
Construction Services	12-000-400-450		10,900	10,900	10,900	
Lease Purchase Agreements -						
Principal	12-000-400-721	35,000		35,000	33,453	1,547
Other Objects	12-000-400-800	75,336		75,336	75,336	
Total Facilities Acquisition & Construction Services		110,336	10,900	121,236	119,689	1,547
Total Capital Outlay		125,292	22,246	147,538	144,792	2,746
Total Expenditures		32,963,618	193,373	33,156,991	34,713,832	(1,556,841)
Excess/(Deficiency) of Revenues Over/(Under)						
Expenditures		(961,830)	(187,830)	(1,149,660)	532,062	1,681,722
Other Financing Sources/(Uses):						
Operating Transfer Out:						
Compensation for Sale of Fixed						
Assets	10-53xx	411,830		411,830	457,995	46,165
Operating Transfer In:						
Transfer From Capital Projects Fund					187,053	187,053
Total Other Financing Sources/(Uses)		411,830		411,830	645,048	233,218

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

ACCOUNT NUMBERS	JUNE 30, 2012			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Sources/(Uses)	(550,000)	(187,830)	(737,830)	1,177,110	1,914,940
Fund Balances, July 1	3,224,861		3,224,861	3,224,861	
Fund Balances, June 30	<u>\$2,674,861</u>	<u>(187,830)</u>	<u>2,487,031</u>	<u>4,401,971</u>	<u>1,914,940</u>

**RECAPITULATION OF FUND BALANCE:**

Restricted Fund Balance:	
Capital Reserve	\$301,046
Maintenance Reserve	350,000
Emergency Reserve	300,000
Tuition Reserve	400,000
Excess Surplus	1,082,167
Excess Surplus Designated for Subsequent Year's Expenditures	840,393
Committed Fund Balance:	
Year-end Encumbrances	180,408
Assigned Fund Balance:	
Designated for Subsequent Year's Expenditures	140,112
Unassigned Fund Balance	<u>807,845</u>
Subtotal	4,401,971
Reconciliation to Governmental Fund Statements (GAAP):	
Last State Aid Payment Not Recognized on GAAP Basis	<u>(438,262)</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$3,963,709</u>

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
EDUCATION JOBS FUND PROGRAM -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	ACCOUNT NUMBER	JUNE 30, 2012				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFER	FINAL BUDGET	ACTUAL	
Federal Sources:						
American Recovery & Reinvestment Act:						
Education Jobs Fund Program	18-4522	\$176,933	5,543	182,476	182,476	
Total Federal Sources		176,933	5,543	182,476	182,476	
Total Revenues		176,933	5,543	182,476	182,476	
Expenditures:						
Education Jobs Fund Program:						
Unallocated Benefits Employee Benefits:						
Health Benefits	18-000-291-270	176,933	5,543	182,476	182,476	
Total ESF Expenditures		176,933	5,543	182,476	182,476	
Total Education Jobs Fund Expenditures		176,933	5,543	182,476	182,476	
Total Expenditures		176,933	5,543	182,476	182,476	
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures		\$ -	-	-	-	-

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	JUNE 30, 2012			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS/ ADJUSTMENTS	FINAL BUDGET		
<b>Revenues:</b>					
State Sources		52,389	52,389	45,637	6,752
Federal Sources	\$284,091	165,321	449,412	404,348	45,064
Local Sources		65,153	65,153	48,352	16,801
<b>Total Revenues</b>	<b>284,091</b>	<b>282,863</b>	<b>566,954</b>	<b>498,337</b>	<b>68,617</b>
<b>Expenditures:</b>					
<b>Instruction:</b>					
Salaries of Teachers	30,849	19,962	50,811	30,957	19,854
Purchase of Professional Education Services		26,883	26,883	22,847	4,036
Tuition	253,242	73,051	326,293	320,497	5,796
General Supplies		64,811	64,811	47,065	17,746
Textbooks		3,422	3,422	3,422	
Other Objects		2,239	2,239	822	1,417
<b>Total Instruction</b>	<b>284,091</b>	<b>190,368</b>	<b>474,459</b>	<b>425,610</b>	<b>48,849</b>
<b>Support Services:</b>					
Salaries of Other Professional Staff		25,891	25,891	19,221	6,670
Benefits		14,273	14,273	11,592	2,681
Purchase of Professional Education Services		27,736	27,736	20,289	7,447
Other Purchased Service		3,500	3,500	2,000	1,500
Supplies and Materials		1,700	1,700	230	1,470
<b>Total Support Services</b>		<b>73,100</b>	<b>73,100</b>	<b>53,332</b>	<b>19,768</b>
<b>Facilities Acquisition &amp; Construction Services:</b>					
Instructional Equipment		19,395	19,395	19,395	
<b>Total Facilities Acquisition &amp; Construction Services</b>		<b>19,395</b>	<b>19,395</b>	<b>19,395</b>	
<b>Total Expenditures</b>	<b>284,091</b>	<b>282,863</b>	<b>566,954</b>	<b>498,337</b>	<b>68,617</b>
<b>Total Outflows</b>	<b>284,091</b>	<b>282,863</b>	<b>566,954</b>	<b>498,337</b>	<b>68,617</b>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	\$ -	-	-	-	-



**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**



**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

	GENERAL FUND N-1	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$35,245,894	498,337
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year		2,612
Current Year		(1,501)
 State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	 353,290	
 State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	 (438,262)	
	<u>\$35,160,922</u>	<u>499,448</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)		
	<u>\$35,160,922</u>	<u>499,448</u>
 Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$34,713,832	498,337
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year		2,612
Current Year		(1,501)
	<u>\$34,713,832</u>	<u>499,448</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)		
	<u>\$34,713,832</u>	<u>499,448</u>

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



**OTHER SUPPLEMENTARY INFORMATION**



#### D. School Based Budget Schedules

Not Applicable



E. Special Revenue Fund



**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	NO CHILD LEFT BEHIND		
	TITLE II PART A	TITLE II PART A CARRYOVER	TITLE I
Revenues:			
State Sources			
Federal Sources	\$26,282	18,048	6,909
Local Sources			
<b>Total Revenues</b>	<b>\$26,282</b>	<b>18,048</b>	<b>6,909</b>
Expenditures:			
Instruction:			
Salaries of Teachers	\$20,000	4,399	4,518
Purchase of Professional Education Services			
Tuition			
General Supplies			1,152
Textbooks			
Other Objects			
<b>Total Instruction</b>	<b>20,000</b>	<b>4,399</b>	<b>5,670</b>
Support Services:			
Salaries	196	11,896	1,009
Purchase of Professional Education Services	2,766		
Personal Services - Employee Benefits	3,320	1,753	
Other Professional Services Supplies and Materials			230
<b>Total Support Services</b>	<b>6,282</b>	<b>13,649</b>	<b>1,239</b>
Facilities Acquisition & Construction Services:			
Instructional Equipment			
<b>Total Facilities Acquisition &amp; Construction Services</b>			
<b>Total Expenditures</b>	<b>\$26,282</b>	<b>18,048</b>	<b>6,909</b>

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	CASE GRANT	PERKINS GRANT	I.D.E.A. PART B BASIC ARRA
Revenues:			
State Sources	\$15,267		
Federal Sources		13,030	16,537
Local Sources			
	<hr/>		
Total Revenues	<u>\$15,267</u>	<u>13,030</u>	<u>16,537</u>
Expenditures:			
Instruction:			
Salaries of Teachers		2,040	
Purchase of Professional Education Services		250	
Tuition			10,174
General Supplies	\$9,772	10,584	
Textbooks			
Other Objects			
	<hr/>		
Total Instruction	<u>9,772</u>	<u>12,874</u>	<u>10,174</u>
Support Services:			
Salaries			
Purchase of Professional Education Services			
Personal Services - Employee Benefits		156	6,363
Other Professional Services	2,000		
Supplies and Materials			
	<hr/>		
Total Support Services	<u>2,000</u>	<u>156</u>	<u>6,363</u>
Facilities Acquisition & Construction Services:			
Instructional Equipment	3,495		
	<hr/>		
Total Facilities Acquisition & Construction Services	<u>3,495</u>		
Total Expenditures	<u>\$15,267</u>	<u>13,030</u>	<u>16,537</u>

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	I.D.E.A. PART B BASIC REGULAR PROGRAM	I.D.E.A. PART B BASIC CARRYOVER	I.D.E.A. PART B PRESCHOOL PROGRAM	NONPUBLIC TEXTBOOK	CHAPTER 193 SUPPLEMENTARY INSTRUCTION
Revenues:					
State Sources				3,422	4,841
Federal Sources	\$306,888	5,284	11,370		
Local Sources					
<b>Total Revenues</b>	<b>\$306,888</b>	<b>5,284</b>	<b>11,370</b>	<b>3,422</b>	<b>4,841</b>
Expenditures:					
Instruction:					
Salaries of Teachers					
Purchase of Professional Education Services	\$1,802				4,841
Tuition	305,086	5,237			
General Supplies		47			
Textbooks				3,422	
Other Objects					
<b>Total Instruction</b>	<b>306,888</b>	<b>5,284</b>		<b>3,422</b>	<b>4,841</b>
Support Services:					
Salaries					
Purchase of Professional Education Services			11,370		
Personal Services - Employee Benefits					
Other Professional Services					
Supplies and Materials					
<b>Total Support Services</b>			<b>11,370</b>		
Facilities Acquisition & Construction Services:					
Instructional Equipment					
<b>Total Facilities Acquisition &amp; Construction Services</b>					
<b>Total Expenditures</b>	<b>\$306,888</b>	<b>5,284</b>	<b>11,370</b>	<b>3,422</b>	<b>4,841</b>

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	NONPUBLIC				VARIOUS LOCAL GRANTS	2012
	EXAMINATION	COMPENSATORY EDUCATION	HOME INSTRUCTION	NURSING		
<b>Revenues:</b>						
State Sources	\$11,112	4,227	1,926	4,842		45,637
Federal Sources						404,348
Local Sources					48,352	48,352
<b>Total Revenues</b>	<b>\$11,112</b>	<b>4,227</b>	<b>1,926</b>	<b>4,842</b>	<b>48,352</b>	<b>498,337</b>
<b>Expenditures:</b>						
<b>Instruction:</b>						
Salaries of Teachers						30,957
Purchase of Professional Education Services	\$11,112			4,842		22,847
Tuition						320,497
General Supplies					25,510	47,065
Textbooks						3,422
Other Objects					822	822
<b>Total Instruction</b>	<b>11,112</b>			<b>4,842</b>	<b>26,332</b>	<b>425,610</b>
<b>Support Services:</b>						
Salaries					6,120	19,221
Purchase of Professional Education Services		4,227	1,926			20,289
Personal Services - Employee Benefits						11,592
Other Professional Services						2,000
Supplies and Materials						230
<b>Total Support Services</b>		<b>4,227</b>	<b>1,926</b>		<b>6,120</b>	<b>53,332</b>
<b>Facilities Acquisition &amp; Construction Services:</b>						
Instructional Equipment					15,900	19,395
<b>Total Facilities Acquisition &amp; Construction Services</b>					<b>15,900</b>	<b>19,395</b>
<b>Total Expenditures</b>	<b>\$11,112</b>	<b>4,227</b>	<b>1,926</b>	<b>4,842</b>	<b>48,352</b>	<b>498,337</b>

