

SCHOOL DISTRICT OF UPPER FREEHOLD REGIONAL

Allentown, New Jersey
County of Monmouth

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

UPPER FREEHOLD REGIONAL BOARD OF EDUCATION

ALLENTOWN, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Prepared by

**Upper Freehold Regional School District
Finance Department**

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INTRODUCTORY SECTION

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UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

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

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

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

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

PATRICK LEARY
Director of Special Services

KARL CIAK
*Director of Technology and
Information Services*

October 1, 2013

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

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Upper Freehold Regional School District (the "District") for the fiscal year ended June 30, 2013, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the

District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey OMB Circular NJOMB 04-04, *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 2012-2013 school year with an enrollment of 2,344 students, compared to 2,332 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>
2012-2013	2,343	0.64%
2011-2012	2,331	-0.3%
2010-2011	2,337	No change
2009-2010	2,337	0.2%
2008-2009	2,333	-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 the district's website, and in local presentations throughout the community during the budget review process. The District also produces a calendar with information about all aspects of school life - support services, special events, and closing information. This calendar is also available on the District web page and School web pages.

Core Curriculum Content Standards

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

Staff Development

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

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

Technology

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

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

The District worked with our demographer to attempt to forecast future growth in the Township. That study showed that we will not see enrollment increasing at the rate of the past few years. Concerns about overcrowding have been eased with the opening of the new middle school in September 2010. The district no longer utilizes outside rental space to house our Pre-K program and to accommodate physical education programs for the middle school level. The Board has agreed to honor the State of New Jersey option of a 2% tax levy cap which eliminates the requirement for a vote of the Upper Freehold and Allentown communities to approve 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, 2013.

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 \$1,565,000 in bond principal. At June 30, 2013, the District had \$54,538,000 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.

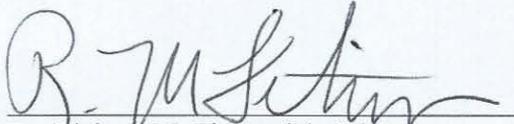
The District is a member of the School Alliance Insurance Fund (the "Fund"). The Fund is a risk-sharing public entity risk pool that is both an insured and self-administered group of school districts established for

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.

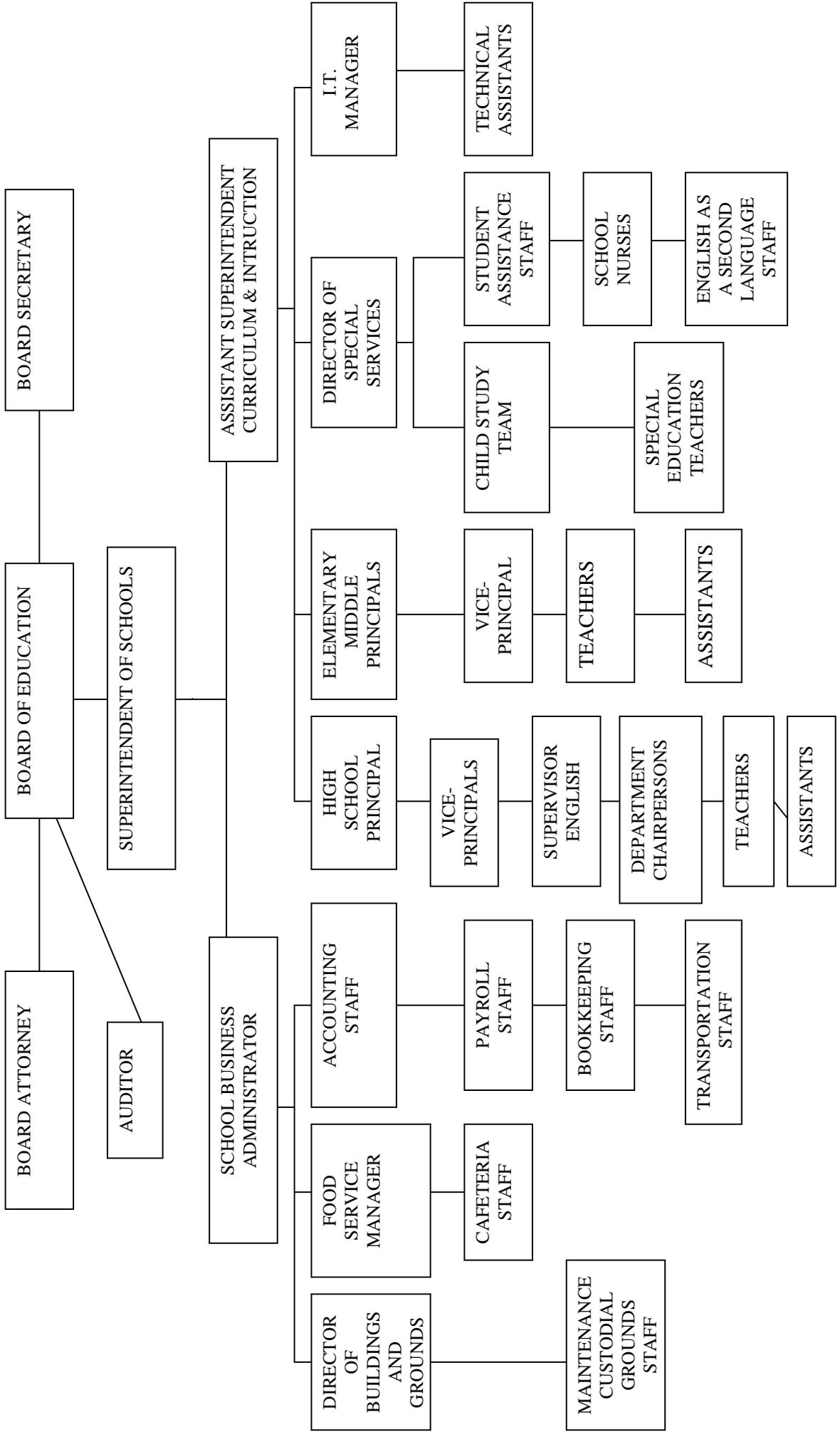
Respectfully submitted,



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



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



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

ROSTER OF OFFICIALS

June 30, 2013

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Patricia Hogan, President	2013
Douglas Anthony, Vice President	2013
Greg Barkley	2014
Dr. Amy Jacobson	2013
Howard Krieger	2015
Tia McLaughlin	2013
Patrick Nolan	2014
Christopher Shaw	2014
Richard Smith	2015

OTHER OFFICIALS

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

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

Cherie L. Adams, Esq., Board Attorney

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

CONSULTANTS AND ADVISORS

AUDIT FIRM

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Philadelphia, Pennsylvania 19106-3696

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the 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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 17 through 28 and 93 through 103 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Upper Freehold Regional Board of Education's basic financial statements. The accompanying introductory section, comparative totals for June 30, 2012, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, long-term debt schedules and the accompanying schedule of expenditures of federal and state financial assistance are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section, comparative totals for June 30, 2012, 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 or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2013 on our consideration of the Board of Education of the Upper Freehold Regional School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Board of Education of the Upper Freehold Regional School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, 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
Public School Accountant
Certified Public Accountant
No. 2198

Freehold, New Jersey
November 14, 2013

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2013

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, 2013. 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 (2012-2013) and the prior year (2011-2012) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for the 2012-2013 fiscal year include the following:

- ◆ General revenues accounted for \$31,298,931 of all revenues. Specific revenues in the form of charges for services, operating grants & contributions accounted for \$10,030,154 to total revenues of \$41,329,085.
- ◆ The school district had \$42,373,649 in expenses; \$10,030,154 of these expenses were offset by program specific charges for services, grants or contributions.
- ◆ Total Net Position of governmental activities were \$18,272,868. Net Position decreased by \$1,047,882 from July 1, 2012 to June 30, 2013.
- ◆ The General Fund fund balance at June 30, 2013 is \$3,059,294, a decrease of \$904,415 when compared with the beginning balance at July 1, 2012 of \$3,963,709.

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 and building maintenance	Activities the district operates similar to private businesses: Food service fund; Kindergarten Complement program
Required financial statements	Statement of Net Assets	Balance sheet	Statement of Net Position

Statement of activities		Statement of revenue, expenditures and changes in fund balance	Statement of revenue, expenses and changes in fund Net Position
			Statement of cash flows
Accounting Basis 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 Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The 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 and administration. Aids from the State of New Jersey and from the Federal government along with local Property taxes finances most of these activities.

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

Reporting the School District’s Most Significant Funds

Fund Financial Statements

The fund financial statements provide more detailed information about the District’s funds – focusing on its most significant or “major” funds – not the District as a whole. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s most significant funds. The School District’s major funds are the General Fund, Special Revenue Fund, 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 Position and a statement of changes in fiduciary Net Position. 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 Position for 2013. The District’s Net Assets for governmental activities was \$18,272,868 on June 30, 2013. (See Table A-1).

Table A-1	
Upper Freehold Regional School District	
Net Assets	
As of June 30, 2013	
	<u>June 30, 2013</u>
Current and Other Assets	\$ 5,110,613
Capital Assets	70,911,535
Total Assets	76,022,148
Long-term Liabilities	\$ 55,457,294
Other Liabilities	2,291,987
Total Liabilities	\$ 57,749,281
Net Assets	
Invested in capital assets, net of related debt	\$ 15,905,809
Restricted	2,747,845
Unrestricted	(380,786)
Total Net Assets	\$ 18,272,868

Changes in Net Assets. Table A-2 shows the changes in Net Assets from fiscal year 2012 to fiscal year 2013.

Table A-2
Upper Freehold Regional School District
Change in Governmental Net Position
For the year ended June 30, 2013

Revenues	<u>June 30, 2013</u>
Program revenues	
Charges for services	\$ 8,369,746
Operating grants and contributions	580,584
General revenues	
Property taxes	22,529,923
State and Federal Aid	8,483,728
Other charges	258,180
Total revenues	<u>\$ 40,222,161</u>
Expenses	
Governmental Activities:	
Instruction:	
Regular	\$ 11,230,594
Special Education	3,756,378
Other Special Instruction	184,556
Other Instruction	686,647
Support Services:	
Tuition	861,425
Attendance & Social Work Services	118,196
Health Services	293,622
Student & Instruction Related Services	3,082,900
Educational Media Services/School Library	507,841
Instruction Staff Training	84,000
School Administrative Services	1,271,768
Central Services	414,077
Administrative Information Technology	122,052
Other Administrative Services	580,187
Plant Operations and Maintenance	2,776,648
Pupil Transportation	1,546,100
Unallocated Benefits & Depreciation	9,154,772
Interest on Long-Term Debt	2,371,763
Amortization Expense	54,715
Unallocated Depreciation	2,171,803
Total Governmental Activities	<u>\$ 41,270,044</u>
Net Increase (Decrease) in Net Position	<u>\$ (1,047,883)</u>

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 2013. 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 56.01% of revenues for governmental activities for the Upper Freehold Regional School District for fiscal year 2013. The District's total revenues were \$40,222,161 Federal, state and local grants accounted for another 21.09% of revenue. Tuition and transportation accounted for 20.81% of revenue. Miscellaneous revenue was 0.64%. The total cost of all programs and services was \$41,270,044. Instruction including allocated benefits comprises 38.43% of District expenses.

Total expenses exceeded revenues, decreasing Net Position by \$1,047,882 from the beginning balance at July 1, 2012.

Governmental Activities:	2013	
	Total Cost of Services	Net Cost of Services
Instruction:		
Regular	\$ 11,230,594	\$ 2,919,278
Special Education	3,756,378	3,356,057
Other Special Education	184,556	184,556
Other Instruction	686,647	686,647
Support Services:		
Tuition	861,425	861,425
Attendance & Social Work Services	118,196	118,196
Health Services	293,622	293,622
Student & Instruction Related Services	3,082,900	3,024,449
Educational Media Services/School Library	507,841	507,841
Instruction Staff Training	84,000	84,000
School Administrative Services	1,271,768	1,271,768
Central Services	414,077	414,077
Administrative Information Technology	122,052	122,052
Other Administrative Services	580,187	580,187
Plant Operations and Maintenance	2,776,648	2,776,648
Pupil Transportation	1,546,100	1,487,670
Unallocated Benefits & Depreciation	9,154,772	9,154,772
Interest on Long-Term Debt	2,371,763	2,249,951
Amortization Expense	54,715	54,715
Unallocated Depreciation	2,171,803	2,171,803
Total Governmental Activities	\$ 41,270,044	\$ 32,319,714

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

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

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

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

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

Business-Type Activities

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

- Food service expenses exceeded revenues by \$47,496
- Charges for services, which are amounts paid by patrons for daily food services, represent \$581,241 of total revenue.
- Federal and state reimbursements for meals, including for free and reduced lunches and donated commodities were \$128,464.

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 \$40,646,483 and expenditures were \$41,569,801. The net change in fund balance for the year was a decrease of \$923,317 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.

Table A-4				
Summary of General Fund Revenues				
For the Year Ended June 30, 2013				
	Year Ended June 30, 2013	Year Ended June 30, 2012	Amount of Increase (Decrease)	Percent Increase (Decrease)
REVENUES				
Local sources:				
Local tax levy	\$ 18,722,271	\$ 18,355,168	\$ 367,103	2.0%
Tuition	8,311,316	9,101,113	(789,797)	-8.7%
Transportation	58,430	91,965	(33,535)	-36.5%
Miscellaneous	249,474	198,196	51,278	25.9%
Total - Local Sources	27,341,491	27,746,442	404,951	
Federal Sources				
		182,476	(182,476)	
State Sources				
	8,506,756	7,232,004	1,274,752	17.6%
Total - Govt Sources	8,506,756	7,414,480	1,092,276	
Other Financing Sources:				
Sale of Fixed Asset		457,995	(457,995)	
Capital Lease	400,000	-	400,000	-100.0%
Transfers in		187,053	(187,053)	-100.0%
Transfers out		-	-	-100.0%
Total Other Financing Sources	400,000	645,048	(245,048)	
Total Revenues	\$ 36,248,247	\$ 35,805,970	\$ 442,277	

The primary source of funding for the District is received from local tax levy that accounted for 51.65% of total revenues. State aid accounted for 23.47% of total revenues.

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

**Table A-5
Summary of General Fund Expenditures
For the Year Ended June 30, 2013**

	Year Ended June 30, 2013	Year Ended June 30, 2012	Amount of Increase/ (Decrease)	Percent Increase/ (Decrease)
Current:				
Regular Instruction	\$ 10,830,594	\$ 10,416,719	\$ 413,875	3.97%
Special Education Instruction	3,540,613	3,208,984	331,629	10.33%
Other Instruction	686,647	950,945	(264,298)	-27.79%
Support Services and Undistributed Costs:				
Tuition	861,425	1,034,879	(173,454)	-16.76%
Attendance	118,196	99,480	18,716	100.00%
Health Services	293,622	286,862	6,760	100.00%
Student & Instruction Related Services	3,024,449	2,977,811	46,638	1.57%
Educational Media Services/School Library	507,841	481,930	25,911	100.00%
Instructional Staff Training	84,000	94,248	(10,248)	100.00%
School Administrative Services	1,271,768	1,164,906	106,862	9.17%
Central Services	414,077	406,278	7,799	1.92%
Administrative Information Technology	122,052	78,909	43,143	54.67%
Other Administrative Services	580,187	598,655	(18,468)	-3.08%
Plant Operations and Maintenance	3,212,479	3,208,007	4,472	0.14%
Pupil Transportation	1,546,100	1,705,789	(159,689)	-9.36%
Employee Benefits	9,091,495	7,854,638	1,236,857	15.75%
Capital Outlay	959,119	144,792	814,327	562.41%
Total Expenditures	\$ 37,144,664	\$ 34,713,832	\$ 2,430,832	7.00%

Total General Fund expenditures increased \$2,430,832 or 7.00% 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 \$1,082,167 for the 2013-2014 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 \$3,956,365. \$3,807,652 in funding was provided by from the local tax levy, and \$121,812 was received as aid from the state.

Enterprise Funds

The Food Service Fund had Net Position of \$289,108 at June 30, 2013. This reflects a decrease of \$47,496 from the prior year's Net Position.

