

UPPER SADDLE RIVER BOARD OF EDUCATION

UPPER SADDLE RIVER, NEW JERSEY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Upper Saddle River Board of Education

Upper Saddle River, New Jersey

For The Fiscal Year Ended June 30, 2013

Prepared by

Business Office

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INTRODUCTORY SECTION

Upper Saddle River Schools

Administrative Offices

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



Dr. Monica M. Browne
Superintendent of Schools

Dana Imbasciani
Board Secretary/Business Administrator

November 1, 2013

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

Dear Board Members:

The comprehensive annual financial report of the Upper Saddle River Board of Education (the "Board" or "District") for the fiscal year ended June 30, 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 Upper Saddle River Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1. REPORTING ENTITY AND ITS SERVICES:

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

The District provides a full range of educational services appropriate to grade Levels K through 8. The District completed the 2012/2013 fiscal year with an enrollment of 1,348, which is 6 students less than the previous year's enrollment. The following details the changes in the average daily enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2012/2013	1,348	(0.4%)
2011/2012	1,354	(1.8%)
2010/2011	1,379	(0.5%)
2009/2010	1,386	0.2%
2008/2009	1,383	0.2%
2007/2008	1,379	2.2%
2006/2007	1,348	(1.7%)
2005/2006	1,371	(2.7%)
2004/2005	1,409	3.1%
2003/2004	1,365	0.4%

2. ECONOMIC CONDITION AND OUTLOOK:

Development and expansion in the Upper Saddle River area has increased this year. The Upper Saddle River area is expected to continue to prosper.

3. MAJOR INITIATIVES:

The district committed to the following new programs/goals:

- The selection and testing of new teacher and principal evaluation systems. Once the Marshall program was selected and approved by the Board of Education, all staff members were provided with training and participated in a pilot program.
- The implementation of online, formative assessments in grades K-8 allowed for more individualized instruction based on student needs. Administrators and teachers had access to the progress of all students toward achievement of the standards on at least three occasions. The data collected was used to determine how best to provide supplemental academic support to individual students, revise the programs of study to meet demonstrated needs of the group, and discuss concerns with parents.
- Support for staff development in reading and writing was provided to all teachers of language arts. At the K-5 level this support initiative continued into its seventh year; all classroom teachers received instruction and practice in techniques to support and improve student writing. At the grades 6-8 level, the staff development support for reading and writing was provided for the year to all teachers of language arts as units of study were developed and a writing portfolio for each child was established.

- Support for staff development in mathematics was provided for all teachers in grades K-8 in order to ensure that our programs meet the Common Core State Standards (CCSS). At the K-5 level, each classroom teacher attended three full-day sessions designed to ensure that the program of study reflected the changes to the scope and sequence required by the CCSS. Teachers in grades 6-8 participated in a committee to choose a new mathematics program and then were provided training to ensure its successful implementation.
- Launched our Anytime/Anywhere Learning Initiative designed to the second grade level of students. This program is designed to provide students and teachers with the opportunity to access online programs at school and at home. Teachers were provided with several opportunities for professional development in order to ensure that the infusion of technology had a positive impact on the learning process.
- Continued support for staff development conducted through the District's participation in the Quad District curriculum and staff development program is included. Teachers of language arts, mathematics, music, world language, and technology participated in staff development and curriculum design with teachers from the other three regional districts. Teachers worked to align our current elementary program with the Common Core State Standards ahead of the state timeline for implementation.
- A committee studied various new middle school math programs and selected Connected Math 3 for implementation in September 2013.
- The district maintained its commitment to elementary class size by maintaining an average of 21 students in all classes grades K-5.

4. INTERNAL ACCOUNTING CONTROLS:

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

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs.

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

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as either restriction or assigned fund balance at June 30, 2013.

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. CASH MANAGEMENT:

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

8. RISK MANAGEMENT:

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

9. OTHER INFORMATION:

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

10. ACKNOWLEDGEMENTS:

We would like to express our appreciation to the members of the Upper Saddle River Board of Education for the concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,