F. Capital Projects Fund



**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

PROJECT TITLE	ORIGINAL DATE	APPROPRIATIONS	EXPENDITURES		UNEXPENDED BALANCE 2012
			PRIOR YEAR	CURRENT YEAR	
High School ATC Project	3/1/2010	\$141,380	91,380	50,000	
Elementary School ATC Project	3/1/2010	191,770	141,770	50,000	
Construction of a New Middle School	9/1/2007	50,077,196	49,689,582	387,614	
High School Cardio/ Weight Room Renovations	8/1/2011	236,127	52,904	183,223	
Total		\$50,646,473	49,975,636	670,837	-

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE-BUDGETARY BASIS**  
**YEAR ENDED JUNE 30, 2012**

Revenues & Other Financing Sources:	
Adjustment to State Sources - SDA Grant	<u>(\$5,057)</u>
Total Revenues & Other Financing Sources	<u>(5,057)</u>
Expenditures & Other Financing Uses:	
Purchased Professional & Technical Services	67,635
Construction Services	411,439
Transfer to General Fund	<u>186,706</u>
Total Expenditures & Other Financing Uses	<u>665,780</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(670,837)
Fund Balance - Beginning	<u>670,837</u>
Fund Balance - Ending	<u><u>-</u></u>

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND  
PROJECT STATUS - BUDGETARY BASIS  
HIGH SCHOOL AUTOMATIC TEMPERATURE CONTROL (ATC) PROJECT  
YEAR ENDED JUNE 30, 2012**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SDA Grant	\$36,552		36,552	36,552
Transfer from Capital Reserve	41,949		41,949	41,949
Transfer from Capital Outlay	62,879		62,879	62,879
<b>Total Revenues</b>	<b>141,380</b>		<b>141,380</b>	<b>141,380</b>
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	17,860		17,860	17,860
Construction Services	73,520		73,520	123,520
Transfer to General Fund		50,000	50,000	
<b>Total Expenditures</b>	<b>91,380</b>	<b>50,000</b>	<b>141,380</b>	<b>141,380</b>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$50,000	(50,000)	-	-

**ADDITIONAL PROJECT INFORMATION**

Project Number	5310-050-09-000S
Grant Date	11/9/2009
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$222,820
Revised Authorized Cost	141,380
Percentage Decrease Over Original Authorized Cost	-36.55%
Original Target Completion Date	March 2010
Revised Target Completion Date	September 2010

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND  
PROJECT STATUS - BUDGETARY BASIS  
ELEMENTARY SCHOOL AUTOMATIC TEMPERATURE CONTROL (ATC) PROJECT  
YEAR ENDED JUNE 30, 2012**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
<b>Revenues &amp; Other Financing Sources:</b>				
State Sources - SDA Grant	\$56,708		56,708	56,708
Transfer from Capital Reserve	65,081		65,081	65,081
Transfer from Capital Outlay	69,981		69,981	69,981
<b>Total Revenues</b>	<b>191,770</b>		<b>191,770</b>	<b>191,770</b>
<b>Expenditures &amp; Other Financing Uses:</b>				
Purchased Professional & Technical Services	26,639		26,639	26,639
Construction Services	115,131		115,131	165,131
Transfer to General Fund		50,000	50,000	
<b>Total Expenditures</b>	<b>141,770</b>	<b>50,000</b>	<b>191,770</b>	<b>191,770</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>\$50,000</b>	<b>(50,000)</b>	<b>-</b>	<b>-</b>

**ADDITIONAL PROJECT INFORMATION**

Project Number	5310-060-09-0ZVG
Grant Date	11/9/2009
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$361,052
Revised Authorized Cost	191,770
Percentage Increase Over Original Authorized Cost	-46.89%
Original Target Completion Date	March 2010
Revised Target Completion Date	September 2010

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND  
PROJECT STATUS - BUDGETARY BASIS  
CONSTRUCTION OF A NEW MIDDLE SCHOOL  
YEAR ENDED JUNE 30, 2012**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
<b>Revenues &amp; Other Financing Sources:</b>				
State Sources - SDA Grant	\$5,730,639		5,730,639	5,730,639
Bonds Proceeds	43,339,583		43,339,583	43,339,583
Transfer from General Fund	\$6,974		6,974	7,170
Interest Revenue	1,000,000		1,000,000	1,000,000
<b>Total Revenues</b>	<b>50,077,196</b>		<b>50,077,196</b>	<b>50,077,392</b>
<b>Expenditures &amp; Other Financing Uses:</b>				
Purchased Professional & Technical Services	4,545,885	67,635	4,613,520	4,592,013
Land and Improvements	5,441,788		5,441,788	5,441,818
Construction Services	38,270,927	319,979	38,590,906	38,598,672
Supplies	1,222,092		1,222,092	1,235,449
Equipment Purchases	208,890		208,890	209,440
<b>Total Expenditures</b>	<b>49,689,582</b>	<b>387,614</b>	<b>50,077,196</b>	<b>50,077,392</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>\$387,614</b>	<b>(387,614)</b>	<b>-</b>	<b>-</b>

**ADDITIONAL PROJECT INFORMATION**

Project Number	5310-N01-04-0ACW
Grant Date	3/4/2005
Bond Authorization Date	12/4/2004 AND 4/17/20
Bonds Authorized	43,339,779
Bonds Issued	43,339,583
Original Authorized Cost	36,832,418
Revised Authorized Cost	50,077,392
Percentage Increase Over Original Authorized Cost	35.96%
Original Target Completion Date	September 2007
Revised Target Completion Date	September 2010

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND  
PROJECT STATUS - BUDGETARY BASIS  
HIGH SCHOOL CARDIIO/WEIGHT ROOM RENOVATIONS  
YEAR ENDED JUNE 30, 2012**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SDA Grant	\$67,465	(5,057)	62,408	67,465
Capital Lease Proceeds	168,662		168,662	168,662
<b>Total Revenues</b>	<b>236,127</b>	<b>(5,057)</b>	<b>231,070</b>	<b>236,127</b>
Expenditures & Other Financing Uses:				
Construction Services	52,904	91,460	144,364	236,127
Transfer to General Fund		86,706	86,706	
<b>Total Expenditures</b>	<b>52,904</b>	<b>178,166</b>	<b>231,070</b>	<b>236,127</b>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<b>\$183,223</b>	<b>(183,223)</b>	-	-

**ADDITIONAL PROJECT INFORMATION**

Project Number	5310-050-10-1001
Grant Date	09/1/2010
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$168,662
Revised Authorized Cost	n/a
Percentage Increase Over Original Authorized Cost	n/a
Original Target Completion Date	August 2011
Revised Target Completion Date	October 2011

## G. Proprietary Funds



## Enterprise Funds



**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
ENTERPRISE FUND  
COMBINING SCHEDULE OF NET ASSETS  
AS OF JUNE 30, 2012**

ASSETS	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				2012
	FOOD SERVICE FUND	CHILD WATCH	KINDERGARTEN COMPLEMENT	MILLSTONE BUSING	
Current Assets:					
Cash & Cash Equivalents	\$267,870	122,332	(7,439)		382,763
Accounts Receivable:					
State	237				237
Federal	4,535				4,535
Miscellaneous			18,750		18,750
Inventories	24,437				24,437
Total Current Assets	297,079	122,332	11,311		430,722
Fixed Assets:					
Equipment	257,901				257,901
Accumulated Depreciation	(197,667)				(197,667)
Total Fixed Assets	60,234				60,234
Total Assets	357,313	122,332	11,311		490,956
Current Liabilities:					
Accounts Payable	49,444	558			50,002
Deferred Revenue		50			50
Total Current Liabilities	49,444	608			50,052
NET ASSETS					
Investment in Fixed Capital	60,234				60,234
Unreserved Retained Earnings	247,635	121,724	11,311		380,670
Total Fund Equity	\$307,869	121,724	11,311	-	440,904

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
ENTERPRISE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
AS OF JUNE 30, 2012**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				2012
	FOOD SERVICE FUND	CHILD WATCH	KINDERGARTEN COMPLEMENT	MILLSTONE BUSING	
Local Sources:					
Daily Sales - Reimbursable Programs:					
School Lunch Program	\$340,868				340,868
<b>Total - Daily Sales - Reimbursable Programs</b>	<b>340,868</b>				<b>340,868</b>
Daily Sales Nonreimbursable Programs	293,253				293,253
Fees		233,525	142,454		375,979
Miscellaneous Income	1,200				1,200
<b>Total Operating Revenue</b>	<b>635,321</b>	<b>233,525</b>	<b>142,454</b>		<b>1,011,300</b>
Operating Expenses:					
Salaries	287,653	186,593	109,097		583,343
Employee Benefits			19,797		19,797
Repairs and Maintenance	70,269				70,269
Supplies and Materials	23,291	8,874	2,249		34,414
Depreciation	9,694				9,694
Management Fee	70,928				70,928
Contracted Services	13,355				13,355
Miscellaneous	4,352	6,166			10,518
Cost of Sales	307,875				307,875
<b>Total Operating Expenses</b>	<b>787,417</b>	<b>201,633</b>	<b>131,143</b>		<b>1,120,193</b>
<b>Operating/(Loss)/Gain</b>	<b>(152,096)</b>	<b>31,892</b>	<b>11,311</b>		<b>(108,893)</b>
Nonoperating Revenues/(Expenses):					
State Sources:					
State School Lunch Program	6,332				6,332
Federal Sources:					
National School Breakfast Program	6,139				6,139
National School Lunch Program	81,784				81,784
Food Distribution Program	46,212				46,212
<b>Total Nonoperating Revenues/(Expenses)</b>	<b>140,467</b>				<b>140,467</b>
<b>Net Income/(Loss)</b>	<b>(11,629)</b>	<b>31,892</b>	<b>11,311</b>		<b>31,574</b>
Retained Earnings - July 1, 2011	319,498	89,832			409,330
<b>Retained Earnings - June 30, 2012</b>	<b>\$307,869</b>	<b>121,724</b>	<b>11,311</b>	-	<b>440,904</b>

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
ENTERPRISE FUND  
COMBINING SCHEDULE OF CASH FLOWS  
AS OF JUNE 30, 2012**

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</u>				
	FOOD SERVICE FUND	CHILD WATCH	KINDERGARTEN COMPLEMENT	MILLSTONE BUSING	2012
Cash Flows From Operating Activities:					
Receipts from Customers	\$635,321	233,575	123,704		992,600
Payments to Employees	(287,653)	(186,593)			(474,246)
Payments to Suppliers	(446,934)	(14,482)	(131,143)	(44,063)	(636,622)
Net Cash Provided/(Used) by Operating Activities	<u>(99,266)</u>	<u>32,500</u>	<u>(7,439)</u>	<u>(44,063)</u>	<u>(118,268)</u>
Cash Flows From Noncapital Financing Activities:					
Cash Received From State & Federal Reimbursements	95,362				95,362
Net Cash Provided by Noncapital Financing Activities	<u>95,362</u>				<u>95,362</u>
Cash Flows From Capital & Related Financing Activities:					
Decrease In Capital Assets	6,464				6,464
Net Cash Provided/(Used) by Capital & Related Financing Activities	<u>6,464</u>				<u>6,464</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	2,560	32,500	(7,439)	(44,063)	(16,442)
Cash & Cash Equivalents, July 1	265,310	89,832		44,063	399,205
Cash & Cash Equivalents, June 30	<u>\$267,870</u>	<u>122,332</u>	<u>(7,439)</u>	<u>-</u>	<u>382,763</u>
<b>RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES:</b>					
Operating Income/(Loss)	(\$152,096)	31,892	11,311		(108,893)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/ (Used) by Operating Activities:					
Depreciation Expense	9,694				9,694
Food Distribution Program	46,212				46,212
Change in Assets & Liabilities:					
(Increase)/Decrease in Accounts Receivable			(18,750)		(18,750)
(Increase)/Decrease in Inventory	(6,589)				(6,589)
Increase/(Decrease) in Accounts Payable	3,513	558		(44,063)	(39,992)
Increase/(Decrease) in Deferred Revenue		50			50
Total Adjustments	<u>52,830</u>	<u>608</u>	<u>(18,750)</u>	<u>(44,063)</u>	<u>(9,375)</u>
Net Cash Provided/(Used) by Operating Activities	<u>(\$99,266)</u>	<u>32,500</u>	<u>(7,439)</u>	<u>(44,063)</u>	<u>(118,268)</u>