Capital Asset and Debt Administration

Capital Assets

At the end of 2013, the District had capital assets with a book value of \$70,911,535. 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 \$2,171,803.

	<u>2013</u>	<u>2012</u>
Building & Bldg Improvements	\$ 80,197,203	\$ 80,156,229
Machinery and Equipment	3,608,998	3,496,766
Land	5,419,448	5,419,448
Total Capital Assets	<u>89,225,649</u>	<u>89,072,443</u>
Less: Accumulated Depreciation	<u>(18,314,114)</u>	<u>(16,380,024)</u>
Net Capital Assets	<u>\$ 70,911,535</u>	<u>\$ 72,692,419</u>

Debt Administration

At June 30, 2013, the School District had \$55,395,726 in outstanding debt. Of this amount, \$54,538,000 is for bonds and \$727,726 is for capital leases.

Long-Term Obligations

At year-end, the District had \$54,538,000 in general obligation bonds, a decrease of \$1,565,000 from last year – as shown in Table A-7.

The District also has a \$451,568 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, 2013</u>	<u>Balance at June 30, 2012</u>	<u>Increase/ (Decrease)</u>	<u>% Chg</u>
General Obligation Bonds Payable	\$ 54,538,000	\$ 56,103,000	\$ (1,565,000)	-2.8%
Capital Lease Payable	727,726	657,435	70,291	10.7%
Compensated Absences	451,568	388,291	63,277	16.3%
TOTAL	<u>\$ 55,717,294</u>	<u>\$ 57,148,726</u>	<u>\$ (1,431,432)</u>	<u>24.20%</u>

For the Future

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

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact 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 or e-mail schirad@ufrsd.net.

BASIC FINANCIAL STATEMENTS

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A. District-Wide Financial Statements

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

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UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013
(With Comparative Totals for June 30, 2012)

ASSETS	GOVERNMENT. ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS	
			JUNE 30, 2013	(Memorandum Only) JUNE 30, 2012
Cash & Cash Equivalents	\$3,136,943	508,778	3,645,721	2,695,423
Receivables, Net	476,283	32,825	509,108	1,849,000
Inventory		8,522	8,522	24,437
Unamortized Loss on Early Retirement of Debt	854,095		854,095	911,897
Unamortized Cost of Issuance	643,292		643,292	705,462
Capital Assets, Net (Note 7)	70,911,535	118,649	71,030,184	72,752,653
Total Assets	76,022,148	668,774	76,690,922	78,938,872
LIABILITIES				
Accounts Payable	219,742	65,816	285,558	164,010
Other Liabilities				
Accrued Interest Expense	946,632		946,632	966,234
Unamortized Bond Premium	791,425		791,425	856,682
Intergovernmental Payable	6,726		6,726	6,752
Lease Payable				
Deferred Revenue	67,462		67,462	34,814
Noncurrent Liabilities (Note 8):				
Due Within One Year	1,796,473	25,318	1,821,791	1,925,661
Due Beyond One Year	53,920,821	104,682	54,025,503	55,223,065
Total Liabilities	57,749,281	195,816	57,945,097	59,177,218
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	15,905,809	118,649	16,024,458	15,992,218
Restricted For:				
Other Purposes	2,747,845		2,747,845	3,472,919
Unrestricted	(380,786)	354,309	(26,477)	296,517
Total Net Position	\$18,272,868	472,958	18,745,826	19,761,654

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, 2013
(With Comparative Totals for June 30, 2012)

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		TOTALS		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	JUNE 30, 2013	JUNE 30, 2012 (Memorandum Only)
Governmental Activities:							
Instruction:							
Regular	\$11,230,594	8,311,316		(2,919,278)		(2,919,278)	(2,217,995)
Special Education	3,756,378		400,321	(3,356,057)		(3,356,057)	(2,306,595)
Other Special Instruction	184,556			(184,556)		(184,556)	(277,994)
Other Instruction	686,647			(686,647)		(686,647)	(672,951)
Support Services & Undistributed Costs:							
Tuition	861,425			(861,425)		(861,425)	(1,034,879)
Attendance & Social Work Services	118,196			(118,196)		(118,196)	(99,480)
Health Services	293,622			(293,622)		(293,622)	(286,862)
Student & Instruction Related Services	3,082,900		58,451	(3,024,449)		(3,024,449)	(2,977,811)
Educational Media Services/School Library	507,841			(507,841)		(507,841)	(392,973)
Instructional Staff Training	84,000			(84,000)		(84,000)	(94,248)
School Administrative Services	1,271,768			(1,271,768)		(1,271,768)	(1,164,906)
Central Services	414,077			(414,077)		(414,077)	(406,278)
Administrative Information Technology	122,052			(122,052)		(122,052)	(78,909)
Other Administrative Services	580,187			(580,187)		(580,187)	(605,049)
Plant Operations & Maintenance	2,776,648			(2,776,648)		(2,776,648)	(2,760,106)
Pupil Transportation	1,546,100	58,430		(1,487,670)		(1,487,670)	(1,613,824)
Unallocated Benefits	9,154,772			(9,154,772)		(9,154,772)	(7,854,638)
Interest on Long-Term Debt	2,371,763		121,812	(2,249,951)		(2,249,951)	(2,291,214)
Amortization Expense	54,715			(54,715)		(54,715)	(54,715)
Unallocated Compensated Absences Expense							(20,790)
Unallocated Depreciation	2,171,803			(2,171,803)		(2,171,803)	(2,178,365)
Unallocated Loss on Capital Assets							(184,000)

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013
(With Comparative Totals for June 30, 2012)

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		TOTALS	
	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	JUNE 30, 2013	(Memorandum Only) JUNE 30, 2012
Total Governmental Activities	41,270,044	8,369,746	580,584	(32,319,714)	(32,319,714)	(29,574,582)
Business-Type Activities:						
Food Service	757,201	554,141	128,464	(74,596)	(74,596)	(12,829)
Child Watch Program	197,101	204,920		7,819	7,819	31,892
Kindergarten Complement	149,303	192,299		42,996	42,996	11,311
Total Business-Type Activities	1,103,605	951,360	128,464	(23,781)	(23,781)	30,374
Total Primary Government	<u>\$42,373,649</u>	<u>9,321,106</u>	<u>709,048</u>	<u>(32,319,714)</u>	<u>(32,343,495)</u>	<u>(29,544,208)</u>
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net			18,722,271		18,722,271	18,355,168
Taxes Levied for Debt Service			3,807,652		3,807,652	3,856,255
Federal & State Aid Not Restricted			8,483,728		8,483,728	7,713,041
Special Item - Loss on Disposal of Assets			(24,322)		(24,322)	
Miscellaneous Income			282,502	27,100	309,602	699,970
Total General Revenues, Special Items, Extraordinary Items & Transfers			31,271,831	27,100	31,298,931	30,624,434
Change In Net Position			(1,047,882)	3,319	(1,044,563)	1,080,226
Net Position - Beginning (Unadjusted)			19,320,750	440,904	19,761,654	18,675,034
Prior Period Change in Net Position			28,735		28,735	
Net Position - Beginning (Adjusted)			19,320,750	469,639	19,790,389	18,675,034
Net Position - Ending			\$18,272,868	472,958	18,745,826	19,755,260

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

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B. Fund Financial Statements

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

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Governmental Funds

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2013
(With Comparative Totals for June 30, 2012)**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS	
					(Memorandum Only)	
ASSETS & OTHER DEBITS					JUNE 30, 2013	JUNE 30, 2012
Cash & Cash Equivalents	\$2,918,233			3	2,918,236	2,333,412
Cash with Fiscal Agent	260,000				260,000	
Accounts Receivable:						
Federal Aid		72,789			72,789	39,369
State Aid	290,975	1,794			292,769	652,733
Interfund	192				192	322,739
Other	103,924	6,609			110,533	1,133,167
Total Assets	\$3,573,324	81,192		3	3,654,519	4,481,420
LIABILITIES & FUND BALANCES						
Liabilities:						
Cash Deficit		41,293			41,293	20,752
Accounts Payable	\$217,797	1,945			219,742	114,008
Intergovernmental Payable:						
State		6,726			6,726	6,752
Interfund Payables						322,530
Deferred Revenue	296,234	31,228			67,462	34,764
Total Liabilities	514,031	81,192			335,223	498,806
Fund Balances:						
Restricted for:						
Capital Reserve Account	192,187				192,187	301,046
Maintenance Reserve Account	850,000				850,000	350,000
Emergency Reserve Account	300,000				300,000	300,000
Tuition Reserve Account	100,000				100,000	400,000
Excess Surplus	20,343				20,343	1,082,167
Excess Surplus - Designated for Subsequent Year's Expenditures	1,082,167				1,082,167	840,393
Debt Service Fund				3	3	18,905
Committed to:						
Other Purposes	203,145				203,145	180,408
Assigned to:						
Designated for Subsequent Year's Expenditures						140,112
Unassigned Fund Balance	311,452				311,452	369,583
Total Fund Balances	3,059,294			3	3,059,297	3,982,614
Total Liabilities & Fund Balances	\$3,573,324	81,192		3		

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 \$89,225,649 and the accumulated depreciation is \$18,314,114.	70,911,535	72,692,419
Net Unamortized Loss on Early Extinguishment of Debt	854,095	911,897
Net Unamortized Bond Costs	643,292	705,462
Net Unamortized Bond Premiums	(791,425)	(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.	(946,632)	(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.	(55,717,294)	(57,148,726)
Unspent Lease Proceeds in the fun financial statements are deferred revenue and included with the long term liabilities in government-wide financial statements	260,000	
Net Position of Governmental Activities	\$18,272,869	19,320,750

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, 2013
(With Comparative Totals for June 30, 2012)

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS	
					JUNE 30, 2013	(Memorandum Only) JUNE 30, 2012
Revenues:						
Local Sources:						
Local Tax Levy	\$18,722,271			3,807,652	22,529,923	22,211,423
Tuition	8,311,316				8,311,316	9,101,113
Transportation	58,430				58,430	91,965
Miscellaneous	249,474	33,028			282,502	240,775
Total Local Sources	27,341,491	33,028		3,807,652	31,182,171	31,645,276
State Sources	8,506,756	29,955		121,812	8,658,523	7,724,970
Federal Sources		405,789			405,789	594,055
Total Revenues	35,848,247	468,772		3,929,464	40,246,483	39,964,301
Expenditures:						
Current Expense:						
Regular Instruction	10,830,594				10,830,594	10,416,719
Special Education Instruction	3,356,057	400,321			3,756,378	3,634,594
Other Special Instruction	184,556				184,556	277,994
Other Instruction	686,647				686,647	672,951
Support Services:						
Tuition	861,425				861,425	1,034,879
Attendance	118,196				118,196	99,480
Health Services	293,622				293,622	286,862
Student & Instruction Related Service	3,024,449	58,451			3,082,900	3,031,143
Educational Media Services/School Library	507,841				507,841	481,930
Instructional Staff Training	84,000				84,000	94,248
School Administrative Services	1,271,768				1,271,768	1,164,906
Central Services	414,077				414,077	406,278
Administrative Information Technology	122,052				122,052	78,909
Other Administrative Services	580,187				580,187	598,655
Plant Operations & Maintenance	3,212,479				3,212,479	3,208,007
Pupil Transportation	1,546,100				1,546,100	1,705,789
Employee Benefits	9,091,495				9,091,495	7,854,638
Capital Outlay	959,119	10,000			969,119	644,372
Debt Service:						
Principal				1,565,000	1,565,000	1,545,000
Interest & Other Charges				2,391,365	2,391,365	2,446,444
Total Expenditures	37,144,664	468,772		3,956,365	41,569,801	39,683,798
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(1,296,416)			(26,901)	(1,323,317)	280,503
Other Financing Sources:						
Capital Lease Proceeds (Nonbudgeted)	400,000				400,000	457,995
Transfers In/(Out)	(7,999)			7,999		
Total Other Financing Sources	392,001			7,999	400,000	457,995
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(904,415)			(18,902)	(923,317)	738,498
Fund Balances July 1,	3,963,709			18,905	3,982,614	3,244,116
Fund Balances June 30,	3,059,294	-	-	3	3,059,297	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, 2013**

Total Net Change in Fund Balances - Governmental Funds (From B-2) (\$923,317)

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	(\$2,171,803)	
Capital Outlays	<u>415,241</u>	(1,756,562)

In the Statement of Activities, the loss on disposal of assets is recorded. This loss is not recorded in the governmental funds.

(24,322)

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.

1,565,000

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.

589,709

The proceeds from the issuance of capital leases provide current financial resources and are reported in this fund financial statement, but they are presented as liabilities in the statement of net assets.

(400,000)

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	<u>65,257</u>	(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	966,234	
Current Year	<u>(946,632)</u>	19,602

In the statement of activities, certain operating expenses, e.g. compensated expenses (vacations & sick time) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources paid. When the paid amount exceeds the earned amount the difference is an addition to the reconciliation when the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation.

Prior Year	388,291	
Current Year	<u>(451,568)</u>	(63,277)

Change in Net Position of Governmental Activities (\$1,047,882)

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Proprietary Funds

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013
 (With Comparative Totals for June 30, 2012)**

ASSETS	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			TOTALS	
	FOOD SERVICE FUND	CHILD WATCH	KINDERGARTEN COMPLEMENT	JUNE 30, 2013	(Memorandum Only) JUNE 30, 2012
Current Assets:					
Cash & Cash Equivalents	\$222,428	129,543	26,807	378,778	382,763
Cash with Fiscal Agent	\$130,000			130,000	
Accounts Receivable:					
State	514			514	237
Federal	4,811			4,811	4,535
Miscellaneous			27,500	27,500	18,750
Inventories	8,522			8,522	24,437
Total Current Assets	366,275	129,543	54,307	550,125	430,722
Fixed Assets:					
Equipment	334,698			334,698	257,901
Accumulated Depreciation	(216,049)			(216,049)	(197,667)
Total Fixed Assets	118,649			118,649	60,234
Total Assets	484,924	129,543	54,307	668,774	490,956
Current Liabilities:					
Accounts Payable	65,816			65,816	50,002
Lease Payable	130,000			130,000	
Deferred Revenue					50
Total Current Liabilities	195,816			195,816	50,052
NET POSITION					
Investment in Fixed Capital	118,649			118,649	60,234
Unreserved Net Position	170,459	129,543	54,307	354,309	380,670
Total Net Position	\$289,108	129,543	54,307	472,958	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, EXPENDITURES AND CHANGES
IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(With Comparative Totals for June 30, 2012)**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				TOTALS	
	FOOD SERVICE FUND	CHILD WATCH	KINDERGARTEN COMPLEMENT	MILLSTONE BUSING	JUNE 30, 2013	(Memorandum Only) JUNE 30, 2012
Operating Revenue:						
Daily Sales - Reimbursable Programs:						
School Lunch Program	\$211,148				211,148	340,868
Total - Daily Sales - Reimbursable Programs	211,148				211,148	340,868
Daily Sales Nonreimbursable Programs	342,993				342,993	293,253
Fees		204,920	192,299		397,219	375,979
Miscellaneous Income	27,100				27,100	1,200
Total Operating Revenue	581,241	204,920	192,299		978,460	1,011,300
Operating Expenses:						
Salaries	297,280	184,311	148,183		629,774	603,140
Employee Benefits	13,229				13,229	
Purchased Prof./Tech. Services	84,177				84,177	70,928
Purchased Property Services	7,039				7,039	70,269
Supplies and Materials	23,609	7,872			31,481	34,414
Depreciation	15,640				15,640	9,694
Contracted Services						13,355
Miscellaneous	16	4,918	1,120		6,054	10,518
Cost of Sales	316,211				316,211	307,875
Total Operating Expenses	757,201	197,101	149,303		1,103,605	1,120,193
Operating (Loss)/Gain	(175,960)	7,819	42,996		(125,145)	(108,893)
Nonoperating Revenues:						
State Sources:						
State School Lunch Program	4,613				4,613	6,332
Federal Sources:						
National School Breakfast Program	5,880				5,880	6,139
National School Lunch Program	77,791				77,791	81,784
Food Distribution Program	40,180				40,180	46,212
Total Nonoperating Revenues	128,464				128,464	140,467
Change in Net Position	(47,496)	7,819	42,996		3,319	31,574
Net Position - July 1 (Unadjusted)	307,869	121,724	11,311		440,904	
Prior Period Change in Fund Balance	28,735				28,735	
Net Position - July 1 (Adjusted)	336,604	121,724	11,311		469,639	409,330
Net Position - June 30	289,108	129,543	54,307	-	472,958	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, 2013
(With Comparative Totals for June 30, 2012)**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			TOTALS	
	FOOD SERVICE FUND	CHILD WATCH	KINDERGARTEN COMPLEMENT	JUNE 30, 2013	(Memorandum Only) JUNE 30, 2012
Cash Flows From Operating Activities:					
Receipts from Customers	\$581,241	204,870	183,549	969,660	992,600
Payments to Employees	(310,509)	(184,311)	(123,679)	(618,499)	(474,246)
Payments to Suppliers	(358,585)	(13,348)	(25,624)	(397,557)	(636,622)
Net Cash Provided/(Used) by Operating Activities	(87,853)	7,211	34,246	(46,396)	(118,268)
Cash Flows From Capital & Related Financing Activities:					
Decrease In Capital Assets	(45,322)			(45,322)	6,464
Net Cash Provided/(Used) by Capital & Related Financing Activities	(45,322)			(45,322)	6,464
Cash Flows From Noncapital Financing Activities:					
Cash Received From State & Federal Reimbursements	87,733			87,733	95,362
Net Cash Provided by Noncapital Financing Activities	87,733			87,733	95,362
Net Increase/(Decrease) in Cash & Cash Equivalents	(45,442)	7,211	34,246	(3,985)	(16,442)
Cash and Cash Equivalents, July 1	267,870	122,332	(7,439)	382,763	399,205
Cash & Cash Equivalents, June 30	\$222,428	129,543	26,807	378,778	382,763