Internal Service Fund

Not Applicable



## H. Fiduciary Fund



**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2012**

ASSETS	PRIVATE PURPOSE		AGENCY		2012
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP TRUST	PAYROLL FUND	STUDENT ACTIVITY	
Cash & Cash Equivalents	\$164,098	47,835	143,754	110,100	465,787
Total Assets	164,098	47,835	143,754	110,100	465,787
<b>LIABILITIES</b>					
Interfunds Payable			209		209
Payroll Deductions & Withholdings	24,891		143,545		168,436
Due to Student Groups				110,100	110,100
Total Liabilities	24,891		143,754	110,100	278,745
<b>NET ASSETS</b>					
Reserved:					
Unemployment Claims	139,207				139,207
Scholarships Awards		47,835			47,835
Total Net Assets	\$139,207	47,835	-	-	187,042

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
FIDUCIARY FUND  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

ADDITIONS:	PRIVATE PURPOSE		2012
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP TRUST	
Contributions:			
Deductions From			
Employee's Salaries	\$221,685		221,685
Donor Contributions		13,114	13,114
Total Contributions	221,685	13,114	234,799
Investment Earnings			
Interest on Investments	151	54	205
Total Investment Earnings	151	54	205
Total Additions	221,836	13,168	235,004
DEDUCTIONS:			
Unemployment Claims	229,043		229,043
Scholarships Awarded		16,575	16,575
Total Deductions	229,043	16,575	245,618
Change in Net Assets	(7,207)	(3,407)	(10,614)
Net Assets - Beginning of Year	146,414	51,242	197,656
Net Assets - End of Year	\$139,207	47,835	187,042

EXHIBIT H-3

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	BALANCE JULY 1, 2011	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2012
Senior High School:				
Allentown High School	\$67,545	233,627	225,670	75,502
Elementary School:				
Upper Freehold Regional Elementary/Middle	48,137	134,635	148,174	34,598
<b>Total</b>	<b>\$115,682</b>	<b>\$368,262</b>	<b>\$373,844</b>	<b>\$110,100</b>

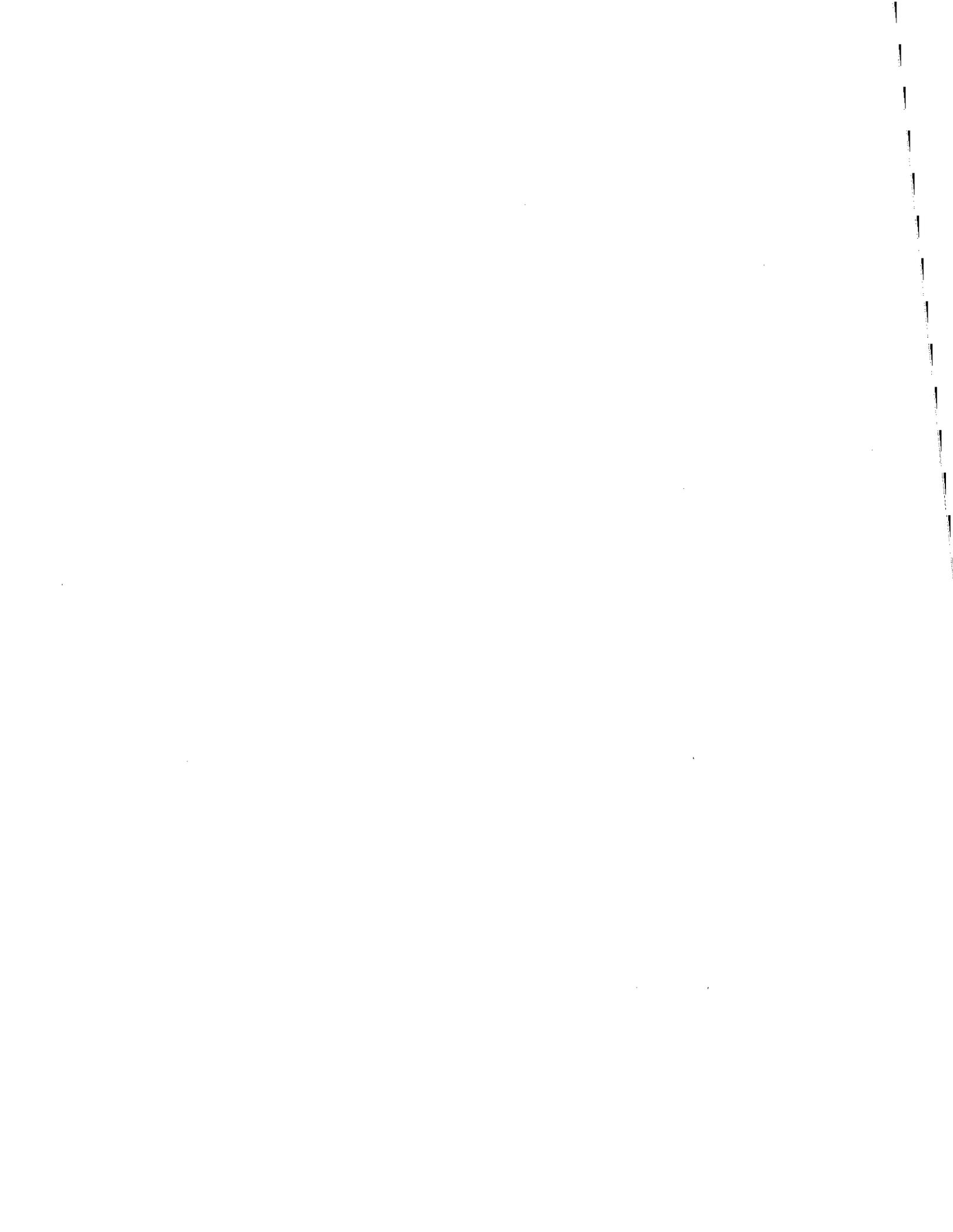
EXHIBIT H-4

**PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

ASSETS	BALANCE JULY 1, 2011	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2012
Cash & Cash Equivalents	\$236,412	24,482,762	24,575,420	143,754
<b>Total Assets</b>	<b>\$236,412</b>	<b>24,482,762</b>	<b>24,575,420</b>	<b>143,754</b>
<b>LIABILITIES</b>				
Interfund Payable	\$261	209	261	209
Net Payroll Deductions & Withholdings	236,151	24,482,553	24,575,159	143,545
<b>Total Liabilities</b>	<b>\$236,412</b>	<b>24,482,762</b>	<b>24,575,420</b>	<b>143,754</b>



## I. Long-Term Debt





**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
JUNE 30, 2012**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITY DATE	AMOUNT	INTEREST RATE	BALANCE JUNE 30, 2011	RETIRED	BALANCE JUNE 30, 2012
			February 15,					
School Refunding Bonds	11/2/2006	9,760,000	2015	15,000	4.000%	9,595,000		9,595,000
			2016	20,000	4.000%			
			2017	20,000	4.000%			
			2018	20,000	4.000%			
			2019	25,000	4.000%			
			2020	25,000	4.000%			
			2021	25,000	4.000%			
			2022	25,000	4.000%			
			2023	30,000	4.000%			
			2024	365,000	4.000%			
			2025	25,000	4.375%			
			2026	25,000	4.375%			
			2027	25,000	4.375%			
			2028	30,000	4.375%			
			2029	30,000	4.375%			
			2030	30,000	4.375%			
			2031	30,000	4.375%			
			2032	35,000	4.375%			
			2033	2,815,000	4.375%			
			2034	2,930,000	4.375%			
			2035	3,050,000	4.375%			
			July 15,					
School Bonds	7/15/2007	12,238,000	2012	335,000	4.375%	11,613,000	320,000	11,293,000
			2013	350,000	4.375%			
			2014	365,000	4.375%			
			2015	385,000	4.375%			
			2016	400,000	4.50%			
			2017	420,000	4.50%			
			2018	440,000	4.50%			
			2019	460,000	4.50%			
			2020	480,000	4.50%			
			2021	500,000	4.50%			
			2022	525,000	4.50%			
			2023	545,000	4.50%			
			2024	570,000	4.50%			
			2025	595,000	4.50%			
			2026	625,000	4.50%			
			2027	650,000	4.50%			
			2028	680,000	4.50%			
			2029	710,000	4.50%			
			2030	745,000	4.50%			
			2031	775,000	4.50%			
			2032	738,000	4.50%			
Subtotal						21,208,000	320,000	20,888,000