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

Cash Provided/(Used) by Operating Activities:					
Operating Income/(Loss)	(\$175,960)	7,819	42,996	(125,145)	(108,893)
Adjustments to Reconcile Operating to Cash Provided/(Used) by Operating Activities:					
Depreciation Expense	15,640			15,640	9,694
Food Distribution Program	40,180			40,180	46,212
Change in Assets & Liabilities:					
Decrease/(Increase) in Accounts Receivable			(8,750)	(8,750)	(18,750)
(Increase)/Decrease in Inventory	15,915			15,915	(6,589)
Increase/(Decrease) in Accounts Payable	16,372	(558)		15,814	(39,992)
Increase/(Decrease) in Deferred Revenue		(50)		(50)	50
Total Adjustments	88,107	(608)	(8,750)	78,749	(9,375)
Net Cash Provided/(Used) by Operating Activities	(\$87,853)	7,211	34,246	(46,396)	(118,268)

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

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Fiduciary Fund

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2013
(With Comparative Totals for June 30, 2012)**

ASSETS	PRIVATE PURPOSE		AGENCY		TOTALS	
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP TRUST	PAYROLL FUND	STUDENT ACTIVITY	JUNE 30, 2013	(Memorandum Only) JUNE 30, 2012
Cash & Cash Equivalents	\$236,340	45,761	153,478	140,812	576,391	465,787
Total Assets	236,340	45,761	153,478	140,812	576,391	465,787
LIABILITIES						
Interfund Payable			192		192	209
Unemployment Payable	3,905				3,905	
Payroll Deductions & Withholdings			153,286		153,286	168,436
Due to Student Groups				140,812	140,812	110,100
Total Liabilities	3,905		153,478	140,812	298,195	278,745
NET POSITION						
Reserved:						
Unemployment Claims	232,435				232,435	139,207
Scholarship Awards		45,761			45,761	47,835
Total Net Position	\$232,435	45,761	-	-	278,196	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 POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(With Comparative Totals for June 30, 2012)**

	PRIVATE PURPOSE		TOTALS	
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP TRUST	JUNE 30, 2013	(Memorandum Only) JUNE 30, 2012
ADDITIONS:				
Contributions:				
Deductions From Employees'				
Salaries	\$47,160		47,160	221,685
Donor Contributions	\$155,761	16,854	172,615	13,114
Total Contributions	202,921	16,854	219,775	234,799
Investment Earnings:				
Interest on Investments	140	44	184	205
Total Investment Earnings	140	44	184	205
Total Additions	203,061	16,898	219,959	235,004
DEDUCTIONS:				
Unemployment Claims	109,833		109,833	229,043
Scholarships Awarded		18,972	18,972	16,575
Total Deductions	109,833	18,972	128,805	245,618
Change in Net Position	93,228	(2,074)	91,154	(10,614)
Net Position - Beginning of Year	139,207	47,835	187,042	197,656
Net Position - End of Year	\$232,435	45,761	278,196	187,042

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

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

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UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2013

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*.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No.65 reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Management is currently evaluating the impact of the adoption of this Statement but it is expected to have a material impact on the financial statements for the year ended June 30, 2014.

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, 2013 and for the year then ended.

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

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

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, 2013 of 2,373 students.

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

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

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

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

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

B. District-Wide and Fund Financial Statements

The district-wide financial statements (the statement of net position 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 Position 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 Position. 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 JUNE 30, 2013

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

JUNE 30, 2013

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 Capital Assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

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

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
JUNE 30, 2013**

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 Capital 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
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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

JUNE 30, 2013

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.

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

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

F. Budget/Budgetary Control (continued):

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 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:

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 35,891,078	\$ 470,567
Difference – Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized		(1,795)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	438,262	
State aid payment recognized for budgetary purposes, not recognized for GAAP Statements until the subsequent year	<u>(481,093)</u>	<u> </u>
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	\$ <u>35,848,247</u>	\$ <u>468,772</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 37,144,664	\$ 470,567
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>(1,795)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds	\$ <u>37,144,664</u>	\$ <u>468,772</u>

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

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

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.

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.

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

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

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, 2013, which have not been recorded, are not determinable.

The tuition rate adjustments for the years 2010-2011 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, 2013.

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. Capital Assets

Capital assets acquired or constructed during the year are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital 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 capital assets are valued at their estimated fair market value on the date received. The capital assets acquired or constructed were valued by an independent appraisal company. Capital assets, such as land and buildings, are valued at the historical cost basis and through estimated procedures performed by an independent appraisal company, respectively.

Capital 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	

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

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

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, 2013 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.

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

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties. Designated fund balances represent plans for future use of financial resources. Contributed capital represents the amount of fund capital contributed to the propriety funds from other funds.

R. Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

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

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

T. Memorandum Only - Total Columns

Total columns are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with accounting principles generally accepted in the United States of America. Neither are such data comparable to a consolidation.

U. Comparative Data

Comparative total data for the prior year had been presented in order to provide an understanding of changes to the District's financial position and operations. Certain 2012 amounts have been reclassified to conform to the 2013 presentation.

V. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2013

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

W. Fund Equity

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.
- 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.

X. Subsequent Events

The Upper Freehold Regional School District has evaluated subsequent events occurring after June 30, 2013 through the date of November 14, 2013, which is the date the financial statements were available to be issued.

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013 and reported at fair value are as follows:

Type	Carrying Value
Deposits:	
Demand Deposits	\$ <u>3,832,112</u>
Total Deposits & Investments	\$ <u>3,832,112</u>
The District's Cash & Cash Equivalents are Reported as Follows:	
Governmental Fund	\$2,876,943
Enterprise Funds	378,778
Fiduciary Funds	<u>576,391</u>
Total Cash & Cash Equivalents	\$ <u>3,832,112</u>

Custodial Credit Risk – Deposits in financial institutions, reported as components of cash, cash equivalents and investments had a bank balance of \$4,600,433 at June 30, 2013 and was insured, uninsured or collateralized as follows:

FDIC Insured Funds	\$ 250,000
Uninsured Fund	527,206
Collateralized in the District's Name Under GUDPA (see Note 3)	<u>3,823,227</u>
Total	<u>\$4,600,433</u>

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

Note 3. Governmental Unit Deposit Protection Act (GUDPA)

The District has deposited cash in 2013 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

JUNE 30, 2013

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. Reserve Account

A. 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.

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Note 4. Reserve Account (continued):

A. Capital Reserve Account (continued):

The activity of the capital reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning Balance, July 1, 2012	\$301,046
Withdrawal per Budget	109,009
Interest Earned	<u>150</u>
Ending Balance, June 30, 2013	<u>\$ 192,187</u>

The June 30, 2013 LRFPP balance of local support costs of uncompleted capital projects at June 30, 2013 is \$12,425,500.

B. 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.

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Note 4. Reserve Accounts (continued):

B. Maintenance Reserve Account (continued):

The activity of the maintenance reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning Balance, July 1, 2012	\$ 350,000
Increase per Resolution passed ((June 18, 2013)	<u>500,000</u>
Ending Balance, June 30, 2013	<u>\$ 850,000</u>

C. Emergency Reserve Account

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

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

The activity of the emergency reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning Balance, July 1, 2012	\$ <u>300,000</u>
Ending Balance, June 30, 2013	<u>\$ 300,000</u>

D. 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 \$100,000 as of June 30, 2013 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
JUNE 30, 2013**

Note 5. Accounts Receivable

Accounts receivable at June 30, 2013 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	<u>Governmental Fund Financial Statements</u>	<u>District-Wide Financial Statements</u>
Governmental Activities:		
Intergovernmental - Federal	\$ 72,789	\$ 72,789
Intergovernmental - State	292,769	292,769
Intergovernmental - Other	110,533	110,533
Interfunds	<u>192</u>	<u>192</u>
	476,283	476,283
Less Allowance for Uncollectibles	<u>0</u>	<u>0</u>
Total Receivables, Net	<u>\$ 476,283</u>	<u>\$ 476,283</u>

Note 6. Transfers to Capital Outlay

During the year ended June 30, 2013, the District transferred \$184,157 to the capital outlay accounts, \$163,476 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)* and \$20,681 for facilities acquisition & construction services, which approval of the County Superintendent as per *N.J.A.C.6A:23A-13.3(f)* was received.

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

Note 7. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Beginning Balance	Additions	Adjustment/ Retirements	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 5,419,448	<u> </u>	<u> </u>	\$ 5,419,448
Total Capital Assets Not Being Depreciated	<u>5,419,448</u>	<u>0</u>	<u>0</u>	<u>5,419,448</u>
Capital Assets Being Depreciated:				
Buildings	80,156,229	\$ 221,008	\$ (180,034)	80,197,203
Machinery and Equipment	<u>3,496,766</u>	<u>194,233</u>	<u>(82,001)</u>	<u>3,608,998</u>
Totals at Historical Cost	<u>83,652,995</u>	<u>415,241</u>	<u>(262,035)</u>	<u>83,806,201</u>
Accumulated Depreciation:				
Buildings	(13,768,377)	(1,991,187)	157,248	(15,602,316)
Machinery and Equipment	<u>(2,611,647)</u>	<u>(180,616)</u>	<u>80,465</u>	<u>(2,711,798)</u>
Less Accumulated Depreciation	<u>(16,380,024)</u>	<u>(2,171,803)</u>	<u>237,713</u>	<u>(18,314,114)</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>67,272,971</u>	<u>(1,756,562)</u>	<u>(24,322)</u>	<u>65,492,087</u>
Government Activity Capital Assets, Net	\$ <u>72,692,419</u>	\$ <u>(1,756,562)</u>	\$ <u>(24,322)</u>	\$ <u>70,911,535</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Equipment	\$ 257,901	\$ 45,322	\$ 31,475	\$ 334,698
Less Accumulated Depreciation	<u>(197,669)</u>	<u>(15,640)</u>	<u>(2,740)</u>	<u>(216,049)</u>
Enterprise Fund Capital Assets, Net	\$ <u>60,232</u>	\$ <u>29,682</u>	\$ <u>28,735</u>	\$ <u>118,649</u>

Depreciation expense for the fiscal year ended June 30, 2013 amounted to \$2,171,803 for governmental funds and \$15,640 for business-type funds. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve various functions.

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 8. Long-Term Obligation

Changes in Long-Term Obligations for the year ended June 30, 2013, are as follows:

	Balance June 30, 2012	Issued	Retired	Balance June 30, 2013	Amounts Due Within One Year
<u>Governmental Activities:</u>					
Bonds Payable	\$56,103,000		\$1,565,000	\$ 54,538,000	\$1,595,000
Capital Leases Payable	657,435	\$ 660,000	589,709	727,726	201,473
Compensated Absences Payable	<u>388,291</u>	<u>63,277</u>	<u> </u>	<u>451,568</u>	<u> </u>
	<u>\$ 57,148,726</u>	<u>\$ 723,277</u>	<u>\$2,154,709</u>	<u>\$ 55,717,294</u>	<u>\$1,796,473</u>

	Balance June 30, 2012	Issued	Retired	Balance June 30, 2013	Amounts Due Within One Year
<u>Business Type Activities:</u>					
Capital Leases Payable	<u>\$ 0</u>	<u>\$ 130,000</u>	<u>\$ 0</u>	<u>\$130,000</u>	<u>\$25,318</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, 2013 as follows:

Date of Issue	Final Maturity	Interest Rate	Amount
02/24/04	11/01/16	3.00% - 3.60%	\$ 2,030,000
02/01/05	02/15/32	4.00% - 4.50%	23,500,000
11/02/06	02/15/35	4.00% - 4.375%	9,595,000
07/15/07	07/11/32	4.375% - 4.50%	10,958,000
05/04/10	07/15/23	3.00% - 4.50%	8,455,000
		Total	<u>\$54,538,000</u>

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 8. Long-Term Obligation (continued):

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

Year Ended <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,810,000	2,077,683	3,887,683
2019	1,900,000	1,998,107	3,898,107
2020	1,990,000	1,910,483	3,900,483
2021	2,085,000	1,818,833	3,903,833
2022	2,180,000	1,725,045	3,905,045
2023	2,290,000	1,629,195	3,919,195
2024	2,385,000	1,536,470	3,921,470
2025	2,505,000	1,448,314	3,953,314
2026	2,620,000	1,340,788	3,960,788
2027	2,745,000	1,227,244	3,972,244
2028	2,880,000	1,107,377	3,987,377
2029	3,015,000	979,890	3,994,890
2030	3,155,000	845,883	4,000,883
2031	3,305,000	705,573	4,010,573
2032	3,460,000	556,210	4,016,210
2033	3,553,000	401,386	3,954,386
2034	2,930,000	261,631	3,191,631
2035	<u>3,050,000</u>	<u>133,438</u>	<u>3,183,438</u>
	<u>\$ 54,538,000</u>	<u>\$ 30,658,606</u>	<u>\$ 85,196,606</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, 2013, the Board had no bonds authorized but not issued.

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 8. Long-Term Obligation (continued):

C. Capital Leases Payable:

The District has purchased buses, computer, audiovisual, athletic and other equipment, and musical instruments, collectively valued at \$2,387,162 under active lease agreements and has retired \$589,709 of the lease principal leaving a balance of \$857,726 at June 30, 2013. 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, 2013 is as follows:

	Year	Government Activities	Business Type Activities
	2014	\$212,734	\$26,948
	2015	212,734	26,948
	2016	136,760	26,948
	2017	136,760	26,947
	2018	<u>53,896</u>	<u>26,947</u>
Subtotal		752,884	134,738
Less: Amount representing interest		<u>(25,158)</u>	<u>(4,738)</u>
Present value of net minimum lease payments		<u>\$727,726</u>	<u>\$130,000</u>

The Government Activities and Business Type Activities current portion of capital leases payable at June 30, 2013 is \$201,473 and \$25,318 and the long-term portion is \$526,253 and \$104,682 respectively. The General Fund will be used to liquidate capital leases payable.

D. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The liability at June 30, 2013 is \$451,568 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, 2013 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.

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2013

Note 9. Pension Plans (continued):

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.

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.

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 9. Pension Plans (continued):

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 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

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/13	\$477,796	100%	\$ -0-
6/30/12	529,530	100%	-0-
6/30/11	457,130	100%	-0-

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

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/13	\$2,179,054	100%	\$ -0-
6/30/12	1,457,495	100%	-0-
6/30/11	1,010,328	100%	-0-

During the year ended June 30, 2013, the State of New Jersey contributed \$51,117 to the Teachers’ Pension and Annuity Fund for NCGI, \$971,554 for normal contributions, and \$1,156,383 for post-retirement medical 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 \$971,554 for the year ended June 30, 2013 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.

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

Note 10. Post-Retirement Benefits

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State Employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2012, there were 97,661 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 \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

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.

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 11. Risk Management (continued):

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

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

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

Fiscal Year	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2012-2013	\$155,901	\$47,160	\$109,833	\$232,435
2011-2012	171,651	50,184	229,043	139,207
2010-2011	318,235	50,731	330,245	146,414

Note 12. Contingent Liabilities

Litigation

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

Grant Programs

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

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 12. Contingent Liabilities (continued):

Encumbrances

At June 30, 2013, 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
\$203,145	\$3,060	\$206,205

On the District's Governmental Funds Balance Sheet as of June 30, 2013, \$0 is assigned for year-end encumbrances in the Special Revenue Fund, which is \$3,060 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, 2013:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 192	
Agency Funds	<u> </u>	<u>192</u>
Total	<u>\$ 192</u>	<u>\$ 192</u>

The purpose of interfunds are for short-term borrowings.

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 15. GASB #54 – Fund Balance Disclosures

General Fund (Exhibit B-1) – Of the \$3,059,294 General Fund fund balance at June 30, 2013, \$203,145 has been committed to other purposes; \$192,187 has been restricted for the Capital Reserve Account; ; \$850,000 has been restricted for the Maintenance Reserve Account; \$300,000 has been restricted for the Emergency Reserve Account; \$100,000 has been restricted for the Tuition Reserve Account; \$1,082,167 has been restricted for excess surplus designated for subsequent year’s expenditures, \$20,343 is restricted for excess surplus and \$311,452 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 District employees are granted vacation and sick leave in varying amounts under the District’s personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for specified dollar amount per sick day accumulated and begin vesting with the employee after one year of service.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net position under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2013 is \$451,568.

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, 2013 no liability existed for compensated absences in the proprietary fund types.

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

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, 2013 is \$20,343.

Note 19. Prior Period Adjustment

The District had a fixed asset appraisal performed by Industrial Appraisal as of June 30, 2013. The District elected to have the fixed asset numbers agree to the appraisal report. The fixed asset balances were adjusted to agree with the historical cost as determined by the appraisal. The cumulative effect of these adjustments has resulted in a prior period adjustment of \$28,735 for Business Type Activities.

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REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013 AND 2012

	JUNE 30, 2013		JUNE 30, 2012		ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	(NEGATIVE) FINAL TO ACTUAL	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	BUDGET TRANSFERS	FINAL BUDGET								
Special Education:												
Behavioral Disabilities	145,822	(145,822)			142,454		142,454			142,454	142,454	
Salaries of Teachers	26,464	(26,464)			25,945		27,345		1,400	27,345	27,334	11
Other Salaries for Instruction												
Total Behavioral Disabilities	172,286	(172,286)			168,399		169,799		1,400	169,799	169,788	11
Resource Room:												
Salaries of Teachers	2,288,459	390,389	2,678,848	2,677,106	2,292,680	1,742	2,445,718	153,038	(5,016)	2,445,718	2,445,644	74
Other Salaries for Instruction	185,346	154,400	339,746	339,745	271,977	791	266,961			266,961	266,959	2
Purchased Prof - Ed Services		3,000	3,000	2,209								
General Supplies	13,555	8,808	22,363	20,996	12,400	1,367	20,437	8,037		20,437	16,332	4,105
Textbooks	1,970	(970)	1,000	110	1,300	890	1,300			1,169	1,169	
Other Objects							268			268	268	
Total Resource Room	2,489,330	555,627	3,044,957	3,040,166	2,578,357	4,791	2,734,553	156,196	(29,324)	2,734,553	2,730,372	4,181
Preschool Disabilities - Full Time												
Salaries of Teachers	204,181	7,553	211,734	210,014	199,471	1,720	199,471			199,471	198,923	548
Other Purchased Services	134,874	(27,562)	107,312	102,906	137,220	4,406	107,520	(29,700)		107,520	105,470	2,050
General Supplies	3,000		3,000	2,971	5,000	29	5,376	376		5,376	4,431	945
Total Preschool Disabilities - Full-Time	342,055	(20,009)	322,046	315,891	341,691	6,155	312,367	(29,324)		312,367	308,824	3,543
Total Special Education	3,003,671	363,332	3,367,003	3,356,057	3,088,447	10,946	3,216,719	128,272		3,216,719	3,208,984	7,735
Basic Skills/Remedial:												
Salaries of Teachers	163,491	(70,704)	92,787	92,787	184,391		168,891	(15,500)		168,891	157,235	11,656
Other Salaries for Instruction					31,143		31,143			31,143	31,143	
General Supplies	3,458	(396)	3,062	1,911	3,458	1,151	3,458			3,458	1,601	1,857
Total Basic Skills/Remedial	166,949	(71,100)	95,849	94,698	218,992	1,151	203,492	(15,500)		203,492	189,979	13,513
Bilingual Education:												
Salaries of Teachers	87,025	182	87,207	87,207	85,318		85,318			85,318	85,318	
General Supplies	2,370	281	2,651	2,651	2,350		2,697	347		2,697	2,697	
Total Bilingual Education	89,395	463	89,858	89,858	87,668		88,015	347		88,015	88,015	
School Sponsored Cocurricular Activities- Instruction												
Salaries	176,224	4,896	181,120	170,179	177,987	10,941	180,235	2,248		180,235	157,306	22,929
Purchased Services	8,500	(3,355)	5,145	4,481	8,500	664	5,000	(3,000)		5,000	3,800	1,700
Supplies and Materials	13,350	500	13,850	13,350	13,725	500	15,621	1,896		15,621	12,075	3,546
Other Objects	6,500		6,500	6,500	7,500		7,944	444		7,944	7,944	
Total School Sponsored Cocurricular Act	204,574	2,041	206,615	194,510	207,712	12,105	209,300	1,588		209,300	181,125	28,175
School Sponsored Athletics - Instruction:												
Salaries	365,606	(13,304)	352,302	328,391	358,963	23,911	362,491	3,528		362,491	332,100	30,391
Purchased Services	67,589	15,656	83,245	81,689	67,703	1,556	75,270	12,570		75,270	75,202	5,071
Supplies and Materials	51,472	8,521	59,993	53,602	55,472	6,391	59,659	4,187		59,659	57,878	1,781
Other Objects	30,614	(1,948)	28,666	28,455	26,500	211	26,894	394		26,894	26,646	248

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013 AND 2012

	JUNE 30, 2013			JUNE 30, 2012			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Total School Sponsored Athletics Instruc	515,281	8,925	524,206	492,137	32,069	508,638	491,826
Total Instruction	14,942,197	298,696	15,240,893	15,057,854	183,039	14,665,960	14,576,648
Undistributed Expenditures:							
Instruction :							
Tuition to Other LEAs Within the State - Regular		288,019	288,019	288,019		400,000	400,000
Tuition to County Vocational School District - Regular	98,200	353	98,553	98,553		88,890	88,745
Tuition to County Vocational School District - Special	66,000	(12,350)	53,650	47,662	5,988	60,000	56,570
Tuition to CSSD & Regional Day School	168,008	32,200	200,208	187,848	12,360	265,335	167,144
Tuition to Private School for the Handicapped - State	308,996	(59,218)	249,778	235,865	13,913	317,700	308,949
Tuition - State Facilities		12,841	12,841	3,478	9,363	4,500	13,471
Tuition - Other						14,000	
Total Undistributed Expenditures - Instru	641,204	261,845	903,049	861,425	41,624	717,425	1,034,879
Attendance & Social Work Services:							
Salaries	119,080	(5,747)	113,333	112,892	441	118,506	94,033
Other Purchased Services	5,156		5,156	5,123	33	5,256	5,088
Supplies and Materials	250		250	181	69	450	359
Total Attendance & Social Work Services:	124,486	(5,747)	118,739	118,196	543	124,212	99,480
Health Services:							
Salaries	270,447	(2,070)	268,377	266,657	1,720	265,271	261,697
Purchased Professional & Technical Services	23,500		23,500	22,000	1,500	23,500	20,000
Supplies and Materials	5,000	70	5,070	4,965	105	5,200	5,165
Total Health Services	298,947	(2,000)	296,947	293,622	3,325	293,971	286,862
Speech, OT, PT & Related Services:							
Salaries	376,364	(30,761)	345,603	345,602	1	288,992	369,819
Purchased Services	3,400	800	4,200	4,200		3,400	6,947
Supplies and Materials	2,400		2,400	2,384	16	2,400	2,384
Total Speech, OT, PT & Related Services	382,164	(29,961)	352,203	352,186	17	294,792	379,150
Other Support Services - Students - Extra Services:							
Salaries	525,399	14,875	540,274	536,613	3,661	462,359	504,575
Purchased Professional Ed. Services	175,187	(92,320)	82,867	82,463	404	197,187	98,104
Supplies and Materials	1,050	(29)	1,021	963	58	1,050	1,007
Total Other Support Services-Students-E	701,636	(77,474)	624,162	620,039	4,123	660,596	603,686

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013 AND 2012**

	JUNE 30, 2013			JUNE 30, 2012			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Salaries of Other Professional Staff	741,050	(25,295)	715,755	715,030	725	712,832	720,982	43
Salaries of Secretarial & Clerical Assistants	94,455	(2,172)	92,283	92,282	1	74,490	91,288	167
Purchased Professional - Educational Services	11,500	(1,470)	10,030	10,030		10,000	14,663	
Other Purchased Professional & Technical Services	5,600	204	5,804	5,679	125	4,700	4,700	204
Other Purchased Services	18,537	(2,391)	16,146	15,368	778	18,537	16,069	815
Supplies and Materials	4,350		4,350	4,057	293	4,350	4,360	211
Total Guidance	875,492	(31,124)	844,368	842,446	1,922	824,909	852,062	1,440
Child Study Teams:								
Salaries of Other Professional Staff	724,072	55,671	779,743	779,632	111	721,224	732,181	40
Salaries of Secretarial & Clerical Assistants	176,208	9,964	186,172	186,171	1	175,030	175,030	2,414
Purchased Professional - Educational Services	1,800	694	2,494	2,494		1,800	2,200	
Miscellaneous Purchased Services	14,989	(1,011)	13,978	12,113	1,865	16,889	16,806	3,726
Supplies and Materials	11,450	(780)	10,670	10,388	282	9,550	13,458	407
Other Objects	975		975	900	75	975	900	
Total Child Study Teams	929,494	64,538	994,032	991,698	2,334	925,468	940,575	6,587
Improvement of Instruction Services/Other Support Services - Instruction Staff:								
Salaries of Supervisors of Instruction	149,894	(9,150)	140,744	140,742	2	171,523	152,423	5,528
Salaries of Other Professional Staff	31,250	(247)	31,003	28,043	2,960	29,750	30,828	797
Salaries of Secretarial & Clerical Assistants	21,854		21,854	21,800	54	22,002	22,002	630
Other Purchased Services	51,038	(19,067)	31,971	24,632	7,339	16,038	600	
Supplies and Materials	2,700	225	2,925	2,863	62	2,600	16,222	8,903
Other Objects							2,788	224
Total Improvement of Instruction Services/Other Support Services Instructional Staff	256,736	(28,239)	228,497	218,080	10,417	241,913	224,863	14,498
Educational Media Services/School Library:								
Salaries	374,927	(3,396)	371,531	371,330	201	314,170	351,730	374
Salaries of Tech Coordinators	88,986	43	89,029	89,029		86,478	86,478	
Purchased Professional & Technical Services	43,776	5,754	49,530	47,482	2,048	44,337	1,701	
Supplies and Materials							42,938	543
Total Educational Media Services/School Library	507,689	2,401	510,090	507,841	2,249	444,985	482,847	917

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013 AND 2012

	JUNE 30, 2012		JUNE 30, 2012		JUNE 30, 2012		JUNE 30, 2012		POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Support Services Instructional/Staff Training Service	57,251	1,465	58,716	43,548	15,168	74,247	65,672	44,618	21,054
Salaries of Other Professional Purchased Professional - Educational Services	6,000	2,944	8,944	8,942	2	8,000	11,500	10,484	1,016
Other Purchased Services	35,867	(2,295)	33,572	27,791	5,781	34,868	37,910	28,127	9,783
Supplies and Materials	7,550	(1,745)	5,805	2,195	3,610	7,800	10,745	9,754	991
Other Objects	3,550		3,550	1,524	2,026	4,850	1,878	1,265	613
Total Support Services Instructional Training Services	110,218	369	110,587	84,000	26,587	129,765	127,705	94,248	33,457
Support Services General Administration:									
Salaries	252,454	846	253,300	253,300		275,557	252,905	252,872	33
Legal Services	58,883	(35,726)	23,157	16,232	6,925	84,883	56,860	56,740	120
Audit Services	36,300	(2,260)	34,040	34,040		36,300	8,943	45,240	3
Architectural/Engineering Services	5,000	9,562	14,562	7,362	7,200	5,000	21,882	7,998	13,884
Other Purchased Professional Services	19,480	(1,300)	18,180	15,440	2,740	20,265	15,630	12,107	3,523
Communications/Telephone	95,330	(1,576)	93,754	89,448	4,306	104,350	107,403	103,489	3,914
Other Purchased Services	83,588	(8,061)	75,527	73,946	1,581	86,588	75,095	70,915	4,180
General Supplies	16,663	(1,664)	14,999	14,549	450	19,663	10,523	7,882	2,641
BOE In-House Training/Meeting Supplies	4,473	(4,000)	473	183	290	4,473	473	367	106
Judgments Against the School District		50,000	50,000	50,000		21,000	33,000	54,000	54,000
Miscellaneous Expenditures	9,756	1,222	10,978	10,928	50	9,756	26,550	26,286	264
BOE Membership Dues & Fees	17,500	(1,500)	16,000	14,759	1,241	17,500	14,760	14,759	1
Total Support Services General Administ	599,427	5,543	604,970	580,187	24,783	685,335	681,324	598,655	82,669
Support Services School Administration: Salaries of Principals & Assistant Principals	759,139	4,836	763,975	763,854	121	709,150	664,990	658,429	6,561
Salaries of Secretarial & Clerical Assistants	513,415	(20,626)	492,789	492,130	659	485,956	491,812	491,543	269
Other Purchased Services	5,390	5,703	11,093	10,951	142	4,390	10,162	9,003	1,159
Supplies and Materials	7,200	(1,653)	5,547	3,833	1,714	8,000	5,204	4,931	273
Other Objects	1,000		1,000	1,000		1,000	1,000	1,000	
Total Support Services School Administ	1,286,144	(11,740)	1,274,404	1,271,768	2,636	1,208,496	1,173,168	1,164,906	8,262
Central Services: Salaries	349,979	16,234	366,213	366,213		379,841	379,841	362,182	17,659
Purchased Professional Services	11,600	(7,618)	3,982	2,500	1,482	11,600	1,600	1,600	1,600
Purchased Technical Services	24,880	(672)	24,208	23,512	696	24,880	24,615	22,514	2,101
Miscellaneous Purchased Services	17,573	(9,247)	8,326	6,864	1,462	22,173	15,673	7,158	8,515
Supplies & Materials	6,641		6,641	6,467	174	6,641	5,932	5,239	693
Interest on Lease Purchase Agreements	5,639	660	6,299	6,298	1	7,219	7,335	7,335	
Miscellaneous Expenditures	4,200	(1,800)	2,400	2,223	177	4,200	2,084	1,850	234