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
JUNE 30, 2012**

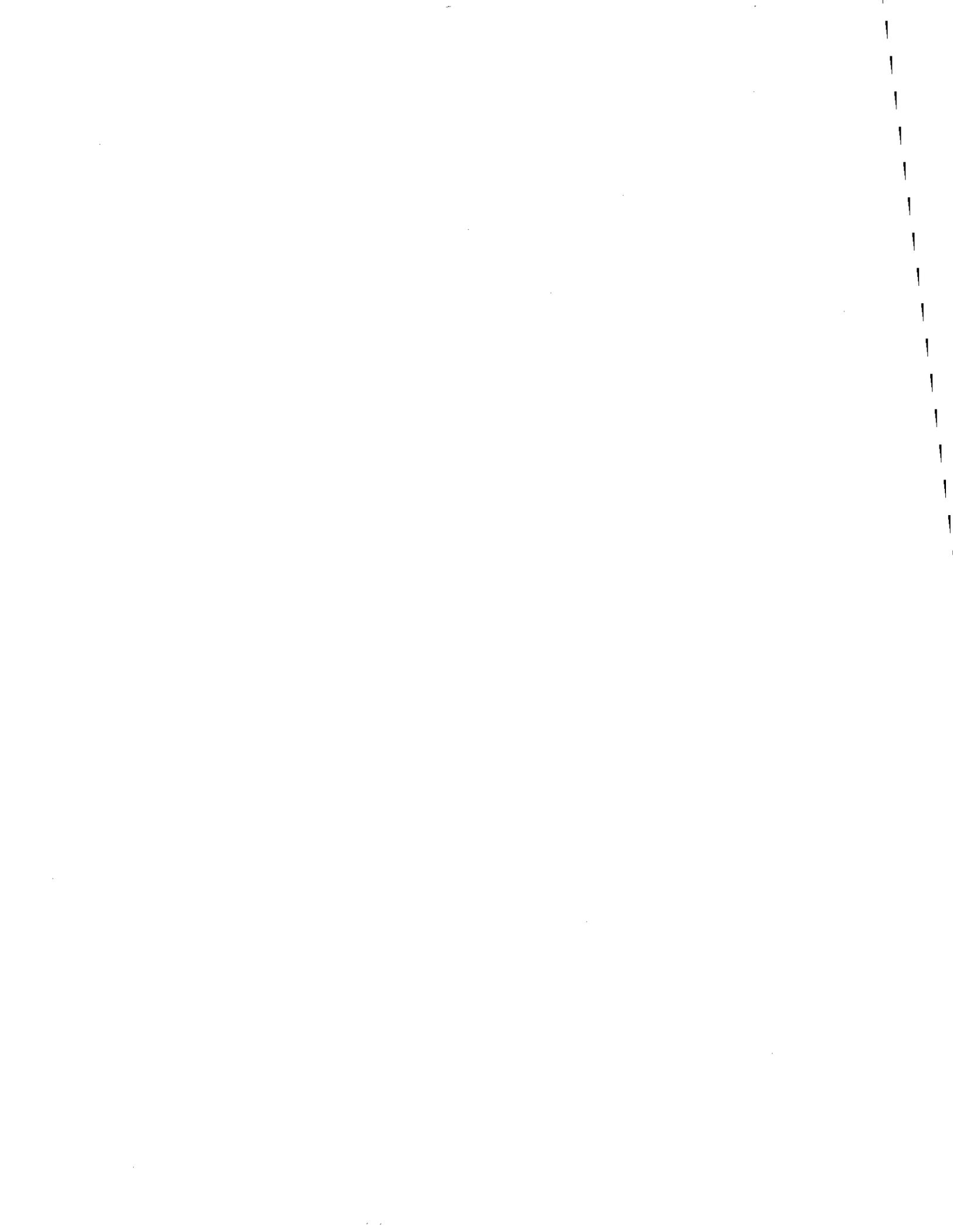
ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITY		INTEREST RATE	BALANCE	RETIRE	BALANCE
			DATE	AMOUNT		JUNE 30, 2011		JUNE 30, 2012
School Refunding Bonds	5/4/2010	9,175,000	July 15,			9,055,000		9,055,000
			2012	600,000	3.000%			
			2013	625,000	4.000%			
			2014	655,000	4.000%			
			2015	685,000	4.000%			
			2016	720,000	4.000%			
			2017	750,000	4.000%			
			2018	785,000	5.000%			
			2019	830,000	5.000%			
			2020	870,000	5.000%			
			2021	915,000	4.500%			
			2022	960,000	4.500%			
			2023	660,000	4.500%			
Total						<u>\$57,648,000</u>	<u>1,545,000</u>	<u>56,103,000</u>

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
JUNE 30, 2012**

ITEM	INTEREST RATE PAYABLE	AMOUNT OF ORIGINAL ISSUE	AMOUNT OUTSTANDING JUNE 30, 2011	ISSUED CURRENT YEAR	RETIRED CURRENT YEAR	AMOUNT OUTSTANDING JUNE 30, 2012
School Bus	5.45%	\$44,000	\$14,914		14,914	
School Buses	5.40%	118,200	40,029		40,029	
Computer & Audiovisual Equipment & Musical Instruments	4.54%	200,000	43,346		43,346	
Computer Equipment & Buses	3.55%	480,000	201,600		99,027	102,573
Computer & Athletic Equipment, Tractor, Automatic Temperature Controls, Truck School Bus & & Fuel Tanks	3.49%	592,500	375,735		120,907	254,828
Computer Equipment, Wireless Network Equipment, Smart Board Projectors & Phone System	2.89%	356,000	285,050		68,225	216,825
High School Cardio/Weight Room Renovations	5.31%	168,662	144,662		61,453	83,209
			<u>\$1,105,336</u>	<u>-</u>	<u>447,901</u>	<u>657,435</u>

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	JUNE 30, 2012			POSITIVE/ NEGATIVE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Revenues:				
Local Sources:				
Local Tax Levy	\$3,856,255		3,856,255	3,856,255
State Sources:				
Debt Service Aid Type II	127,042		127,042	127,042
<b>Total Revenues</b>	<b>3,983,297</b>		<b>3,983,297</b>	<b>3,983,297</b>
Expenditures:				
Regular Debt Service:				
Principal	1,545,000		1,545,000	1,545,000
Interest	2,446,445		2,446,445	2,446,444
<b>Total Expenditures</b>	<b>3,991,445</b>		<b>3,991,445</b>	<b>3,991,444</b>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(8,148)		(8,148)	(8,147)
Other Financing Sources/(Uses):				
Operating Transfer In	8,000		8,000	8,000
<b>Total Other Financing Sources/(Uses)</b>	<b>8,000</b>		<b>8,000</b>	<b>8,000</b>
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Sources/(Uses)	(148)		(148)	(8,147)
Fund Balance July 1,	27,052		27,052	27,052
Fund Balance June 30,	\$26,904	-	26,904	18,905
			18,905	7,999



**STATISTICAL SECTION (Unaudited)**



**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**  
**NET ASSETS BY COMPONENT**  
**LAST EIGHT FISCAL YEARS**  
*(Accrual Basis of Accounting)*

	FISCAL YEAR ENDING JUNE 30,							
	2012	2011	2010	2009	2008	2007	2006	2005
<b>Governmental Activities:</b>								
Invested in Capital Assets,								
Net of Related Debt	\$15,931,984	16,537,818	12,594,180	8,162,390	7,779,860	7,146,626	6,825,794	10,082,822
Restricted	3,472,791	2,551,778	4,439,828	5,339,121	5,330,227	4,853,421	3,210,231	2,250,392
Unrestricted	(84,025)	(823,892)	(786,870)	(937,392)	(786,399)	(510,434)	(659,479)	1,665,056
<b>Total Governmental Activities</b>								
Net Assets	<u>\$19,320,750</u>	<u>18,265,704</u>	<u>16,247,138</u>	<u>12,564,119</u>	<u>12,323,688</u>	<u>11,489,613</u>	<u>9,376,546</u>	<u>13,998,270</u>
<b>Business-Type Activities:</b>								
Invested in Capital Assets,								
Net of Related Debt	\$60,234	76,392	85,669	97,317	108,890	22,479	26,466	17,414
Unrestricted	380,670	332,938	285,451	282,430	300,854	344,253	274,869	228,694
<b>Total Business-Type Activities</b>								
Net Assets	<u>\$440,904</u>	<u>409,330</u>	<u>371,120</u>	<u>379,747</u>	<u>409,744</u>	<u>366,732</u>	<u>301,335</u>	<u>246,108</u>
<b>District-Wide:</b>								
Invested in Capital Assets,								
Net of Related Debt	\$15,992,218	16,614,210	12,679,849	8,259,707	7,888,750	7,169,105	6,852,260	10,100,236
Restricted	3,472,791	2,551,778	4,439,828	5,339,121	5,330,227	4,853,421	3,210,231	2,250,392
Unrestricted	296,645	(490,954)	(501,419)	(654,962)	(485,545)	(166,181)	(384,610)	1,893,750
<b>Total District Net Assets</b>	<u>\$19,761,654</u>	<u>18,675,034</u>	<u>16,618,258</u>	<u>12,943,866</u>	<u>12,733,432</u>	<u>11,856,345</u>	<u>9,677,881</u>	<u>14,244,378</u>

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)  
LAST EIGHT FISCAL YEARS

	FISCAL YEAR ENDING JUNE 30,							
	2012	2011	2010	2009	2008	2007	2006	2005
Expenses:								
Governmental Activities								
Instruction:								
Regular	\$10,416,719	13,700,058	13,835,996	13,991,836	13,352,518	12,718,706	11,581,265	10,729,664
Special Education	3,634,594	3,989,137	4,139,755	4,044,975	3,866,629	3,387,004	2,480,929	2,215,660
Other Special Instruction	277,994	435,855	472,049	453,310	462,458	670,848	479,887	
Other Instruction	672,951	848,497	1,162,236	1,117,387	1,014,198	979,468	923,548	1,260,954
Support Services:								
Tuition	1,034,879	1,011,547	870,929	820,954	675,455	686,042	535,867	491,117
Student & Instruction Related Services	3,904,706	5,283,263	5,881,764	4,310,409	3,908,071	3,093,702	3,199,944	2,850,293
General & Business Administrative Services	1,083,842	693,849	705,259	714,971	806,985	756,673	723,236	1,144,635
School Administrative Services	1,164,906	1,713,589	1,684,203	1,671,496	1,910,849	1,794,296	1,409,376	1,502,476
Central Services	2,760,106	490,081	456,924	438,861	601,378	468,007	611,552	
Administrative Information Technology	1,705,789	170,212	242,999	345,634	248,841	250,931	227,481	
Plant Operations and Maintenance		3,717,914	3,577,511	3,263,355	3,241,401	3,132,606	2,608,832	2,518,902
Pupil Transportation		1,542,613	1,884,507	1,872,993	1,645,325	1,428,592	1,540,679	1,236,075
Unallocated Benefits	7,854,638							
Interest on Long-Term Debt	2,418,256	2,578,753	2,525,663	2,710,102	2,602,006	2,066,327	2,274,805	1,653,832
Unallocated Depreciation	2,178,365	1,534,480	979,284	987,294	1,138,628	1,166,978	1,325,009	1,682,008
Amortization Expense	54,715							
Unallocated Compensated Absences Expense	20,790							
Unallocated Adjustment to Capital Assets	184,000							
Total Governmental Activities Expenses	39,367,250	37,709,848	38,419,079	36,743,577	35,474,742	32,600,180	29,922,410	27,285,616
Business-Type Activities:								
Food Service	787,417	734,119	755,572	699,848	619,348	603,619	565,656	485,484
Child Watch	201,633	215,748	299,683	359,468	370,939	322,389	368,048	339,290
Community Education			12,651	22,241	38,294	41,460	48,717	
Kindergarten Complement	131,143	190,674						
Millstone Busing		801,330						

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)  
LAST EIGHT FISCAL YEARS

	FISCAL YEAR ENDING JUNE 30,							
	2012	2011	2010	2009	2008	2007	2006	2005
Total Business-Type Activities Expense	1,120,193	1,941,871	1,067,906	1,081,557	1,028,581	967,468	982,421	824,774
Total District Expenses	\$40,487,443	39,651,719	39,486,985	37,825,134	36,503,323	33,567,648	30,904,831	28,110,390
Program Revenues:								
Governmental Activities:								
Charges for Services:								
Instruction (Tuition)	9,101,113	10,016,242	9,393,954	8,759,040	8,018,059	7,365,501	7,183,000	5,859,473
Pupil Transportation	91,965	101,123	17,692	53,463	16,016	62,967	26,586	32,022
Operating Grants & Contributions	\$605,984	4,087,006	5,114,033	4,238,731	4,283,912	4,083,118	1,483,682	1,209,645
Capital Grants and Contributions		952,856	4,011,447		30,693	375,136		
Total Governmental Activities Program Revenues	9,799,062	15,157,227	18,537,126	13,051,234	12,348,680	11,886,722	8,693,268	7,101,140
Business-Type Activities:								
Charges for Services:								
Food Service	634,121	646,298	607,391	597,379	580,349	594,178	558,348	466,165
Child Watch	233,525	229,612	329,575	344,399	317,303	337,438	325,556	331,627
Community Education			16,179	17,354	31,826	33,625	45,205	
Kindergarten Complement	142,454	146,900						
Millstone Busing		801,330						
Operating Grants & Contributions:	140,467							
Food Service		109,654	103,395	86,625	69,218	61,109	53,932	60,488
Total Business Type Activities Program Revenues	1,150,567	1,933,794	1,056,540	1,045,757	998,696	1,026,350	983,041	858,280
Total District Program Revenues	\$10,949,629	17,091,021	19,593,666	14,096,991	13,347,376	12,913,072	9,676,309	7,959,420