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013 AND 2012

	JUNE 30, 2013		JUNE 30, 2012		POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	
Total Central Services	420,512	418,069	414,077	437,080	30,802
Administrative Information Technology					
Salaries	71,785	68,785	68,785	74,126	8,584
Purchased Professional Services	24,060	27,020	27,020	6,232	6,232
Other Purchased Services	1,500	(1,500)	1,500	3	3
Supplies and Materials	10,500	15,747	26,247	7,160	28
Total Administrative Information Techno	107,845	122,052	122,052	87,521	8,612
Required Maintenance for School Facilities:					
Salaries	247,946	232,132	232,128	256,402	28,336
Cleaning, Repair & Maintenance	114,107	195,502	192,202	260,044	32,888
Services	60,122	28,113	73,312	91,255	623
General Supplies					
Total Required Maintenance for School F	422,175	515,869	497,642	607,701	61,847
Custodial Services:					
Salaries	855,227	816,853	804,278	832,613	17,511
Salaries of Non-Instructional Aides	126,646	154,192	154,161	145,046	1,814
Cleaning, Repair & Maintenance					
Services	52,700	99,388	99,073	56,174	43,879
Other Purchased Property Services	166,872	201,388	157,548	213,464	155,063
Insurance	145,146	134,401	134,401	120,714	120,713
Travel		57	33	420	1
Miscellaneous Purchased					
Services	60,725	113,854	113,853	58,116	58,045
General Supplies	210,800	169,850	164,096	197,734	14,752
Energy (Natural Gas)	174,999	131,099	122,753	165,909	127,414
Energy (Electricity)	749,461	569,277	567,776	685,607	38,495
Energy (Oil)					
Energy (Gasoline)	8,000	16,045	15,662	12,590	76,375
Other Objects	2,000	1,890	1,890	3,074	149
Total Custodial Services	2,552,576	2,408,294	2,335,523	2,491,461	219,864
Care & Upkeep of Grounds					
Cleaning, Repair & Maintenance					
Salaries	202,887	191,887	191,390	207,850	6,327
Cleaning, Repair & Maintenance	12,645	23,711	8,306	15,238	15,238
General Supplies	46,206	54,670	54,620	67,184	66,190
Total Care & Upkeep of Grounds	261,738	270,268	254,316	290,272	282,951
Security					
Salaries	88,856	7,800	95,977	87,215	86,246
Purchased Professional & Technical	8,710	(8,710)			
Cleaning, Repair & Maintenance					
General Supplies	4,950	27,713	27,198	7,560	7,548
Total Security	102,516	133,079	124,998	111,224	107,605

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013 AND 2012

	JUNE 30, 2013			JUNE 30, 2012			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Capital Outlay:							
Equipment:							
Regular Programs - Instruction:							
Grades 1 - 5		70,426	70,426	1,148			
Grades 9 - 12	7,000	7,644	14,612	32	(2,059)	4,941	4,941
Special Education - Instruction:							
School Sponsored Other		1,180	1,180	849	6,787	6,787	6,637
Instruction					2,324	2,324	2,324
Required Maintenance of							
School Facilities	10,000	12,878	22,878	1,606	12,250	12,250	11,201
Undistributed Expense -							
Custodial Services				7,956	(7,956)		
Undistributed Expense -							
Care & Upkeep of Grounds		71,348	71,348	1			
Total Equipment	17,000	163,476	180,476	3,636	11,346	26,302	25,103
Facilities Acquisition & Construction Services							
Construction Services	198,643	(14,701)	183,942	2,959	10,900	10,900	10,900
Supplies and Materials		14,701	14,701	112			
Lease Purchase Agreements -							
Principal	61,827	20,681	82,508			35,000	33,453
Other Objects						75,336	75,336
Assessment for Debt Service on SDA I	104,199		104,199				
Total Facilities Acquisition & Constructio	364,669	20,681	385,350	3,071	10,900	121,236	119,689
Assets Acquired Under Capital Leases (Nonbudgeted)			400,000	(400,000)			
Total Capital Outlay	381,669	184,157	565,826	959,119	22,246	147,538	144,792
Total Expenditures	33,628,684	345,655	33,974,339	37,144,664	193,373	33,156,991	34,713,832
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(1,381,515)	(345,655)	(1,727,170)	(1,253,585)	(187,850)	(1,149,660)	532,062
Other Financing Sources/(Uses):							
Operating Transfer Out:							
Compensation for Sale of Fixed							
Assets							
Capital Reserve to Debt Service		(7,999)	(7,999)			411,830	457,995
Operating Transfer In:							
Capital Lease Proceeds (Nonbudgeted)			400,000	400,000			187,053
Transfer From Capital Projects Fund							
Total Other Financing Sources/(Uses)		(7,999)	(7,999)	392,001	400,000	411,830	645,048
Total							233,218

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013 AND 2012**

	JUNE 30, 2013		JUNE 30, 2012		POSITIVE/ (NEGATIVE) FINAL TO ACTUAL		POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	BUDGET TRANSFERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	BUDGET TRANSFERS
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures	(1,381,515)	(353,654)	(1,735,169)	(861,584)	(550,000)	(737,830)	(1,177,110)	1,914,940
Additional Fund Balance Appropriated	4,401,971		4,401,971	4,401,971	3,224,861	3,224,861	3,224,861	
Fund Balances, July 1								
Fund Balances, June 30	\$3,020,456	(353,654)	2,666,802	3,540,387	2,674,861	(187,830)	2,487,031	4,401,971

RECAPITULATION OF TRANSFERS:

Prior Year Reserve for Encumbrances	180,408
Additional Fund Balance Appropriated	165,247
Withdrawal from Capital Reserve	7,999
	<u>\$353,654</u>

RECAPITULATION OF FUND BALANCE:

Restricted Fund Balance:	
Capital Reserve	\$22,187
Capital Reserve - Designated for Subsequent Year's Expenditures	170,000
Maintenance Reserve	500,000
Maintenance Reserve - Designated for Subsequent Year's Expenditures	350,000
Emergency Reserve	300,000
Tuition Reserve - Designated for Subsequent Year's Expenditures	100,000
Excess Surplus	20,343
Excess Surplus Designated for Subsequent Year's Expenditures	1,082,167
Committed Fund Balance:	
Year-end Encumbrances	203,145
Unassigned Fund Balance	<u>792,545</u>
Subtotal	3,540,387

Reconciliation to Governmental Fund Statements (GAAP):

Last State Aid Payment Not Recognized on GAAP Basis	(481,093)
Fund Balance Per Governmental Funds (GAAP)	<u>\$3,059,294</u>

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
EDUCATION JOBS FUND PROGRAM -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013 AND 2012**

	JUNE 30, 2013		JUNE 30, 2012		POSITIVE/ (NEGATIVE) FINAL TO FINAL TO ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	
Federal Sources:					
American Recovery & Reinvestment Act: Education Jobs Fund Program	176,933	182,476	5,543	182,476	182,476
Total Federal Sources	176,933	182,476	5,543	182,476	182,476
Total Revenues	176,933	182,476	5,543	182,476	182,476
Expenditures:					
Education Jobs Fund Program:					
Unallocated Benefits Employee Benefits: Health Benefits	176,933	182,476	5,543	182,476	182,476
Total ESF Expenditures	176,933	182,476	5,543	182,476	182,476
Total Education Jobs Fund Expenditures	176,933	182,476	5,543	182,476	182,476
Total Expenditures	176,933	182,476	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, 2013 AND 2012**

	JUNE 30, 2013			JUNE 30, 2012			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS/ ADJUSTMENTS	FINAL BUDGET	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	BUDGET TRANSFERS/ ADJUSTMENTS	FINAL BUDGET	
Revenues:							
State Sources	\$33,728	\$6,521	\$40,249	\$29,874	\$10,375	\$52,389	\$45,637
Federal Sources	408,789	45,064	453,853	408,123	45,730	449,412	410,468
Local Sources	6,000	50,094	56,094	32,570	23,524	65,153	42,232
Total Revenues	448,517	101,679	550,196	470,567	79,629	566,954	498,337
Expenditures:							
Instruction:							
Salaries of Teachers	39,592	19,542	59,134	35,145	23,989	19,962	30,957
Purchased Professional Education Services	131	(131)				26,883	22,847
Tuition	315,577	5,796	321,373	321,373	253,242	73,051	320,497
General Supplies	20,153	43,146	63,299	39,073	24,226	64,811	47,065
Textbooks	4,227		4,227	4,117	110	3,422	3,422
Other Objects		1,417	1,417	1,417		2,239	822
Total Instruction	379,680	69,770	449,450	401,125	48,325	190,368	425,610
Support Services:							
Salaries of Other Professional Staff	6,054	8,057	14,111	2,815	11,296	25,891	19,221
Benefits	6,203	2,795	8,998	5,983	3,015	14,273	11,592
Purchased Services	51,269	4,752	56,021	43,447	12,574	27,736	20,289
Other Purchased Service	2,173	4,805	6,978	2,916	4,062	3,500	2,000
Supplies and Materials	3,138	1,500	4,638	4,281	357	1,700	230
Total Support Services	68,837	21,909	90,746	59,442	31,304	73,100	53,332
Facilities Acquisition & Construction Services:							
Instructional Equipment		10,000	10,000	10,000		19,395	19,395
Non-Instructional Equipment						19,395	19,395
Total Facilities Acquisition & Construction Services		10,000	10,000	10,000		19,395	19,395
Total Expenditures	448,517	101,679	550,196	470,567	79,629	566,954	498,337
Total Outflows	448,517	101,679	550,196	470,567	79,629	566,954	498,337
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	-	-	-	-	-	-	-

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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OTHER SUPPLEMENTARY INFORMATION

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**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)	\$35,891,078	470,567
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		1,265
Current Year		(3,060)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	438,262	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(481,093)	
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	\$35,848,247	468,772
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$37,144,664	470,567
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		1,265
Current Year		(3,060)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$37,144,664	468,772

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

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(With Comparative Totals for June 30, 2012)**

	NO CHILD LEFT BEHIND				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	I.D.E.A. PART B PRESCHOOL CARRYOVER
	TITLE II PART A	TITLE II PART A CARRYOVER	TITLE I	TITLE I CARRYOVER				
Revenues:								
State Sources								
Federal Sources	\$27,478	\$3,473	\$17,708	\$3,562	\$322,190	\$8,592	\$9,600	\$1,236
Local Sources								
Total Revenues	\$27,478	\$3,473	\$17,708	\$3,562	\$322,190	\$8,592	\$9,600	\$1,236
Expenditures:								
Instruction:								
Salaries of Teachers	\$20,100		\$13,923	\$1,122				
Tuition					\$315,577	\$5,796		
General Supplies	636	\$1,040	617					
Total Instruction	20,736	1,040	14,540	1,122	315,577	5,796		
Support Services:								
Salaries	502	2,313						
Purchased Professional Education Services	1,500				6,613	2,796	\$9,600	
Personal Services - Employee Benefits	4,375	120	1,488					
Other Purchases Services			1,680					1,236
Supplies and Materials	365			2,440				
Total Support Services	6,742	2,433	3,168	2,440	6,613	2,796	9,600	1,236
Facilities Acquisition & Construction Services:								
Instructional Equipment								
Non-Instructional Equipment								
Total Facilities Acquisition & Construction Services								
Total Expenditures	\$27,478	\$3,473	\$17,708	\$3,562	\$322,190	\$8,592	\$9,600	\$1,236

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(With Comparative Totals for June 30, 2012)**

	NONPUBLIC					
	TEXTBOOK	SUPPLEMENTARY INSTRUCTION	EXAMINATION	COMPENSATORY EDUCATION	HOME INSTRUCTION	NURSING
Revenues:						
State Sources	\$4,117	\$4,441	\$7,329	\$5,017	\$1,794	\$4,357
Federal Sources						
Local Sources						
Total Revenues	4,117	4,441	7,329	5,017	1,794	4,357
Expenditures:						
Instruction:						
Textbooks	\$4,117					
Total Instruction	4,117					
Support Services:						
Salaries						
Purchased Professional Education Services		\$4,441	\$7,329	\$5,017	\$1,794	\$4,357
Total Support Services		4,441	7,329	5,017	1,794	4,357
Facilities Acquisition & Construction Services:						
Instructional Equipment						
Non-instructional Equipment						
Total Facilities Acquisition & Construction Services						
Total Expenditures	\$4,117	\$4,441	\$7,329	\$5,017	\$1,794	\$4,357

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(With Comparative Totals for June 30, 2012)**

	<u>NONPUBLIC TECHNOLOGY</u>	CASE GRANT	PERKINS GRANT	VARIOUS LOCAL GRANTS	2013	2012
Revenues:						
State Sources	\$1,476	\$1,343			\$29,874	\$45,637
Federal Sources			\$14,284		408,123	410,468
Local Sources				\$32,570	32,570	42,232
Total Revenues	1,476	\$1,343	14,284	\$32,570	\$470,567	\$498,337
Expenditures:						
Instruction:						
Salaries of Teachers					\$35,145	\$30,957
Purchase of Professional Education Services						22,847
Tuition					321,373	320,497
General Supplies		\$1,343	\$14,284	\$21,153	39,073	47,065
Textbooks					4,117	3,422
Other Objects				1,417	1,417	822
Total Instruction		1,343	14,284	22,570	401,125	425,610
Support Services:						
Salaries					\$2,815	19,221
Purchased Professional Education Services					43,447	20,289
Personal Services - Employee Benefits					5,983	11,592
Other Purchases Services					2,916	2,000
Supplies and Materials	\$1,476				4,281	230
Total Support Services	1,476				59,442	53,332
Facilities Acquisition & Construction Services:						
Instructional Equipment						19,395
Non-Instructional Equipment				\$10,000	10,000	
Total Facilities Acquisition & Construction Services				10,000	10,000	19,395
Total Expenditures	\$1,476	\$1,343	\$14,284	\$32,570	\$470,567	\$498,337

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F. Capital Projects Fund

Not Applicable

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G. Proprietary Funds

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

FOOD SERVICE FUND

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

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Enterprise Funds

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2013**

ASSETS	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			2013	2012
	FOOD SERVICE FUND	CHILD WATCH	KINDERGARTEN COMPLEMENT		
Current Assets:					
Cash & Cash Equivalents	\$222,428	129,543	26,807	378,778	382,763
Cash with Fiscal Agent	\$130,000			130,000	
Accounts Receivable:					
State	514			514	237
Federal	4,811			4,811	4,535
Miscellaneous			27,500	27,500	18,750
Inventories	8,522			8,522	24,437
Total Current Assets	366,275	129,543	54,307	550,125	430,722
Fixed Assets:					
Equipment	334,698			334,698	257,901
Accumulated Depreciation	(216,049)			(216,049)	(197,667)
Total Fixed Assets	118,649			118,649	60,234
Total Assets	484,924	129,543	54,307	668,774	490,956
Current Liabilities:					
Accounts Payable	65,816			65,816	50,002
Lease Payable	130,000			130,000	
Deferred Revenue					50
Total Current Liabilities	195,816			195,816	50,052
NET POSITION					
Investment in Fixed Capital	118,649			118,649	60,234
Unreserved Net Position	170,459	129,543	54,307	354,309	380,670
Total Net Position	\$289,108	129,543	54,307	472,958	440,904