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)  
LAST EIGHT FISCAL YEARS

	FISCAL YEAR ENDING JUNE 30,							
	2012	2011	2010	2009	2008	2007	2006	2005
Net/(Expense)/Revenue:								
Governmental Activities	(\$29,568,188)	(22,552,621)	(19,881,953)	(23,692,343)	(23,126,062)	(20,713,458)	(21,229,142)	(20,184,476)
Business-Type Activities	30,374	(8,077)	(11,366)	(35,800)	(29,885)	58,882	620	33,506
<b>Total District-Wide Net Expense</b>	<b>(\$29,537,814)</b>	<b>(22,560,698)</b>	<b>(19,893,319)</b>	<b>(23,728,143)</b>	<b>(23,155,947)</b>	<b>(20,654,576)</b>	<b>(21,228,522)</b>	<b>(20,150,970)</b>
General Revenues & Other Changes in Net Assets:								
Governmental Activities:								
Property Taxes Levied for General Purposes, Net	\$18,355,168	18,083,910	17,388,707	16,927,226	16,509,074	15,597,479	13,445,349	12,804,598
Taxes Levied for Debt Service	3,856,255	3,435,289	3,308,827	2,580,505	2,385,075	2,310,737	2,474,933	1,368,717
Unrestricted Grants & Contributions	7,706,921	2,880,966	2,617,639	3,621,107	3,219,852	3,113,897	5,743,950	4,947,122
Investment Earnings		51,788	180,497	631,705	1,640,121	1,683,582	1,198,254	325,891
Miscellaneous Income	704,890	163,008	69,302	177,118	201,775	119,521	112,989	88,477
Transfers		(43,774)		(4,887)	(6,468)	1,309	(85,000)	
<b>Total Governmental Activities</b>	<b>30,623,234</b>	<b>24,571,187</b>	<b>23,564,972</b>	<b>23,932,774</b>	<b>23,949,429</b>	<b>22,826,525</b>	<b>22,890,475</b>	<b>19,534,805</b>
Business-Type Activities:								
Investment Earnings	1,200	2,513	2,739	916	8,031	7,824	5,890	
Transfers		43,774		4,887	6,468	(1,309)		
<b>Total Business-Type Activities</b>	<b>1,200</b>	<b>46,287</b>	<b>2,739</b>	<b>5,803</b>	<b>14,499</b>	<b>6,515</b>	<b>5,890</b>	
<b>Total District-Wide</b>	<b>\$30,624,434</b>	<b>24,617,474</b>	<b>23,567,711</b>	<b>23,938,577</b>	<b>23,963,928</b>	<b>22,833,040</b>	<b>22,896,365</b>	<b>19,534,805</b>
Change in Net Assets:								
Governmental Activities	\$1,055,046	2,018,566	3,683,019	240,431	823,367	2,113,067	1,661,333	(649,671)
Business-Type Activities	31,574	38,210	(8,627)	(29,997)	(15,386)	65,397	6,510	33,506
<b>Total District</b>	<b>\$1,086,620</b>	<b>2,056,776</b>	<b>3,674,392</b>	<b>210,434</b>	<b>807,981</b>	<b>2,178,464</b>	<b>1,667,843</b>	<b>(616,165)</b>

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

	FISCAL YEAR ENDING JUNE 30,							
	2012	2011	2010	2009	2008	2007	2006	2005
General Fund:								
Reserved			855,591	1,412,286	848,512	1,149,613	659,434	453,822
Unreserved			420,350	354,899	507,406	491,428	472,196	425,755
Restricted	\$3,454,014	1,991,403						
Assigned	140,112	437,830						
Unassigned	369,583	442,338						
<b>Total General Fund</b>	<b>\$3,963,709</b>	<b>2,871,571</b>	<b>1,275,941</b>	<b>1,767,185</b>	<b>1,355,918</b>	<b>1,641,041</b>	<b>1,131,630</b>	<b>879,577</b>
All Other Governmental Funds:								
Reserved			3,652,585	20,431,607	460,672	537,180	1,469,020	1,824,637
Unreserved, Reported in:								
Debt Service Fund			148	445,001	366,263	456,491	253,586	292,254
Designated for Subsequent Year's Expenditures			88,895	(1,802,287)	37,206,360	30,149,343	29,380,014	37,559,415
Restricted	\$18,905	372,545						
<b>Total All Other Governmental Funds</b>	<b>\$18,905</b>	<b>372,545</b>	<b>3,741,628</b>	<b>19,074,321</b>	<b>38,033,295</b>	<b>31,143,014</b>	<b>31,102,620</b>	<b>39,676,306</b>

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

	2012	2011	2010	2009	2008	2007	2006	2005
<b>Revenues:</b>								
Taxes Local	\$22,211,423	21,519,199	20,697,534	19,507,731	18,894,149	17,908,216	15,920,282	14,173,315
Tuition Charges	9,101,113	10,016,242	9,393,954	8,759,040	8,018,059	7,365,501	7,183,000	5,859,473
Interest Earnings	91,965	51,788	180,497	631,705	1,640,121	1,683,582	1,198,254	325,891
Miscellaneous	246,895	289,157	99,363	268,488	242,211	198,636	139,575	120,499
State Sources	7,724,970	7,385,258	10,543,205	7,459,930	7,143,871	7,198,545	6,012,488	12,173,424
Federal Sources	587,935	510,544	1,187,545	362,001	366,166	357,458	369,254	363,984
<b>Total Revenue</b>	<b>39,964,301</b>	<b>39,772,188</b>	<b>42,102,098</b>	<b>36,988,895</b>	<b>36,304,577</b>	<b>34,711,938</b>	<b>30,822,853</b>	<b>33,016,586</b>
<b>Expenditures:</b>								
<b>Instruction:</b>								
Regular Instruction	10,416,719	10,326,663	10,796,737	10,751,895	10,030,717	9,269,312	9,053,100	8,559,737
Special Education Instruction	3,634,594	2,958,925	3,128,149	3,113,771	2,756,463	2,454,566	1,927,774	1,495,539
Other Instruction	950,945	993,329	1,171,398	1,167,183	1,112,726	1,194,013	1,155,471	1,027,304
<b>Support Services:</b>								
Tuition	1,034,879	1,011,547	870,929	820,954	675,455	780,832	630,657	585,907
Student & Instruction Related Services	3,993,663	3,980,175	4,364,486	3,481,866	3,127,662	2,840,371	2,536,203	2,428,733
General & Business Administration Services	1,083,842	619,453	626,723	660,869	694,594	735,217	644,417	621,744
School Administrative Services	1,164,906	1,244,634	1,263,153	1,273,593	1,368,222	1,240,712	1,191,563	1,574,801
Central Services		408,511	380,280	361,042	380,117	347,380	353,653	5,846
Administrative Information Technology		141,198	199,955	287,687	248,841	250,931	227,481	
Plant Operations & Maintenance	3,208,007	3,279,370	3,191,916	3,141,338	2,928,285	2,795,834	2,576,723	2,397,232
Pupil Transportation	1,705,789	1,418,617	1,708,700	1,791,983	1,693,199	1,463,477	1,359,948	1,189,949
Unallocated Benefits	7,854,638	6,985,545	6,980,903	6,153,004	7,013,180	6,372,826	5,004,313	4,754,268
Capital outlay	644,372	4,687,845	19,823,552	19,211,535	6,677,775	1,243,692	3,298,412	3,649,789
<b>Debt service:</b>								
Principal	1,545,000	1,590,000	1,440,000	1,180,000	1,050,000	1,110,000	890,000	845,000
Interest & Other Charges	2,446,444	2,380,717	2,571,654	2,614,995	2,373,715	2,064,279	2,267,443	788,838
<b>Total Expenditures</b>	<b>39,683,798</b>	<b>42,026,529</b>	<b>58,518,535</b>	<b>56,011,715</b>	<b>42,130,951</b>	<b>34,163,442</b>	<b>33,117,158</b>	<b>29,924,687</b>

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

	2012	2011	2010	2009	2008	2007	2006	2005
Excess (Deficiency) of Revenues Over/(Under) Expenditures	280,503	(2,254,341)	(16,416,437)	(19,022,820)	(5,826,374)	548,496	(2,294,305)	3,091,899
Other Financing Sources/(Uses):								
Bond Proceeds					12,238,000	9,760,000	32,586,000	
Payment to Escrow Agent						(9,760,000)		
Withdrawal from Legal Reserve							(85,000)	
Compensation for Loss on Fixed Assets	457,995							
Proceeds from Capital Leases		356,000	592,500	480,000	200,000			
Transfers in	187,053	168,662	392,037	624,317	1,581,287	557,587	1,108,549	292,253
Transfers Out	(187,053)	16,329	(392,037)	(629,204)	(1,587,755)	(556,278)	(1,108,549)	(292,253)
		(30,103)						
Total Other Financing Sources/(Uses)	457,995	510,888	592,500	475,113	12,431,532	1,309	32,501,000	
Net Change in Fund Balances	\$738,498	(1,743,453)	(15,823,937)	(18,547,707)	6,605,158	549,805	30,206,695	3,091,899
Debt Service as a Percentage of Noncapital Expenditures	10.2%	10.6%	10.4%	10.3%	9.7%	9.6%	8.2%	6.2%

Source: District Records

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

FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	TUITION	TRANSPORTATION FROM LEA'S	OTHER	TOTAL
2012	\$3,765	9,101,113	91,965	194,431	9,391,274
2011	35,459	10,016,242	101,123	163,008	10,315,832
2010	28,350	9,393,954	17,692	69,302	9,509,298
2009	7,388	8,759,040	53,463	177,118	8,997,009
2008	83,178	8,018,059	16,016	177,431	8,294,684
2007	130,265	7,365,501	62,967	119,521	7,678,254
2006	88,446	7,183,000	26,586	87,452	7,385,484
2005	33,619	5,859,473	32,022	32,780	5,957,894
2004	4,719	5,821,902	34,653	106,324	5,967,598
2003	1,335	5,230,939	24,139	99,881	5,356,294

Source: District records

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

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	(a)	NET	TAX	(b)	ESTIMATED
									PUBLIC UTILITIES	VALUATION TAXABLE	EXEMPT PROPERTY	TOTAL DIRECT SCHOOL TAX RATE	ACTUAL (COUNTY EQUALIZED) VALUE
<b>Borough of Allentown</b>													
2012	\$773,400	172,318,400		600	14,778,200		4,792,300	192,662,900		192,662,900	40,389,200	1.6240	192,662,900
2011	778,000	174,713,200		600	14,778,200		4,792,300	195,062,300		195,062,300	40,384,600	1.5790	195,062,300
2010	367,200	90,953,150		4,300	8,151,000		2,368,400	101,844,050	843,601	102,687,651	17,116,200	2.9070	217,452,004
2009	396,300	90,703,850		4,300	8,151,000		2,368,400	101,623,850	835,927	102,459,777	17,113,000	2.7830	214,722,746
2008	430,700	90,145,200		4,300	8,151,000		2,368,400	101,099,600	744,981	101,844,581	17,113,000	2.7700	217,244,000
2007	509,600	89,274,450		4,300	8,788,900		2,760,100	101,337,350	979,600	102,316,950	17,113,000	2.6390	201,310,974
2006	484,100	88,808,100		4,300	8,744,800		2,760,100	100,801,400	1,114,982	101,916,382	17,253,300	2.5890	174,031,107
2005	524,400	88,718,100		4,300	8,744,800		2,760,100	100,751,700	1,239,612	101,991,312	16,937,200	2.3660	152,921,968
2004	476,300	88,340,500		4,300	8,744,800		2,760,100	100,326,000	1,294,669	101,620,669	16,937,200	2.1850	134,034,718
2003	N/A	N/A		N/A	N/A		N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Upper Freehold Township</b>													
2012	23,282,000	928,795,000	155,761,800	9,868,200	41,539,500	13,573,300	396,300	1,173,216,100	2,261,626	1,175,477,726	182,939,500	1.6500	1,257,654,517
2011	24,488,300	923,218,500	160,605,900	9,898,800	41,166,200	13,572,100	396,300	1,173,346,100	2,362,572	1,175,708,672	176,968,300	1.6300	1,303,966,484
2010	24,371,400	1,017,799,800	179,397,700	9,752,900	44,613,300	14,671,100	427,900	1,291,034,100	3,021,871	1,294,055,971	173,674,500	1.4320	1,294,927,231
2009	25,534,400	1,068,528,300	177,388,700	9,820,700	47,696,300	14,671,100	427,900	1,344,067,400	3,585,249	1,347,652,649	169,909,300	1.3240	1,335,342,079
2008	30,601,700	1,069,197,500	175,747,600	9,774,100	46,857,000	14,671,100	427,900	1,347,276,900	3,707,887	1,350,984,787	168,743,500	1.2360	1,319,515,242
2007	43,060,200	1,030,177,600	173,575,500	10,149,600	46,029,500	14,588,000	427,900	1,318,008,300	2,509,829	1,320,518,129	162,619,600	1.2260	1,240,674,187
2006 *	51,267,100	982,273,800	171,703,900	10,278,800	47,923,100	14,588,000	427,900	1,278,462,600	2,378,268	1,280,840,868	156,362,400	1.1920	1,084,660,702
2005	23,171,700	460,054,000	73,285,100	9,903,100	17,360,100	6,572,400	188,400	590,534,800	1,573,442	592,108,242	43,001,870	2.2810	926,381,753
2004	29,996,900	405,333,500	74,742,000	9,977,000	17,459,900	6,572,400	188,400	544,270,100	1,772,293	546,042,393	43,001,870	2.1890	779,640,121
2003	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES		TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	GENERAL OBLIGATION DEBT SERVICE	TOTAL DIRECT	BOROUGH OF ALLENTOWN	MONMOUTH COUNTY	
<b>Allentown Borough</b>						
2011	1.3172	0.2617	1.5789	0.6630	0.3080	2.5499
2010	2.4429	0.4641	2.9070	1.2360	0.5820	4.7250
2009	2.3381	0.4449	2.7830	1.2070	0.5490	4.5390
2008	2.4036	0.3664	2.7700	1.1230	0.5470	4.4400
2007	2.3059	0.3331	2.6390	1.0540	0.5390	4.2320
2006	2.2549	0.3341	2.5890	1.0440	0.5150	4.1480
2005	1.9982	0.3678	2.3660	0.9680	0.5090	3.8430
2004	2.0100	0.1750	2.1850	0.8730	0.5000	3.5580
2003	2.0610	0.1800	2.2410	0.8390	0.5140	3.5940
2002	1.9740	0.1490	2.1230	0.8000	0.4930	3.4160
FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES		TOTAL DIRECT AND OVERLAPPING TAX RATE
BASIC RATE	GENERAL OBLIGATION DEBT SERVICE	TOTAL DIRECT	UPPER FREEHOLD TOWNSHIP	MONMOUTH COUNTY		
<b>Upper Freehold Township</b>						
2011	1.3426	0.2821	1.6250	0.2300	0.3100	2.1650
2010	1.2033	0.2287	1.4320	0.2080	0.2700	1.9100
2009	1.1123	0.2117	1.3240	0.1890	0.2550	1.7680
2008	1.0725	0.1635	1.2360	0.1740	0.2480	1.6580
2007	1.0712	0.1548	1.2260	0.1520	0.2540	1.6320
2006	1.0382	0.1538	1.1920	0.1520	0.2520	1.5960
2005	1.9264	0.3546	2.2810	0.2670	0.5230	3.0710
2004	2.0130	0.1760	2.1890	0.2470	0.5320	2.9680
2003	1.8810	0.1640	2.0450	0.2470	0.5280	2.8200
2002	1.7940	0.1350	1.9290	0.2270	0.5070	2.6630

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
 PRINCIPAL PROPERTY TAX PAYERS,  
 CURRENT YEAR AND NINE YEARS AGO

ALLENTOWN BOROUGH TAXPAYERS	2012			UPPER FREEHOLD TOWNSHIP TAXPAYERS	2012		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE		TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
Towne Mews	4,300,300	1	2.23%	Allentown Caging Equip. Co.	10,047,000	1	0.85%
24 Hadley Georgia LLC	1,013,800	2	0.53%	Peronic Enterprises LLC	4,734,000	2	0.40%
VAF Associates	1,009,900	3	0.52%	Toll NJ VI, LP	4,095,900	3	0.35%
First Washington Bank	864,500	4	0.45%	Ashford Estate, LLC	3,876,000	4	0.33%
Natwest Bank	833,500	5	0.43%	Crosswicks Farms, Inc.	3,869,500	5	0.33%
Owen Seeland	813,700	6	0.42%	WP Wellington, LLC	3,585,200	6	0.30%
Peppler Funeral Home	797,900	7	0.41%	Individual Taxpayer 1	3,213,600	7	0.27%
NJ Bell Telephone Co.	723,100	8	0.38%	Kube Pak	2,932,500	8	0.25%
11 Church Street	693,700	9	0.36%	Paramount Marinas, LLC	2,922,500	9	0.25%
Individual Taxpayer 1	691,900	10	0.36%	Individual Taxpayer 2	2,804,000	10	0.24%
<b>Total</b>	<b>\$11,742,300</b>		<b>6.09%</b>	<b>Total</b>	<b>\$42,080,200</b>		<b>3.57%</b>

TAXPAYERS	2003			TAXPAYERS	2003		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE		TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
Towne Mews, LLC	2,510,500	1	2.47%	K.Hovnanian at UFT III, Inc.	13,567,700	1	2.69%
NJ Bell Telephone Co.	1,434,480	2	1.41%	Allentwon Caging	3,989,400	2	0.79%
Natwest Bank	524,600	3	0.52%	Individual Taxpayer 1	2,481,000	3	0.49%
NJ Bell Telephone	490,200	4	0.48%	Orleans Corp.	2,450,000	4	0.49%
Individual Taxpayer 1	467,500	5	0.46%	Miscoski Associates	2,156,000	5	0.43%
Individual Taxpayer 2	457,900	6	0.45%	Peronic Enterprises	2,075,200	6	0.41%
Peppler Funeral Home	427,100	7	0.42%	Bell Atlantic Property Tax Dept.	2,042,166	7	0.41%
Individual Taxpayer 3	407,000	8	0.40%	Crosswicks Farms	1,709,400	8	0.34%
First Washington State Bank	379,600	9	0.37%	Individual Taxpayer 2	1,553,500	9	0.31%
Individual Taxpayer 4	374,000	10	0.37%	Individual Taxpayer 3	1,501,400	10	0.30%
<b>Total</b>	<b>\$7,472,880</b>		<b>7.35%</b>	<b>Total</b>	<b>\$33,525,766</b>		<b>6.66%</b>

Source: Municipal Tax Assessor

Source: Municipal Tax Assessor

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

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY(a)		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
<b>Allentown Borough</b>				
2012	\$3,109,383	3,109,383	100.00%	N/A
2011	2,985,372	2,985,372	100.00%	N/A
2010	2,851,860	2,851,860	100.00%	N/A
2009	2,821,382	2,821,382	100.00%	N/A
2008	2,699,785	2,699,785	100.00%	N/A
2007	2,638,616	2,638,616	100.00%	N/A
2006	2,412,633	2,412,633	100.00%	N/A
2005	2,220,396	2,220,396	100.00%	N/A
2004	2,268,555	2,268,555	100.00%	N/A
2003	2,151,172	2,151,172	100.00%	N/A
<b>Upper Freehold Township</b>				
2012	19,102,040	19,102,040	100.00%	N/A
2011	18,533,827	18,533,827	100.00%	N/A
2010	17,845,674	17,845,674	100.00%	N/A
2009	16,686,349	16,686,349	100.00%	N/A
2008	16,194,364	16,194,364	100.00%	N/A
2007	15,269,600	15,269,600	100.00%	N/A
2006	13,507,649	13,507,649	100.00%	N/A
2005	11,952,919	11,952,919	100.00%	N/A
2004	10,308,361	10,308,361	100.00%	N/A
2003	8,521,890	8,521,890	100.00%	N/A

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

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

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

FISCAL YEAR ENDED JUNE 20,	<u>GOVERNMENTAL ACTIVITIES</u>		TOTAL DISTRICT	PERCENTAGE OF PER CAPITA INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES			
2012	\$56,103,000	657,435	56,760,435	11.40%	6,502
2011	57,648,000	1,105,336	58,753,336	12.31%	6,740
2010	59,238,000	1,055,073	60,293,073	12.63%	6,917
2009	60,851,000	934,954	61,785,954	12.37%	7,092
2008	62,031,000	958,040	62,989,040	13.00%	7,259
2007	50,843,000	1,276,520	52,119,520	11.66%	6,119
2006	51,274,000	1,740,118	53,014,118	13.18%	6,336
2005	52,164,000	824,981	52,988,981	14.40%	6,702

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

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

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	DEDUCTIONS			
2012	\$56,103,000		56,103,000	4.092%	2,393
2011	57,648,000		57,648,000	4.127%	6,613
2010	59,238,000		59,238,000	4.085%	6,796
2009	60,851,000		60,851,000	4.191%	6,985
2008	62,031,000		62,031,000	4.360%	7,148
2007	50,843,000		50,843,000	3.677%	5,970
2006	51,274,000		51,274,000	7.387%	6,128
2005	52,164,000		52,164,000	8.054%	6,598

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2012**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	PERCENTAGE APPLICABLE	OVERLAPPING DEBT
<b>Allentown Borough:</b>			
Debt Repaid With Property Taxes:			
Allentown Borough	\$2,274,021	100.000%	\$2,274,021
Monmouth County General Obligation Debt	456,874,186	0.17500%	<u>799,530</u>
Subtotal, Overlapping Debt			3,073,551
Allentown Borough School District			<u>                    </u>
Total Direct & Overlapping Debt			<u><u>\$3,073,551</u></u>
<b>Upper Freehold Township:</b>			
Debt Repaid With Property Taxes:			
Upper Freehold Township	18,597,127	100.000%	\$18,597,127
Monmouth County General Obligation Debt	456,874,186	1.07650%	<u>4,918,251</u>
Subtotal, Overlapping Debt			23,515,378
Upper Freehold School District Direct Debt			<u>56,103,000</u>
Total Direct & Overlapping Debt			<u><u>\$79,618,378</u></u>

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

Debt outstanding data provided by each governmental unit.