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2013**

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</u>			2013	2012
	FOOD SERVICE FUND	CHILD WATCH	KINDERGARTEN COMPLEMENT		
Local Sources:					
Daily Sales - Reimbursable Programs:					
School Lunch Program	\$211,148			211,148	340,868
Total - Daily Sales - Reimbursable Programs	211,148			211,148	340,868
Daily Sales Nonreimbursable Programs	342,993			342,993	293,253
Fees		204,920	192,299	397,219	375,979
Miscellaneous Income	27,100			27,100	1,200
Total Operating Revenue	581,241	204,920	192,299	978,460	1,011,300
Operating Expenses:					
Salaries	297,280	184,311	123,679	605,270	583,343
Employee Benefits	13,229		24,504	37,733	19,797
Purchased Prof./Tech. Services	84,177			84,177	70,928
Purchased Property Services	7,039			7,039	70,269
Supplies and Materials	23,609	7,872		31,481	34,414
Depreciation	15,640			15,640	9,694
Contracted Services					13,355
Miscellaneous	16	4,918	1,120	6,054	10,518
Cost of Sales	316,211			316,211	307,875
Total Operating Expenses	757,201	197,101	149,303	1,103,605	1,120,193
Operating/(Loss)/Gain	(175,960)	7,819	42,996	(125,145)	(108,893)
Nonoperating Revenues/(Expenses):					
State Sources:					
State School Lunch Program	4,613			4,613	6,332
Federal Sources:					
National School Breakfast Program	5,880			5,880	6,139
National School Lunch Program	77,791			77,791	81,784
Food Distribution Program	40,180			40,180	46,212
Total Nonoperating Revenues/(Expenses)	128,464			128,464	140,467
Change in Net Position	(47,496)	7,819	42,996	3,319	31,574
Net Position - July 1 (Unadjusted)	307,869	121,724	11,311	440,904	409,330
Prior Period Change in Fund Balance	28,735			28,735	
Net Position - July 1 (Adjusted)	336,604	121,724	11,311	469,639	409,330
Net Position - June 30	\$289,108	129,543	54,307	472,958	440,904

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2013**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			2013	2012
	FOOD SERVICE FUND	CHILD WATCH	KINDERGARTEN COMPLEMENT		
Cash Flows From Operating Activities:					
Receipts from Customers	\$581,241	204,870	183,549	969,660	992,600
Payments to Employees	(310,509)	(184,311)	(123,679)	(618,499)	(474,246)
Payments to Suppliers	(358,585)	(13,348)	(25,624)	(397,557)	(636,622)
Net Cash Provided/(Used) by Operating Activities	(87,853)	7,211	34,246	(46,396)	(118,268)
Cash Flows From Noncapital Financing Activities:					
Cash Received From State & Federal Reimbursements	87,733			87,733	95,362
Net Cash Provided by Noncapital Financing Activities	87,733			87,733	95,362
Cash Flows From Capital & Related Financing Activities:					
(In)/Decrease In Capital Assets	(45,322)			(45,322)	6,464
Net Cash Provided/(Used) by Capital & Related Financing Activities	(45,322)			(45,322)	6,464
Net Increase/(Decrease) in Cash & Cash Equivalents	(45,442)	7,211	34,246	(3,985)	(16,442)
Cash & Cash Equivalents, July 1	267,870	122,332	(7,439)	382,763	399,205
Cash & Cash Equivalents, June 30	222,428	129,543	26,807	378,778	382,763
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES:					
Operating Income/(Loss)	(\$175,960)	\$7,819	\$42,996	(125,145)	(108,893)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/ (Used) by Operating Activities:					
Depreciation Expense	15,640			15,640	9,694
Food Distribution Program	40,180			40,180	46,212
Change in Assets & Liabilities:					
(Increase)/Decrease in Accounts Receivable			(8,750)	(8,750)	(18,750)
(Increase)/Decrease in Inventory	15,915			15,915	(6,589)
Increase/(Decrease) in Accounts Payable	16,372	(558)		15,814	(39,992)
Increase/(Decrease) in Deferred Revenue		(50)		(50)	50
Total Adjustments	88,107	(608)	(8,750)	78,749	(9,375)
Net Cash Provided/(Used) by Operating Activities	(\$87,853)	7,211	34,246	(46,396)	(118,268)

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Internal Service Fund

Not Applicable

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H. Fiduciary Fund

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

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

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

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

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

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2013**

ASSETS	PRIVATE PURPOSE		AGENCY		2013	2012
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP TRUST	PAYROLL FUND	STUDENT ACTIVITY		
Cash & Cash Equivalents	\$236,340	45,761	153,478	140,812	576,391	465,787
Total Assets	236,340	45,761	153,478	140,812	576,391	465,787
LIABILITIES						
Interfunds Payable			192		192	209
Unemployment Payable	3,905				3,905	
Payroll Deductions & Withholdings			153,286		153,286	168,436
Due to Student Groups				140,812	140,812	110,100
Total Liabilities	3,905		153,478	140,812	298,195	278,745
NET POSITION						
Reserved:						
Unemployment Claims	232,435				232,435	139,207
Scholarships Awards		45,761			45,761	47,835
Total Net Position	\$232,435	\$45,761	-	-	278,196	187,042

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

ADDITIONS:	PRIVATE PURPOSE		2013	2012
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP TRUST		
Contributions:				
Deductions From				
Employee's Salaries	\$47,160		47,160	221,685
Donor Contributions	155,761	16,854	172,615	13,114
Total Contributions	202,921	16,854	219,775	234,799
Investment Earnings				
Interest on Investments	140	44	184	205
Total Investment Earnings	140	44	184	205
Total Additions	203,061	16,898	219,959	235,004
DEDUCTIONS:				
Unemployment Claims	109,833		109,833	229,043
Scholarships Awarded		18,972	18,972	16,575
Total Deductions	109,833	18,972	128,805	245,618
Change in Net Position	93,228	(2,074)	91,154	(10,614)
Net Position - Beginning of Year	139,207	47,835	187,042	197,656
Net Position - End of Year	\$232,435	45,761	278,196	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, 2013**

ASSETS	BALANCE JULY 1, <u>2012</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	BALANCE JUNE 30, <u>2013</u>
Cash and Cash Equivalents:				
High School				
Student Activity Fund	\$ 75,502	\$ 238,643	\$ 231,994	\$ 82,151
Elementary/Middle				
Student Activity Fund	34,598	159,053	136,097	57,554
HS Athletic Fund		43,557	42,923	634
MS Athletic Fund		7,003	6,530	473
	<hr/>			
Total Assets	\$110,100	\$448,256	\$417,544	\$140,812
<hr/>				
LIABILITIES				
Interfund Payable				
Due to Student Groups	\$ 110,100	\$ 448,256	\$ 417,544	\$ 140,812
	<hr/>			
Total Liabilities	\$ 110,100	\$ 448,256	\$ 417,544	\$ 140,812
<hr/>				

EXHIBIT H-4

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

ASSETS	BALANCE JULY 1, <u>2012</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	BALANCE JUNE 30, <u>2013</u>
Cash & Cash Equivalents	\$143,754	24,039,290	24,029,566	153,478
	<hr/>			
Total Assets	\$143,754	24,039,290	24,029,566	153,478
<hr/>				
LIABILITIES				
Interfund Payable				
Net Payroll Deductions & Withholdings	\$209	192	209	192
	143,545	24,039,098	24,029,357	153,286
	<hr/>			
Total Liabilities	\$143,754	24,039,290	24,029,566	153,478
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I. Long-Term Debt

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

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
STATEMENT OF SERIAL BONDS
JUNE 30, 2013**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITY		INTEREST RATE	BALANCE		ISSUED	RETIRED	BALANCE JUNE 30, 2013
			DATE	AMOUNT		JUNE 30, 2012				
			November 1,							
School Refunding Bonds	2/24/2004	\$5,445,000	2013	520,000	3.125%					
			2014	510,000	3.350%					
			2015	505,000	3.500%					
			2016	495,000	3.600%	\$2,560,000			530,000	2,030,000
			February 15,							
School Bonds	2/1/2005	32,586,000	2014	100,000	4.000%					
			2014	100,000	4.000%					
			2015	100,000	4.000%					
			2016	110,000	4.000%					
			2017	620,000	4.000%					
			2018	650,000	4.000%					
			2019	675,000	4.000%					
			2020	710,000	4.000%					
			2021	740,000	4.000%					
			2022	775,000	4.000%					
			2023	815,000	4.125%					
			2024	1,910,000	4.200%					
			2025	2,000,000	4.250%					
			2026	2,095,000	4.300%					
			2027	2,200,000	4.375%					
			2028	2,305,000	4.400%					
			2030	2,415,000	4.400%					
			2031	2,530,000	4.500%					
			2032	2,650,000	4.500%	23,600,000			100,000	23,500,000
						Subtotal	26,160,000		630,000	25,530,000

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
STATEMENT OF SERIAL BONDS
JUNE 30, 2013**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITY		INTEREST RATE	BALANCE JUNE 30, 2012	ISSUED	RETIRED	BALANCE JUNE 30, 2013
			DATE	AMOUNT					
School Refunding Bonds	5/4/2010	9,175,000	July 15, 2013	625,000	4.000%	<u>9,055,000</u>		600,000	<u>8,455,000</u>
			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>\$ 56,103,000</u>		<u>\$ 1,565,000</u>	<u>\$ 54,538,000</u>

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2013**

ITEM	INTEREST RATE PAYABLE	AMOUNT OF ORIGINAL ISSUE	AMOUNT OUTSTANDING JUNE 30, 2012	ISSUED CURRENT YEAR	RETIRED CURRENT YEAR	AMOUNT OUTSTANDING JUNE 30, 2013
Computer Equipment & Buses	3.55%	480,000	\$102,573		102,573	-
Computer & Athletic Equipment, Tractor, Automatic Temperature Controls, Truck School Bus & & Fuel Tanks	3.49%	592,500	254,828		254,828	-
Computer Equipment, Wireless Network Equipment, Smart Board Projectors & Phone System	2.89%	356,000	216,825		70,211	146,614
High School Cardio/Weight Room Renovations	5.31%	168,662	83,209		83,209	-
Technology Equipment	1.42%	400,000		400,000	78,888	321,112
Technology Equipment	1.31%	390,000		260,000		260,000
			\$657,435	660,000	589,709	727,726

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013 AND 2012**

	JUNE 30, 2013		JUNE 30, 2012		POSITIVE/ NEGATIVE FINAL TO ACTUAL	POSITIVE/ NEGATIVE FINAL TO ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET		
Revenues:						
Local Sources:						
Local Tax Levy	\$3,807,652	\$3,807,652	\$3,807,652	3,856,255	3,856,255	3,856,255
State Sources:						
Debt Service Aid Type II	121,812	121,812	121,812	127,042	127,042	127,042
Total Revenues	3,929,464	3,929,464	3,929,464	3,983,297	3,983,297	3,983,297
Expenditures:						
Regular Debt Service:						
Principal	1,565,000	1,565,000	1,565,000	1,545,000	1,545,000	1,545,000
Interest	2,391,368	2,391,368	2,391,365	2,446,445	2,446,444	2,446,444
Total Expenditures	3,956,368	3,956,368	3,956,365	3,991,445	3,991,445	3,991,444
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(26,904)	(26,904)	(26,901)	(8,148)	(8,148)	(8,147)
Other Financing Sources/(Uses):						
Operating Transfer In		7,999	7,999	8,000	8,000	8,000
Transfer from Capital Reserve						
Total Other Financing Sources/(Uses)		7,999	7,999	8,000	8,000	8,000
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Sources/(Uses)	(26,904)	(18,905)	(18,902)	(148)	(148)	(8,147)
Fund Balance July 1,	18,905	18,905	18,905	27,052	27,052	27,052
Fund Balance June 30,	(\$7,999)	-	3	(3)	\$26,904	18,905

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STATISTICAL SECTION (Unaudited)

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FINANCIAL TRENDS/INFORMATION SCHEDULES

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

	FISCAL YEAR ENDING JUNE 30,								
	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental Activities:									
Invested in Capital Assets,									
Net of Related Debt	\$15,905,809	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	2,747,845	3,472,919	2,551,778	4,439,828	5,339,121	5,330,227	4,853,421	3,210,231	2,250,392
Unrestricted	(380,786)	(84,153)	(823,892)	(786,870)	(937,392)	(786,399)	(510,434)	(659,479)	1,665,056
Total Governmental Activities	\$18,272,868	19,320,750	18,265,704	16,247,138	12,564,119	12,323,688	11,489,613	9,376,546	13,998,270
Business-Type Activities:									
Invested in Capital Assets,									
Net of Related Debt	\$118,649	60,234	76,392	85,669	97,317	108,890	22,479	26,466	17,414
Unrestricted	354,309	380,670	332,938	285,451	282,430	300,854	344,253	274,869	228,694
Total Business-Type Activities	\$472,958	440,904	409,330	371,120	379,747	409,744	366,732	301,335	246,108
District-Wide:									
Invested in Capital Assets,									
Net of Related Debt	\$16,024,458	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	2,747,845	3,472,919	2,551,778	4,439,828	5,339,121	5,330,227	4,853,421	3,210,231	2,250,392
Unrestricted	(26,477)	296,517	(490,954)	(501,419)	(654,962)	(485,545)	(166,181)	(384,610)	1,893,750
Total District Net Assets	\$18,745,826	19,761,654	18,675,034	16,618,258	12,943,866	12,733,432	11,856,345	9,677,881	14,244,378

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

	FISCAL YEAR ENDING JUNE 30,								
	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses:									
Governmental Activities									
Instruction:									
Regular	\$11,230,594	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	3,756,378	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	184,556	277,994	435,855	472,049	453,310	462,458	670,848	479,887	
Other Instruction	686,647	672,951	848,497	1,162,236	1,117,387	1,014,198	979,468	923,548	1,260,954
Support Services:									
Tuition	861,425	1,034,879	1,011,547	870,929	820,954	675,455	686,042	535,867	491,117
Student & Instruction Related Services	4,086,559	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	580,187	605,049	693,849	705,259	714,971	806,985	756,673	723,236	1,144,635
School Administrative Services	1,271,768	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	414,077	406,278	490,081	456,924	438,861	601,378	468,007	611,552	
Administrative Information Technology	122,052	78,909	170,212	242,999	345,634	248,841	250,931	227,481	
Plant Operations and Maintenance	2,776,648	2,760,106	3,717,914	3,577,511	3,263,355	3,241,401	3,132,606	2,608,832	2,518,902
Pupil Transportation	1,546,100	1,705,789	1,542,613	1,884,507	1,872,993	1,645,325	1,428,592	1,540,679	1,236,075
Unallocated Benefits	9,154,772	7,854,638							
Interest on Long-Term Debt	2,371,763	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	2,171,803	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	54,715							
Unallocated Compensated Absences Expense		20,790							
Unallocated Adjustment to Capital Assets		184,000							
Total Governmental Activities Expenses	41,270,044	39,373,644	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	757,201	787,417	734,119	755,572	699,848	619,348	603,619	565,656	485,484
Child Watch	197,101	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	149,303	131,143	190,674						
Millstone Busing			801,330						

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

	FISCAL YEAR ENDING JUNE 30,								
	2013	2012	2011	2010	2009	2008	2007	2006	2005
Total Business-Type Activities Expense	1,103,605	1,120,193	1,941,871	1,067,906	1,081,557	1,028,581	967,468	982,421	824,774
Total District Expenses	<u>\$42,373,649</u>	<u>40,493,837</u>	<u>39,651,719</u>	<u>39,486,985</u>	<u>37,825,134</u>	<u>36,503,323</u>	<u>33,567,648</u>	<u>30,904,831</u>	<u>28,110,390</u>
Program Revenues:									
Governmental Activities:									
Charges for Services:									
Instruction (Tuition)	\$8,311,316	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	58,430	91,965	101,123	17,692	53,463	16,016	62,967	26,586	32,022
Operating Grants & Contributions	580,584	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	<u>8,950,330</u>	<u>9,799,062</u>	<u>15,157,227</u>	<u>18,537,126</u>	<u>13,051,234</u>	<u>12,348,680</u>	<u>11,886,722</u>	<u>8,693,268</u>	<u>7,101,140</u>
Business-Type Activities:									
Charges for Services:									
Food Service	554,141	634,121	646,298	607,391	597,379	580,349	594,178	558,348	466,165
Child Watch	204,920	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									
Millstone Busing	192,299	142,454	146,900	801,330					
Operating Grants & Contributions:									
Food Service	128,464	140,467	109,654	103,395	86,625	69,218	61,109	53,932	60,488
Total Business Type Activities Program Revenues	<u>1,079,824</u>	<u>1,150,567</u>	<u>1,933,794</u>	<u>1,056,540</u>	<u>1,045,757</u>	<u>998,696</u>	<u>1,026,350</u>	<u>983,041</u>	<u>858,280</u>
Total District Program Revenues	<u>\$10,030,154</u>	<u>10,949,629</u>	<u>17,091,021</u>	<u>19,593,666</u>	<u>14,096,991</u>	<u>13,347,376</u>	<u>12,913,072</u>	<u>9,676,309</u>	<u>7,959,420</u>

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

	FISCAL YEAR ENDING JUNE 30,								
	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net/(Expense)/Revenue:									
Governmental Activities	(\$32,319,714)	(29,574,582)	(22,552,621)	(19,881,953)	(23,692,343)	(23,126,062)	(20,713,458)	(21,229,142)	(20,184,476)
Business-Type Activities	(23,781)	30,374	(8,077)	(11,366)	(35,800)	(29,885)	58,882	620	33,506
Total District-Wide Net Expense	(\$32,343,495)	(29,544,208)	(22,560,698)	(19,893,319)	(23,728,143)	(23,155,947)	(20,654,576)	(21,228,522)	(20,150,970)
General Revenues & Other Changes in Net Assets:									
Governmental Activities:									
Property Taxes Levied for General Purposes, Net	\$18,722,271	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	3,807,652	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	8,483,728	7,713,041	2,880,966	2,617,639	3,621,107	3,219,852	3,113,897	5,743,950	4,947,122
Investment Earnings	(24,322)	51,788	180,497	631,705	1,640,121	1,640,121	1,683,582	1,198,254	325,891
Miscellaneous Income	282,502	698,770	163,008	69,302	177,118	201,775	119,521	112,989	88,477
Transfers		(43,774)	(43,774)	(4,887)	(4,887)	(6,468)	1,309	(85,000)	
Total Governmental Activities	31,271,831	30,623,234	24,571,187	23,564,972	23,932,774	23,949,429	22,826,525	22,890,475	19,534,805
Business-Type Activities:									
Investment Earnings	27,100	1,200	2,513	2,739	916	8,031	7,824	5,890	
Transfers		43,774	43,774	4,887	4,887	6,468	(1,309)		
Total Business-Type Activities	27,100	1,200	46,287	2,739	5,803	14,499	6,515	5,890	
Total District-Wide	\$31,298,931	30,624,434	24,617,474	23,567,711	23,938,577	23,963,928	22,833,040	22,896,365	19,534,805
Change in Net Assets:									
Governmental Activities	(\$1,047,882)	1,048,652	2,018,566	3,683,019	240,431	823,367	2,113,067	1,661,333	(649,671)
Business-Type Activities	3,319	31,574	38,210	(8,627)	(29,997)	(15,386)	65,397	6,510	33,506
Total District	(\$1,044,563)	1,080,226	2,056,776	3,674,392	210,434	807,981	2,178,464	1,667,843	(616,165)

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

	FISCAL YEAR ENDING JUNE 30,								
	2013	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	\$2,747,842	3,454,014	1,991,403						
Assigned		140,112	437,830						
Unassigned	311,452	369,583	442,338						
Total General Fund	\$3,059,294	3,963,709	2,871,571	1,275,941	1,767,185	1,355,918	1,641,041	1,131,630	879,577
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	\$3	18,905	372,545						
Total All Other Governmental Funds	\$3	18,905	372,545	3,741,628	19,074,321	38,033,295	31,143,014	31,102,620	39,676,306

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

	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues:									
Taxes Local	\$22,529,923	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	8,311,316	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	58,430	91,965	51,788	180,497	631,705	1,640,121	1,683,582	1,198,254	325,891
Miscellaneous	282,502	240,775	289,157	99,363	268,488	242,211	198,636	139,575	120,499
State Sources	8,658,523	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	405,789	594,055	510,544	1,187,545	362,001	366,166	357,458	369,254	363,984
Total Revenue	40,246,483	39,964,301	39,772,188	42,102,098	36,988,895	36,304,577	34,711,938	30,822,853	33,016,586
Expenditures:									
Instruction:									
Regular Instruction	10,830,594	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	3,756,378	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	871,203	950,945	993,329	1,171,398	1,167,183	1,112,726	1,194,013	1,155,471	1,027,304
Support Services:									
Tuition	861,425	1,034,879	1,011,547	870,929	820,954	675,455	780,832	630,657	585,907
Student & Instruction Related Services	4,086,559	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	580,187	598,655	619,453	626,723	660,869	694,594	735,217	644,417	621,744
School Administrative Services	1,271,768	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	414,077	406,278	408,511	380,280	361,042	380,117	347,380	353,653	5,846
Administrative Information Technology	122,052	78,909	141,198	199,955	287,687	248,841	250,931	227,481	
Plant Operations & Maintenance	3,212,479	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	1,546,100	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	9,091,495	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	969,119	644,372	4,687,845	19,823,552	19,211,535	6,677,775	1,243,692	3,298,412	3,649,789
Debt service:									
Principal	1,565,000	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	2,391,365	2,446,444	2,380,717	2,571,654	2,614,995	2,373,715	2,064,279	2,267,443	788,838
Total Expenditures	41,569,801	39,683,798	42,026,529	58,518,535	56,011,715	42,130,951	34,163,442	33,117,158	29,924,687

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

	2013	2012	2011	2010	2009	2008	2007	2006	2005
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,323,317)	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		457,995					(9,760,000)	(85,000)	
Withdrawal from Legal Reserve									
Compensation for Loss on Fixed Assets									
Proceeds from Capital Leases	400,000		356,000	592,500	480,000	200,000			
Transfers in	(7,999)	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)	392,001	457,995	510,888	592,500	475,113	12,431,532	1,309	32,501,000	
Net Change in Fund Balances	(\$931,316)	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	9.7%	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
2013	\$4,626	8,311,316	58,430	244,848	8,619,220
2012	3,765	9,101,113	91,965	194,431	9,391,274
2011	35,459	10,016,242	101,123	163,008	10,315,832
2010	28,350	9,393,954	17,692	69,302	9,509,298
2009	7,388	8,759,040	53,463	177,118	8,997,009
2008	83,178	8,018,059	16,016	177,431	8,294,684
2007	130,265	7,365,501	62,967	119,521	7,678,254
2006	88,446	7,183,000	26,586	87,452	7,385,484
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

Source: District records

REVENUE CAPACITY INFORMATION

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

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	(a) PUBLIC UTILITIES	NET VALUATION TAXABLE	TAX EXEMPT PROPERTY	(b) TOTAL DIRECT SCHOOL TAX RATE	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE
Borough of Allentown													
2013	\$773,400	171,140,000		600	14,524,700		792,300	187,231,000		187,231,000	40,389,200	1.6470	193,149,507
2012	773,400	172,318,400		600	14,778,200		4,792,300	192,662,900		192,662,900	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
Upper Freehold Township													
2013	25,918,000	940,518,000		9,399,200	46,001,200	13,573,300	396,300	1,190,472,100	2,246,862	1,192,718,962	190,761,400	1.6720	1,251,540,248
2012	23,282,000	928,795,000		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		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		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		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		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		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		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		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		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

a. Taxable value of machinery, implements and equipment of telephone, telegraph and messenger system companies

b. Tax rates are per \$100 of assessed value

* Property revaluation became effective in this year

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

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE				TOTAL DIRECT	OVERLAPPING RATES		TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	GENERAL OBLIGATION DEBT SERVICE		BOROUGH OF ALLENTOWN		MONMOUTH COUNTY		
		N/A	N/A				0.7790	
2013	N/A	N/A	N/A	N/A	N/A	0.7790	0.312	1.0910
2012	N/A	N/A	N/A	N/A	N/A	0.7220	0.3050	1.0270
2011	1.3172	0.2617	0.4641	1.5789	1.5789	0.6630	0.3080	2.5499
2010	2.4429	0.4641	0.4449	2.9070	2.9070	1.2360	0.5820	4.7250
2009	2.3381	0.4449	0.3664	2.7830	2.7830	1.2070	0.5490	4.5390
2008	2.4036	0.3664	0.3331	2.7700	2.7700	1.1230	0.5470	4.4400
2007	2.3059	0.3331	0.3341	2.6390	2.6390	1.0540	0.5390	4.2320
2006	2.2549	0.3341	0.3678	2.5890	2.5890	1.0440	0.5150	4.1480
2005	1.9982	0.3678	0.1750	2.3660	2.3660	0.9680	0.5090	3.8430
2004	2.0100	0.1750	0.1800	2.1850	2.1850	0.8730	0.5000	3.5580
2003	2.0610	0.1800		2.2410	2.2410	0.8390	0.5140	3.5940

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE				TOTAL DIRECT	OVERLAPPING RATES		TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	GENERAL OBLIGATION DEBT SERVICE		UPPER FREEHOLD TOWNSHIP		MONMOUTH COUNTY		
		1.3820	0.2900				0.2940	
2013	1.3820	0.2900	0.2940	1.6720	1.6720	1.9100	0.3110	3.4590
2012	1.3560	0.2940	0.2821	1.6500	1.6500	0.2300	0.3100	3.8710
2011	1.3426	0.2821	0.2287	1.6247	1.6247	0.2080	0.2700	2.1647
2010	1.2033	0.2287	0.2117	1.4320	1.4320	0.1890	0.2550	1.9100
2009	1.1123	0.2117	0.1635	1.3240	1.3240	0.1740	0.2480	1.7680
2008	1.0725	0.1635	0.1548	1.2360	1.2360	0.1520	0.2540	1.6580
2007	1.0712	0.1548	0.1538	1.2260	1.2260	0.1520	0.2520	1.6320
2006	1.0382	0.1538	0.3546	1.1920	1.1920	0.2670	0.5230	1.5960
2005	1.9264	0.3546	0.1760	2.2810	2.2810	0.2470	0.5320	3.0710
2004	2.0130	0.1760	0.1640	2.1890	2.1890	0.2470	0.5280	2.9680
2003	1.8810	0.1640		2.0450	2.0450	0.2470	0.5280	2.8200

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

		2013			2013			% OF TOTAL		
ALLENTOWN BOROUGH TAXPAYERS	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE	UPPER FREEHOLD TOWNSHIP TAXPAYERS	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE	Total	% OF TOTAL DISTRICT NET ASSESSED VALUE	
Towne Mews	\$4,300,300	1	2.23%	Allentown Caging Equip. Co.	\$10,047,000	1	0.84%	\$47,812,900	4.02%	
24 Hadley Georgia LLC	1,009,900	2	0.52%	Peronic Enterprises LLC	7,792,300	2	0.65%			
VAF Associates	918,000	3	0.48%	Toll NJ VI, LP	5,095,400	3	0.43%			
First Washington Bank	864,500	4	0.45%	Ashford Estate, LLC	4,734,000	4	0.40%			
Natwest Bank	833,500	5	0.43%	Crosswicks Farms, Inc.	3,935,900	5	0.33%			
Owen Seeland	821,500	6	0.43%	WP Wellington, LLC	3,673,000	6	0.31%			
Peppler Funeral Home	813,700	7	0.42%	Individual Taxpayer 1	3,585,200	7	0.30%			
NJ Bell Telephone Co.	797,900	8	0.41%	Kube Pak	3,213,600	8	0.27%			
11 Church Street	723,100	9	0.38%	Paramount Marinas, LLC	2,932,500	9	0.25%			
Individual Taxpayer 1	691,900	10	0.36%	Individual Taxpayer 2	2,804,000	10	0.24%			
Total	\$11,774,300		6.11%	Total	\$47,812,900		4.02%			

		2004			2004			% OF TOTAL		
TAXPAYERS	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE	TAXPAYERS	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE	Total	% OF TOTAL DISTRICT NET ASSESSED VALUE	
Towne Mews, LLC	\$2,510,500	1	2.47%	K.Hovnanian at UFT III, Inc.	\$9,074,900	1	1.66%	\$32,883,193	6.00%	
NJ Bell Telephone Co.	1,294,669	2	1.27%	Allentown Caging	5,209,000	2	0.95%			
Natwest Bank	524,600	3	0.52%	Individual Taxpayer 1	3,320,600	3	0.61%			
NJ Bell Telephone	490,200	4	0.48%	Orleans Corp.	3,150,000	4	0.58%			
Individual Taxpayer 1	467,500	5	0.46%	Miscoski Associates	2,481,000	5	0.45%			
Individual Taxpayer 2	457,900	6	0.45%	Peronic Enterprises	2,156,000	6	0.39%			
Peppler Funeral Home	427,100	7	0.42%	Bell Atlantic Property Tax Dept.	2,075,200	7	0.38%			
Individual Taxpayer 3	407,000	8	0.40%	Crosswicks Farms	1,934,800	8	0.35%			
First Washington State Bank	379,600	9	0.37%	Individual Taxpayer 2	1,772,293	9	0.32%			
Individual Taxpayer 4	374,000	10	0.37%	Individual Taxpayer 3	1,709,400	10	0.31%			
Total	\$7,333,069		7.21%	Total	\$32,883,193		6.00%			

Source: Municipal Tax Assessor

Source: Municipal Tax Assessor

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

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY(a)		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
Allentown Borough				
2013	\$3,129,158	3,129,158	100.00%	N/A
2012	3,109,383	3,109,383	100.00%	N/A
2011	2,985,372	2,985,372	100.00%	N/A
2010	2,851,860	2,851,860	100.00%	N/A
2009	2,821,382	2,821,382	100.00%	N/A
2008	2,699,785	2,699,785	100.00%	N/A
2007	2,638,616	2,638,616	100.00%	N/A
2006	2,412,633	2,412,633	100.00%	N/A
2005	2,220,396	2,220,396	100.00%	N/A
2004	2,268,555	2,268,555	100.00%	N/A
Upper Freehold Township				
2013	19,400,865	19,400,865	100.00%	N/A
2012	19,102,040	19,102,040	100.00%	N/A
2011	18,533,827	18,533,827	100.00%	N/A
2010	17,845,674	17,845,674	100.00%	N/A
2009	16,686,349	16,686,349	100.00%	N/A
2008	16,194,364	16,194,364	100.00%	N/A
2007	15,269,600	15,269,600	100.00%	N/A
2006	13,507,649	13,507,649	100.00%	N/A
2005	11,952,919	11,952,919	100.00%	N/A
2004	10,308,361	10,308,361	100.00%	N/A

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

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

DEBT CAPACITY INFORMATION

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

FISCAL YEAR ENDED JUNE 20,	GOVERNMENTAL ACTIVITIES			PERCENTAGE OF PER CAPITA INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES	TOTAL DISTRICT		
2013	\$54,538,000	727,726	55,265,726	N/A	8,007
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 NINE 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			
2013	\$54,538,000		54,538,000	4.573%	7,902
2012	57,648,000		57,648,000	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, 2013**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	PERCENTAGE APPLICABLE	OVERLAPPING DEBT
Allentown Borough:			
Debt Repaid With Property Taxes:			
Allentown Borough	\$2,123,968	100.000%	\$2,123,968
Monmouth County General Obligation Debt	459,980,960	0.17500%	<u>804,967</u>
Subtotal, Overlapping Debt			2,928,934
Allentown Borough School District			<u> </u>
Total Direct & Overlapping Debt			<u><u>\$2,928,934</u></u>
Upper Freehold Township:			
Debt Repaid With Property Taxes:			
Upper Freehold Township	17,410,665	100.000%	\$17,410,665
Monmouth County General Obligation Debt	459,980,960	1.07650%	<u>4,951,695</u>
Subtotal, Overlapping Debt			22,362,360
Upper Freehold School District Direct Debt			<u>55,265,726</u>
Total Direct & Overlapping Debt			<u><u>\$77,628,086</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**

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Debt Limit	\$51,419,888	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
Total Net Debt Applicable to Limit	54,538,000	56,103,000	57,648,000	59,238,000	60,851,000	62,031,000	50,843,000	51,274,000	52,164,000	20,423,000
Legal Debt Margin	<u>(\$3,118,112)</u>	<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>

Total Net Debt Applicable to the Limit
as a Percentage of Debt Limit

106.06%	106.56%	78.31%	80.48%	85.15%	93.18%	84.89%	78.64%	89.07%	73.72%
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Legal Debt Margin Calculation for Fiscal Year 2012