**NOTE** - Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District.

This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the above Municipalities. This process recognizes that, when considering the District's ability to issue and repay Long-Term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

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

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Debt Limit	\$52,647,087	73,616,923	73,602,503	71,464,256	66,570,251	59,890,193	65,199,163	58,568,448	27,704,764	22,752,046
Total Net Debt Applicable to Limit	<u>56,103,000</u>	<u>57,648,000</u>	<u>59,238,000</u>	<u>60,851,000</u>	<u>62,031,000</u>	<u>50,843,000</u>	<u>51,274,000</u>	<u>52,164,000</u>	<u>20,423,000</u>	<u>20,328,000</u>
Legal Debt Margin	<u>(\$3,455,913)</u>	<u>15,968,923</u>	<u>14,364,503</u>	<u>10,613,256</u>	<u>4,539,251</u>	<u>9,047,193</u>	<u>13,925,163</u>	<u>6,404,448</u>	<u>7,281,764</u>	<u>2,424,046</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	106.56%	78.31%	80.48%	85.15%	93.18%	84.89%	78.64%	89.07%	73.72%	89.35%

**Legal Debt Margin Calculation for Fiscal Year 2011**

	Equalized Valuation Basis		
	Allentown	Upper Freehold	Total
2011	\$200,557,578	\$1,252,370,691	1,452,928,269
2010	210,031,037	1,292,455,801	1,502,486,838
2009	215,807,709	1,341,384,631	<u>1,557,192,340</u>
			<u>\$4,512,607,447</u>
Average Equalized Valuation of Taxable Property			<u>\$1,504,202,482</u>
Debt Limit (3.5 % of Average Equalization Value)			<u>\$52,647,087</u>
Net Bonded School Debt			<u>56,103,000</u>
Legal Debt Margin			<u>(\$3,455,913)</u>

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

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

<b>BOROUGH OF ALLENTOWN</b>		<b>COUNTY</b>			
<b>YEAR</b>		<b>PER CAPITA</b>	<b>PERSONAL</b>	<b>PERSONAL</b>	<b>UNEMPLOYMENT</b>
	<b>POPULATION (a)</b>	<b>INCOME (b)</b>	<b>INCOME (c)</b>	<b>RATE (d)</b>	
2011	1,828	56,955	104,113,740	7.4%	
2010	* 1,840	54,771	100,778,640	7.3%	
2009	1,840	54,771	100,778,640	7.2%	
2008	1,844	57,353	105,758,932	4.4%	
2007	1,856	55,826	103,613,056	3.4%	
2006	1,868	52,499	98,068,132	3.7%	
2005	1,883	48,072	90,519,576	3.7%	
2004	1,893	46,545	88,109,685	3.5%	
2003	1,894	43,634	82,642,796	4.2%	
2002	1,894	43,387	82,174,978	4.2%	
<b>UPPER FREEHOLD TOWNSHIP</b>					
2011	6,902	56,955	393,103,410	3.6%	
2010	* 6,877	54,771	376,660,167	3.6%	
2009	6,877	54,771	376,660,167	3.5%	
2008	6,868	57,353	393,900,404	2.1%	
2007	6,821	55,826	380,789,146	1.6%	
2006	6,649	52,499	349,065,851	1.8%	
2005	6,484	48,072	311,698,848	2.3%	
2004	6,013	46,545	279,875,085	3.1%	
2003	5,597	43,634	244,219,498	3.7%	
2002	5,153	43,387	223,573,211	3.7%	

**Source:**

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

b Per Capita

c Personal Income

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

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

2012

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NOT AVAILABLE

2003

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NOT AVAILABLE

Source: Comprehensive Annual Financial Reports of Individual School Districts

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

Function/Program	2012	2011	2010	2009	2008	2007	2006	2005
<b>Instruction:</b>								
Regular	134	136	150	147	168	163	154	148
Special Education	56	58	59	58	20	18	18	14
Other Special Instruction	1	1			3	3	3	3
<b>Support Services:</b>								
<b>Student &amp; Instruction</b>								
Related Services	53	54	61	56	30	30	30	31
<b>General Administrative</b>								
Services	3	3	3	2	7	7	7	7
<b>School Administrative</b>								
Services	17	17	20	21	21	21	21	20
<b>Plant Operations &amp; Maintenance</b>								
	38	39	31	20	15	15	15	12
<b>Pupil Transportation</b>								
	8	19	19	18	19	20	20	19
<b>Business &amp; Other</b>								
Support Services	8	8	7	9	1	1	1	1
<b>Total</b>	<b>318</b>	<b>335</b>	<b>350</b>	<b>331</b>	<b>284</b>	<b>278</b>	<b>269</b>	<b>255</b>

**Source:** District Personnel Records

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
 OPERATING STATISTICS  
 LAST EIGHT FISCAL YEARS

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FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO			AVERAGE DAILY ENROLLMENT (ADA) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE	
						ELEMENTARY/ MIDDLE	ELEMENTARY	MIDDLE SCHOOL					
2012	2,355	\$34,569,040	14,679	2.54%	190		11.8:1	9.7:1	13.1:1	2,331.0	2,232	-0.26%	95.75%
2011	2,331	33,367,967	14,315	-4.21%	195		10.8:1	10.8:1	11.3:1	2,337.0	2,231		95.46%
2010	2,321	34,683,329	14,943	6.85%	205	10.6:1			11.1:1	2,337.0	2,233	0.17%	95.55%
2009	2,360	33,005,185	13,985	0.73%	191	10.4:1			11.3:1	2,333.0	2,239	4.62%	95.97%
2008	2,307	32,029,461	13,884	7.31%	168	11.5:1			11.0:1	2,230.0	2,132	-2.28%	95.61%
2007	2,299	29,745,471	12,938	9.04%	163	12.1:1			11.5:1	2,282.0	2,172	2.42%	95.18%
2006	2,247	26,661,303	11,865	-0.68%	154	12.0:1			12.8:1	2,228.0	2,138	6.20%	95.96%
2005	2,124	25,373,572	11,946	8.06%	148	13.7:1			11.0:1	2,098.0	1,995	5.06%	95.09%

Sources: District records

Note: Enrollment based on annual October district count.

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

DISTRICT BUILDINGS	2012	2011	2010	2009	2008	2007	2006	2005
High School:								
Square Feet	196,623	196,623	196,623	196,623	196,623	196,623	196,623	196,623
Capacity (Students)	1,264	1,264	1,264	1,264	1,264	1,264	1,264	1,264
Enrollment	1,218	1,166	1,144	1,139	1,078	1,075	1,028	966
Middle School:								
Square Feet	142,000	142,000						
Capacity (Students)	650	650						
Enrollment	550	532						
Elementary School:								
Square Feet	104,610	104,610						
Capacity (Students)	1,286	1,286						
Enrollment	587	633						
Elementary/Middle School:								
Square Feet			104,610	104,610	104,610	104,610	104,610	104,610
Capacity (Students)			1,286	1,286	1,286	1,286	1,286	1,286
Enrollment			1,177	1,221	1,229	1,224	1,219	1,158
Administration Building:								
Square Feet		3,164	3,164	3,164	3,164	3,164	3,164	3,164
Maintenace Offices (incl. Garage & Shed):								
Square Feet		6,326	6,326	6,326	6,326	6,326	6,326	6,326
Imalystown School:								
Square Feet		6,815	6,815	6,815	6,815	6,815	6,815	6,815
Vicational Agricultural Building:								
Square Feet		13,696	13,696	13,696	13,696	13,696	13,696	13,696
Annex Building:								
Square Feet		12,536	12,536	12,536	12,536	12,536	12,536	12,536
Number of Schools at June 30, 2012:								
Elementary = 1								
Middle = 1								
High School = 1								
Other = 5								

**Source:** Upper Freehold Regional School District Business Office.

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

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

UNDISTRIBUTED EXPENDITURES - REQUIRED  
MAINTENANCE FOR SCHOOL FACILITIES

	*	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Allentown Regional			178,158	276,794	62,767	60,293	61,988	76,190	91,897	72,806	52,799
Stone Bridge Middle			79,246								
Newell Elementary			101,898								
Upper Freehold Elementary/Middle				153,888	73,710	99,778	36,165	38,927	36,063	42,738	37,993
Imalystown School Annex			1,302	1,297	3,775	1,206	8,885	3,845	6,114	14,895	4,553
		\$545,854	9,230	15,012	4,334	7,796	4,348	5,083	2,482	2,640	2,176
<b>Total School Facilities</b>		<b>545,854</b>	<b>369,834</b>	<b>446,991</b>	<b>144,586</b>	<b>169,073</b>	<b>111,386</b>	<b>124,045</b>	<b>136,556</b>	<b>133,079</b>	<b>97,521</b>
Other Facilities			4,223	4,258	16,765	26,909	18,326	24,213	10,592	8,536	26,533
<b>Total School Facilities</b>		<b>\$545,854</b>	<b>374,057</b>	<b>451,249</b>	<b>161,351</b>	<b>195,982</b>	<b>129,712</b>	<b>148,258</b>	<b>147,148</b>	<b>141,615</b>	<b>124,054</b>

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

Source: District records

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2012**

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

Source: District records



**SINGLE AUDIT SECTION**





Certified Public Accountants & Consultants

Administrative Office:  
10 Allen Street, Ste. 2B, Toms River, NJ 08753 • Tel: 732.797.1333  
618 Stokes Road, Medford, NJ 08055 • Tel: 609.953.0612  
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EXHIBIT K-1

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

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

We have audited the financial statements of the Board of Education of the Upper Freehold Regional School District, County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated November 12, 2012. 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, Department of Education, State of New Jersey.

**Internal Control Over Financial Reporting**

Management of the Board of Education of the Upper Freehold Regional School District, County of Monmouth, State of New Jersey, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Upper Freehold Regional 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 District’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District’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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis.

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 the 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. However, we identified a certain deficiency in internal control over

financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting as Finding 2012-02. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Upper Freehold Regional 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*.

This report is intended solely for the information of the audit committee, management, the Upper Freehold Regional Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

HOLMAN & FRENIA, P. C.

A handwritten signature in black ink, appearing to read 'R. Haines', with a long horizontal line extending to the right.

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

Medford, New Jersey  
November 12, 2012

EXHIBIT K-2

**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**

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

**Compliance**

We have audited the compliance of the Board of Education of the Upper Freehold Regional School District, in the County of Monmouth, State of New Jersey, 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 Grants Compliance Supplement* that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2012. Board of Education of the Upper Freehold Regional School District's Major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Board of Education of the Upper Freehold Regional School District's management. Our responsibility is to express an opinion on Board of Education of the Upper Freehold Regional School District'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; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB 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*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about Board of Education of the Upper Freehold Regional School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Board of Education of the Upper Freehold Regional School District's compliance with those requirements.

In our opinion, the Board of Education of the Upper Freehold Regional School District, County of Monmouth, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2012. The results of our auditing procedures disclosed no instances of noncompliance with

these requirements, which are required to be reported in accordance with OMB Circular A-133 or New Jersey OMB's Circular 04-04.

### **Internal Control Over Compliance**

The management of the Board of Education of the Upper Freehold Regional School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Upper Freehold Regional Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal and state programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Upper Freehold Regional Board of Education's internal control over compliance.

A deficiency in a District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control 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. Upper Freehold Regional Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Upper Freehold Regional Board of Education's response and, accordingly, we express no opinion on the responses.

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

Respectfully submitted,

HOLMAN & FRENIA, P. C.