	Equalized Valuation Basis		
	Allentown	Freehold	Total
2012	\$194,314,574	\$1,257,689,268	\$1,452,003,842
2011	200,557,578	1,252,370,691	1,452,928,269
2010	210,031,037	1,292,455,801	1,502,486,838
			<u>\$4,407,418,949</u>
Average Equalized Valuation of Taxable Property			<u>\$1,469,139,650</u>
Debt Limit (3.5 % of Average Equalization Value)			<u>\$51,419,888</u>
Net Bonded School Debt			<u>54,538,000</u>
Legal Debt Margin			<u>(\$3,118,112)</u>

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

DEMOGRAPHIC AND ECONOMIC STATISTICS

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

BOROUGH OF ALLENTOWN	COUNTY			
YEAR	POPULATION (a)	PER CAPITA PERSONAL INCOME (b)	PERSONAL INCOME (c)	UNEMPLOYMENT RATE (d)
2013	1,828	N/A	N/A	N/A
2012	1,828	N/A	N/A	7.4%
2011	1,828	56,955	104,113,740	7.4%
2010	1,840	54,771	100,778,640	7.3%
2009	1,840	54,771	100,778,640	7.2%
2008	1,844	57,353	105,758,932	4.4%
2007	1,856	55,826	103,613,056	3.4%
2006	1,868	52,499	98,068,132	3.7%
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%
UPPER FREEHOLD TOWNSHIP				
2013	6,902	N/A	N/A	N/A
2012	6,902	N/A	N/A	N/A
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%

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**

2013

NOT AVAILABLE

2004

NOT AVAILABLE

Source: Comprehensive Annual Financial Reports of Individual School Districts

OPERATING INFORMATION

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

Function/Program	2013	2012	2011	2010	2009	2008	2007	2006	2005
Instruction:									
Regular	140	134	136	150	147	168	163	154	148
Special Education	51	56	58	59	58	20	18	18	14
Other Special Instruction	1	1	1			3	3	3	3
Support Services:									
Student & Instruction Related Services	55	53	54	61	56	30	30	30	31
General Administrative Services	3	3	3	3	2	7	7	7	7
School Administrative Services	18	17	17	20	21	21	21	21	20
Plant Operations & Maintenance	38	38	39	31	20	15	15	15	12
Pupil Transportation	3	8	19	19	18	19	20	20	19
Business & Other Support Services	7	8	8	7	9	1	1	1	1
Total	316	318	335	350	331	284	278	269	255

Source: District Personnel Records

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
OPERATING STATISTICS
LAST NINE FISCAL YEARS**

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO			AVERAGE DAILY ENROLLMENT (ADA) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
						ELEMENTARY	MIDDLE	HIGH SCHOOL				
2013	2,373	\$36,185,545	15,249	3.88%	205	10.3:1	9.5:1	13.1:1	2,343.0	2,241	0.51%	95.65%
2012	2,355	34,569,040	14,679	2.54%	190	11.8:1	9.7:1	13.1:1	2,331.0	2,232	-0.26%	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	0.00%	95.46%
2010	2,321	34,683,329	14,943	6.85%	205	10.6:1	11.1:1	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	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	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	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	12.0:1	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	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.

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

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

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

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

DISTRICT BUILDINGS	2013	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	196,623
Capacity (Students)	1,264	1,264	1,264	1,264	1,264	1,264	1,264	1,264	1,264
Enrollment	1,240	1,218	1,166	1,144	1,139	1,078	1,075	1,028	966
Middle School:									
Square Feet	142,000	142,000	142,000						
Capacity (Students)	650	650	650						
Enrollment	544	550	532						
Elementary School:									
Square Feet	104,610	104,610	104,610						
Capacity (Students)	1,286	1,286	1,286						
Enrollment	575	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
Maintenance Offices (incl. Garage & Shed):									
Square Feet	6,326	6,326	6,326	6,326	6,326	6,326	6,326	6,326	6,326
Imalystown School:									
Square Feet			6,815	6,815	6,815	6,815	6,815	6,815	6,815
Vocational Agricultural Building:									
Square Feet	13,696	13,696	13,696	13,696	13,696	13,696	13,696	13,696	13,696
Annex Building:									
Square Feet	12,536	12,536	12,536	12,536	12,536	12,536	12,536	12,536	12,536
Number of Schools at June 30, 2013:									
Elementary = 1									
Middle = 1									
High School = 1									
Other = 3									

Source: Upper Freehold Regional School District Business Office.

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

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

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

	*	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Allentown Regional		\$190,410	239,434	178,158	276,794	62,767	60,293	61,988	76,190	91,897	72,806
Stone Bridge Middle		112,999	158,710	79,246							
Newell Elementary		107,018	137,149	101,898							
Upper Freehold Elementary/Middle					153,888	73,710	99,778	36,165	38,927	36,063	42,738
Imalystown School				1,302	1,297	3,775	1,206	8,885	3,845	6,114	14,895
Annex		11,748	8,996	9,230	15,012	4,334	7,796	4,348	5,083	2,482	2,640
Total School Facilities		422,175	544,289	369,834	446,991	144,586	169,073	111,386	124,045	136,556	133,079
Other Facilities			1,566	4,223	4,258	16,765	26,909	18,326	24,213	10,592	8,536
Total School Facilities		\$422,175	545,855	374,057	451,249	161,351	195,982	129,712	148,258	147,148	141,615

* 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, 2013**

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

Source: District records

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SINGLE AUDIT SECTION

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EXHIBIT K-1

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Upper Freehold Regional School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Upper Freehold Regional School District's basic financial statements, and have issued our report thereon dated November 14, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Upper Freehold Regional Board of Education, in a separate letter dated November 14, 2013.

Purpose of this Report

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

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 ALLISON, P.C.



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

Freehold, New Jersey
November 14, 2013



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ALLISON, P.C.

Certified Public Accountants & Consultants

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EXHIBIT K-2

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A- 133 AND NEW JERSEY OMB CIRCULAR 04-04.

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

Report on Compliance for Each Major Federal and State Program

We have audited Upper Freehold Regional School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2013. Upper Freehold Regional School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Upper Freehold Regional School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*; the *New Jersey State Aid/Grant Compliance Supplement*; the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 04-04, *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 or state program occurred. An audit includes examining, on a test basis, evidence about Upper Freehold Regional School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal or state program. However, our audit does not provide a legal determination of Upper Freehold Regional School District's compliance with those requirements.

Opinion on Each Major Federal or State Program

In our opinion, Upper Freehold Regional School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal or state programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 or New Jersey OMB's Circular 04-04.

Report on Internal Control Over Compliance

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

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

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

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

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 ALLISON, P.C.

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

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

Freehold, New Jersey
November 14, 2013

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2012	CARRYOVER/ (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	PRIOR YEAR (RECEIVABLES) RECEIVABLE PAYABLES AT JUNE 30, CANCELED 2013	DEFERRED REVENUE AT JUNE 30, 2013	DUE TO GRANTOR AT JUNE 30, 2013
U.S. DEPARTMENT OF AGRICULTURE PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:											
Food Distribution Program	10.550	\$40,180	7/1/12-6/30/13			40,180	(40,180)				
School Breakfast Program	10.553	6,139	7/1/11-6/30/12	(\$1,398)		1,398					
School Breakfast Program	10.553	5,880	7/1/12-6/30/13			5,499	(5,880)		(381)		
National School Lunch Program	10.555	81,784	7/1/11-6/30/12	(3,137)		3,137					
National School Lunch Program	10.555	77,791	7/1/12-6/30/13			73,361	(77,791)		(4,430)		
Total U.S. Department of Agriculture				(4,535)		123,575	(123,851)		(4,811)		

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

Special Revenue Fund:	Title	FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2012	CARRYOVER/ (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	PRIOR YEAR (RECEIVABLES) RECEIVABLE PAYABLES AT JUNE 30, CANCELED 2013	DEFERRED REVENUE AT JUNE 30, 2013	DUE TO GRANTOR AT JUNE 30, 2013
No Child Left Behind:													
	Title I		84.010	33,381	9/1/11-8/31/12	(3,199)		20,907	(17,708)			(3,562)	
	Title I		84.010	26,498	9/1/12-8/31/13				(3,562)				
	Title IIA		84.367A	33,601	9/1/11-8/31/12	(2,072)		5,545	(3,473)				
	Title IIA		84.367A	32,101	9/1/12-8/31/13			14,921	(27,478)			(12,557)	
	LD.E.A. Part B, Basic Regular		84.027	315,885	9/1/11-8/31/12	(32,598)		41,190	(8,592)			(48,687)	
	LD.E.A. Part B, Basic Regular		84.027	323,200	9/1/12-8/31/13			273,503	(322,190)			(3,800)	
	LD.E.A. Part B, Preschool		84.173	12,606	9/1/11-8/31/12	(1,500)		2,736	(1,236)				
	LD.E.A. Part B, Preschool		84.173	12,706	9/1/12-8/31/13			5,800	(9,600)				
	Vocational Education:												
	Perkins Grant		84.048	14,284	9/1/12-8/31/13			10,101	(14,284)			(4,183)	
Total Special Revenue Fund				(39,569)		374,703	(408,123)		(72,789)				
Total U.S. Department of Education				(39,569)		374,703	(408,123)		(72,789)				
Total Federal Financial Assistance				(\$43,904)		498,278	(531,974)		(77,600)				

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

STATE GRANTOR/ PROGRAM TITLE	GRANTOR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2012	CARRYOVER/ (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEAR BALANCES	ADJUSTMENTS	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2013	DEFERRED REVENUE AT JUNE 30, 2013	DUE TO GRANTOR AT JUNE 30, 2013	MEMO		
													BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES	
State Department of Education:															
General Fund:															
School Choice Aid	13-495-034-5120-068	544,068	7/1/12-6/30/13			544,068	(544,068)						52,554	544,068	
Transportation Aid	13-495-034-5120-014	383,082	7/1/12-6/30/13			383,082	(383,082)						37,004	383,082	
Special Education Categorical Aid	13-495-034-5120-089	972,874	7/1/12-6/30/13			972,874	(972,874)						93,975	972,874	
Security Aid	13-495-034-5120-084	120,896	7/1/12-6/30/13			120,896	(120,896)						11,678	120,896	
Equalization Aid	13-495-034-5120-078	2,959,585	7/1/12-6/30/13			2,959,585	(2,959,585)						283,882	2,959,585	
Transportation:															
Nonpublic School	12-495-034-5120-014	15,340	7/1/11-6/30/12	(15,340)		15,340				(9,798)				15,340	
Nonpublic School	13-495-034-5120-014	9,798	7/1/12-6/30/13											9,798	
Extraordinary Aid	12-495-034-5120-473	259,907	7/1/11-6/30/12	(259,907)		259,907								259,907	
Extraordinary Aid	13-495-034-5120-473	224,548	7/1/12-6/30/13							(224,548)				224,548	
Nonbudgeted:															
Reimbursed TPAF Social Security Contribution	12-100-034-5095-002	1,126,434	7/1/11-6/30/12	(55,173)		55,173								1,126,434	
Reimbursed TPAF Social Security Contribution	13-100-034-5095-002	1,155,682	7/1/12-6/30/13			1,099,054	(1,155,682)			(56,629)				1,155,682	
On-Behalf TPAF Pension Contribution - NCGI	13-100-034-5095-007	51,117	7/1/12-6/30/13			51,117	(51,117)							51,117	
On-Behalf TPAF Pension Contribution - Post Retire Medical	13-100-034-5095-001	1,156,383	7/1/12-6/30/13			1,156,383	(1,156,383)							1,156,383	
On-Behalf TPAF Pension Contribution - Normal	13-100-034-5095-006	971,554	7/1/12-6/30/13			971,554	(971,554)							971,554	
Total General Fund				(330,420)		8,589,033	(8,549,587)			(290,975)			481,093	9,951,268	
Special Revenue Fund:															
N.J. Nonpublic Aid:															
Textbook	13-100-034-5120-064	4,227	7/1/12-6/30/13			4,227	(4,117)					118		4,117	
Nursing	12-100-034-5120-070	4,474	7/1/12-6/30/13			4,474	(4,357)					117		4,357	
Nursing	12-100-034-5120-070	4,887	7/1/11-6/30/12	45				(45)							
Technology	12-100-034-5120-373	1,561	7/1/12-6/30/13			1,561	(1,476)					85		1,476	
Auxiliary Service Aid (Chapter 192):															
Compensatory Education	12-100-034-5120-067	10,144	7/1/11-6/30/12	5,917				(5,917)							
Compensatory Education	13-100-034-5120-067	5,853	7/1/12-6/30/13			5,853	(5,017)					836		5,017	
Home Instruction	12-100-034-5120-067	1,926	7/1/11-6/30/12	(1,926)		1,926								1,926	
Home Instruction	13-100-034-5120-067	1,794	7/1/12-6/30/13				(1,794)			(1,794)				1,794	
Handicapped Services Aid (Chapter 193):															
Supplementary Instruction	13-100-034-5120-066	4,441	7/1/12-6/30/13			4,441	(4,441)					5,570		4,441	
Examination & Classifier	13-100-034-5120-066	12,899	7/1/12-6/30/13			12,899	(7,329)							7,329	
Corrective Speech	12-100-034-5120-066	790	7/1/11-6/30/12	790				(790)							
NJ Curriculum for Agricultural Science Education (CASE)	13-100-010-3330-019	5,000	7/1/12-8/30/13			5,000	(1,343)				3,657			1,343	
Total Special Revenue Fund				4,826		40,381	(29,874)	(6,752)		(1,794)		6,726		31,800	
Enterprise Fund:															
National School Lunch Program (State Share)	12-100-010-3350-023	6,332	7/1/11-6/30/12	(237)		237								6,332	
National School Lunch Program (State Share)	13-100-010-3350-023	4,613	7/1/12-6/30/13			4,099	(4,613)			(514)				4,338	
Total Enterprise Fund				(237)		4,336	(4,613)			(514)				10,670	
Debt Service Fund:															
Debt Service Aid, Type II	13-100-034-5120-075	121,812	7/1/12-6/30/13			121,812	(121,812)							121,812	
Total Debt Service Fund						121,812	(121,812)							121,812	
Schools Development Authority:															
Capital Projects Fund: Educational Facilities Construction & Financing Act	5310-050-10-1001	67,465	7/1/10-6/30/11	(62,508)		62,508								62,508	
	5310-N01-04-1000	5,730,639	7/1/10-6/30/11	(257,879)		257,879								257,879	
Total Capital Projects Fund				(320,387)		320,387								320,387	
Total State Financial Assistance				(5646,218)		9,075,949	(8,705,886)	(6,752)		(293,283)		6,726		10,115,550	

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

**NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2013**

Note 1: General

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

Note 2: Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. The basis of accounting is described in Note 1 to the Board's basic financial statements.

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 \$(42,831) for the general fund and \$(1,795) 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, 2013

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

	Federal	State	Total
General Fund	\$	\$ 8,506,756	\$ 8,506,756
Special Revenue Fund	405,789	29,955	435,744
Debt Service Fund		121,812	121,812
Food Service Fund	<u>123,851</u>	<u>4,613</u>	<u>128,464</u>
Total Financial Assistance	<u>\$ 529,640</u>	<u>\$ 8,633,136</u>	<u>\$ 9,192,776</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, 2013. 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, 2013.

Note 6: Federal and State Loans Outstanding

The Upper Freehold Regional School District had no loan balances outstanding at June 30, 2013.

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Section I - Summary of Auditor's Results (continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs'

\$300,000.00

Auditee qualified as low-risk auditee?

X yes no

Type of auditor's report issued in compliance for major programs

Unmodified

Internal Control over major programs

1) Material weakness(es) identified?

yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses?

yes X none reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular 04-04?

yes X no

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

495-034-5120-068

State Aid - Public

495-034-5120-089

School Choice Aid

495-034-5120-084

Special Education Categorical Aid

495-034-5120-078

Security Aid

Equalization Aid

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2013**

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.

None Reported

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, 2013**

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.

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.

Current Status:

Corrective action has been implemented.