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

Medford, New Jersey  
November 12, 2012

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2011	CASH RECEIVED	BUDGETARY EXPENDITURES	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2012	DUE TO GRANTOR AT JUNE 30, 2012
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED-THROUGH</b>								
<b>STATE DEPARTMENT OF EDUCATION:</b>								
Food Distribution Program	10.550	\$46,212	7/1/11-6/30/12		46,212	(46,212)		
School Breakfast Program	10.553	6,139	7/1/11-6/30/12		4,741	(6,139)	(1,398)	
School Breakfast Program	10.553	4,323	7/1/10-6/30/11	(\$333)	333			
National School Lunch Program	10.555	81,784	7/1/11-6/30/12		78,647	(81,784)	(3,137)	
National School Lunch Program	10.555	70,324	7/1/10-6/30/11	(4,639)	4,639			
Total U.S. Department of Agriculture				(4,972)	134,572	(134,135)	(4,535)	
<b>U.S. DEPARTMENT OF EDUCATION PASSED-THROUGH</b>								
<b>STATE DEPARTMENT OF EDUCATION:</b>								
General Fund:								
Educational Jobs Fund	84.410	182,476	7/1/10-6/30/12		182,476	(182,476)		
Total General Fund					182,476	(182,476)		
Special Revenue Fund:								
No Child Left Behind:								
Title I	84.010	33,381	9/1/11-8/31/12		3,710	(6,909)	(3,199)	
Title IIA	84.367A	33,601	9/1/11-8/31/12		24,210	(26,282)	(2,072)	
Title IIA	84.367A	35,991	9/1/10-8/31/11	(11,085)	29,133	(18,048)		
Title IIA	84.367A	36,486	9/1/09-8/31/10	(7,266)	7,266			
Title IV	84.186	3,703	9/1/10-8/31/11	(94)	94			
I.D.E.A. Part B, Basic Regular	84.027	315,885	9/1/11-8/31/12		274,290	(306,888)	(32,598)	
I.D.E.A. Part B, Basic Regular	84.027	300,756	9/1/10-8/31/11	(41,962)	47,246	(5,284)		
I.D.E.A. Part B, Basic - A.R.R.A.	84.391	360,891	9/1/10-8/31/12	(20,402)	36,939	(16,537)		
I.D.E.A. Part B, Preschool	84.173	12,606	9/1/11-8/31/12		9,870	(11,370)	(1,500)	
I.D.E.A. Part B, Preschool	84.173	12,501	9/1/10-8/31/11	(6,791)	6,791			
Vocational Education:								
Perkins Grant	84.048	13,030	9/1/11-8/31/12		13,030	(13,030)		
Perkins Grant	84.048	12,805	9/1/10-8/31/11	(3,919)	3,919			
Total Special Revenue Fund				(91,519)	456,498	(404,348)	(39,369)	
Total U.S. Department of Education				(91,519)	638,974	(586,824)	(39,369)	
Total Federal Financial Assistance				(\$96,491)	773,546	(720,959)	(43,904)	

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
SCHEDULE OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE		REPAYMENT		ADJUSTMENTS	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2012	DUE TO GRANTOR AT JUNE 30, 2012	MEMO	
				AT JUNE 30, 2011	CASH RECEIVED	BUDGETARY EXPENDITURES	PRIOR YEAR BALANCES				BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
<b>State Department of Education:</b>												
General Fund:												
School Choice Aid	12-495-034-5120-068	449,221	7/1/11-6/30/12		449,221	(449,221)					44,213	449,221
Transportation Aid	12-495-034-5120-014	324,820	7/1/11-6/30/12		324,820	(324,820)					31,969	324,820
Categorical Special Education Aid	12-495-034-5120-089	908,641	7/1/11-6/30/12		908,641	(908,641)					89,429	908,641
Security Aid	12-495-034-5120-084	120,384	7/1/11-6/30/12		120,384	(120,384)					11,848	120,384
Equalization Aid	12-495-034-5120-078	2,649,879	7/1/11-6/30/12		2,649,879	(2,649,879)					260,803	2,649,879
Transportation:												
Nonpublic School	12-495-034-5120-014	15,340	7/1/11-6/30/12			(15,340)			(15,340)			15,340
Nonpublic School	11-495-034-5120-014	14,616	7/1/10-6/30/11	(\$14,616)	14,616							
Extraordinary Aid	12-495-034-5120-473	259,907	7/1/11-6/30/12			(259,907)			(259,907)			259,907
Extraordinary Aid	11-495-034-5120-473	229,588	7/1/10-6/30/11	(229,588)	229,588							
Anti-bullying Grant	N/A		7/1/11-6/30/12		4,855	(4,855)						4,855
Nonbudgeted:												
Reimbursed TPAF Social Security Contribution	12-100-034-5095-002	1,126,434	7/1/11-6/30/12		1,071,261	(1,126,434)			(55,173)			1,126,434
Reimbursed TPAF Social Security Contribution	11-100-034-5095-002	1,123,775	7/1/10-6/30/11	(55,584)	55,584							
On-Behalf TPAF Pension Contribution	12-100-034-5095-001	1,457,495	7/1/11-6/30/12		1,457,495	(1,457,495)						1,457,495
<b>Total General Fund</b>				<b>(299,788)</b>	<b>7,286,344</b>	<b>(7,316,976)</b>			<b>(330,420)</b>		<b>438,262</b>	<b>7,316,976</b>
<b>Special Revenue Fund:</b>												
N.J. Nonpublic Aid:												
Textbook	12-100-034-5120-064	3,422	7/1/11-6/30/12		3,422	(3,422)						3,422
Nursing	12-100-034-5120-070	4,887	7/1/11-6/30/12		4,887	(4,842)				45		4,842
Auxiliary Service Aid (Chapter 192):												
Compensatory Education	12-100-034-5120-067	10,144	7/1/11-6/30/12		10,144	(4,227)				5,917		4,227
Compensatory Education	11-100-034-5120-067		7/1/10-6/30/11	2,512			(2,512)					
Home Instruction	12-100-034-5120-067	1,926	7/1/11-6/30/12			(1,926)			(1,926)			1,926
Handicapped Services Aid (Chapter 193):												
Supplementary Instruction	12-100-034-5120-066	4,841	7/1/11-6/30/12		4,841	(4,841)						4,841
Examination & Classification	12-100-034-5120-066	11,112	7/1/11-6/30/12		11,112	(11,112)						11,112
Corrective Speech	12-100-034-5120-066	790	7/1/11-6/30/12		790					790		
Corrective Speech	11-100-034-5120-066	782	7/1/10-6/30/11	782			(782)					
NJ Curriculum for Agricultural Science Education (CASE)	12-100-010-3330-019		7/1/10-6/30/12	5,267	10,000	(15,267)						15,267
<b>Total Special Revenue Fund</b>				<b>8,561</b>	<b>45,196</b>	<b>(45,637)</b>	<b>(3,294)</b>		<b>(1,926)</b>	<b>6,752</b>		<b>45,637</b>
<b>Enterprise Fund:</b>												
National School Lunch Program (State Share)	12-100-010-3350-023	6,332	7/1/11-6/30/12		6,095	(6,332)			(237)			6,332
National School Lunch Program (State Share)	11-100-010-3350-023	6,679	7/1/10-6/30/11	(907)	907							
<b>Total Enterprise Fund</b>				<b>(907)</b>	<b>7,002</b>	<b>(6,332)</b>			<b>(237)</b>			<b>6,332</b>
<b>Debt Service Fund:</b>												
Debt Service Aid, Type II	12-100-034-5120-075	127,042	7/1/11-6/30/12		127,042	(127,042)						127,042
<b>Total Debt Service Fund</b>					<b>127,042</b>	<b>(127,042)</b>						<b>127,042</b>
<b>Schools Development Authority:</b>												
Capital Projects Fund:												
Educational Facilities Construction & Financing Act	5310-050-10-1001	67,465	7/1/10-6/30/11			(62,508)			(62,508)			
	5310-N01-04-1000	5,730,639	7/1/10-6/30/11			(257,779)			(257,779)			
<b>Total Capital Projects Fund</b>						<b>(320,287)</b>			<b>(320,287)</b>			
<b>Total State Financial Assistance</b>				<b>(\$292,134)</b>	<b>7,465,584</b>	<b>(7,816,274)</b>	<b>(3,294)</b>		<b>(652,870)</b>	<b>6,752</b>	<b>438,262</b>	<b>7,495,987</b>

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE  
JUNE 30, 2012**

**Note 1. General**

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

**Note 2. Basis of Accounting**

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 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 the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(84,972) for the general fund and \$1,111 for the special revenue fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE  
JUNE 30, 2012

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

	Federal	State	Total
General Fund	\$182,476	\$7,232,004	\$7,414,480
Special Revenue Fund	405,459	45,637	451,096
Capital Projects Fund		320,287	320,287
Debt Service Fund		127,042	127,042
Food Service Fund	134,135	6,332	140,467
Total Financial Assistance	<u>\$722,070</u>	<u>\$7,731,302</u>	<u>\$8,453,372</u>

**Note 4. Relationship to Federal and State Financial Reports**

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

**Note 5. Other**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2012. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

**Note 6. Federal and State Loans Outstanding**

The Upper Freehold Regional School District had no loan balances outstanding at June 30, 2012.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2012**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

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

**Federal Awards**

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

**Identification of major programs:**

CFDA Number(s)	Name of Federal Program or Cluster
84.391	I.D.E.A. Part B - Basic Regular - ARRA
84.027	I.D.E.A. Part B - Basic Regular
84.173	I.D.E.A. Preschool
10.553	School Breakfast Program
10.555	National School Lunch Program

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2012**

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

**State Awards**

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No
Type of auditor’s report issued on compliance for major programs	<u>Unqualified</u>
Internal Control over major programs:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered To be material weaknesses?	None Reported
Any audit findings disclosed that are required to be reported in accordance With NJ OMB Circular Letter 04-04	None Reported

**Identification of major programs:**

GMIS Number(s)	Name of State Program
12-495-034-5068-001	School Choice Aid
12-495-034-5120-089	Special Education Categorical Aid
12-495-034-5120-078	Equalization Aid
12-495-034-5120-084	Security Aid
12-495-034-5120-014	Transportation Aid

**Section II – Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements for which *Government Auditing Standards* requires reporting in a Circular A-133 audit.

**Finding 2012-02:**

**Condition:**

During our review of deposit records within Student Activities, it was noted that out of 34 deposits tested, one deposit did not agree to the source documents and three deposits did not have the required forms attached.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
For the Fiscal Year Ended June 30, 2012**

**Section II – Financial Statement Findings (continued):**

**Finding 2012-02 (continued):**

**Criteria:**

Support for all deposits made within the Student Activities should contain copies of deposited checks, an Activities Fund Form with appropriate signature and a copy of the deposit slip.

**Context:**

During our testing of 34 deposits, we noted 4 exceptions.

**Cause:**

One deposit did not match the supporting documentation. Three additional deposits did not have all of the required support attached.

**Effect:**

The total amount of funds available to the Student Activities could be misstated.

**Recommendation:**

All deposits must have the proper support. In addition, all deposits should be independently verified by someone other than the person responsible for creating the deposit.

**Views of Responsible Officials:**

Finance staff will continuously monitor deposits to ensure proper supporting documents are maintain for audit purposes.

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

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

No Current Year Findings

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
For the Fiscal Year Ended June 30, 2012**

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.

No Prior Year Findings