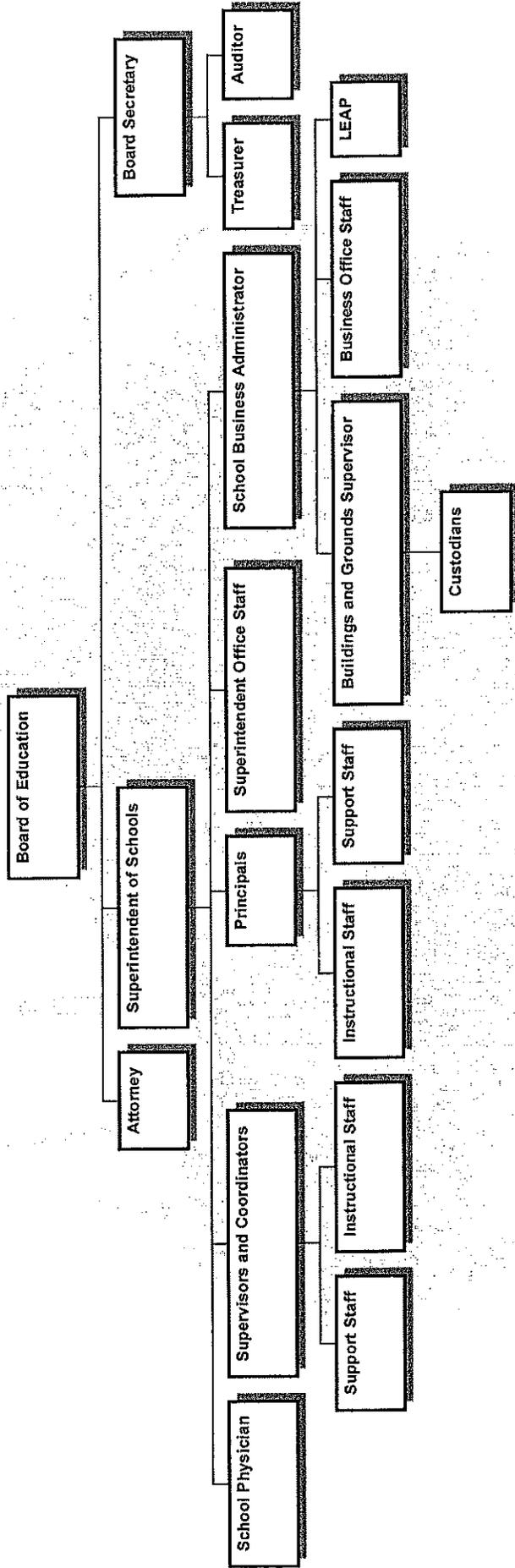
Monica M. Browne
Superintendent of Schools



Dana Imbasciani
Board Secretary/Business Administrator

Upper Saddle River Schools Organizational Chart

October 9, 2012



UPPER SADDLE RIVER BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2013

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Dante Ferrarie, President	2013
Catherine Smiechowski, Vice President	2015
Peter Koski	2013
Kenneth Amano	2014
Jennifer Johnston	2014
Karen Fusaro	2015
Marc Prisco	2015

Other Officials

Monica Browne, Superintendent

Dana Imbasciani, Business Administrator/Board Secretary

Jennifer Pfohl, Treasurer

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

Auditor

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

Attorney

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

Official Depository

Capital One
1300 Route 17 North
Ramsey, NJ 07446

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
EDWARD N. KERE, CPA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Upper Saddle River Board of Education
Upper Saddle River, 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 Upper Saddle River Board of Education, as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Upper Saddle River Board of Education as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

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 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

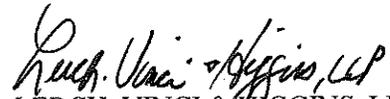
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Upper Saddle River Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Upper Saddle River Board of Education.

The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 1, 2013 on our consideration of the Upper Saddle River Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Upper Saddle River Board of Education's internal control over financial reporting and compliance.


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
November 1, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Upper Saddle River Board of Education

Management's Discussion and Analysis

This section of the Upper Saddle River Board of Education's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2013. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34- Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments issued in June 1999.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2012-2013 fiscal year are as follows:

- The assets and deferred outflows of resources of the Upper Saddle River Board of Education exceeded its liabilities at the close of the fiscal year by \$10,095,286 (net position). Of this amount, \$2,127,528 (unrestricted net position) may be used to meet the District's ongoing obligations.
- The District's total net position increased \$1,057,478.
- Overall district revenues were \$24,339,020. General revenues accounted for \$21,118,916 or 87% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,220,104 or 13% of total revenues.
- The school district had \$23,227,069 in expenses for governmental activities; only \$3,151,871 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$21,118,533 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$3,867,473. Of this amount, \$370,623 is available for spending at the District's discretion (unreserved/undesignated fund balance – General Fund).
- The General Fund unassigned budgetary basis fund balance at June 30, 2013 was \$667,703, which represents a decrease of \$3,516 compared to the ending unassigned budgetary basis fund balance at June 30, 2012 of \$671,219.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

- The governmental funds statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the activities the District operates like businesses.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The schedule below summarizes the major features of the Upper Saddle River Board of Education's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance, and food service	Activities the district operates similar to private businesses:
Required financial Statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses, and Changes in Fund Net Position
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred Inflows/outflows of resources and liability information	All assets, deferred outflows of resources, deferred inflows of resources and liabilities, both financial and capital, short-term and long-term	Generally assets and deferred outflows of resources expected to be used up and deferred inflows of resources and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred inflows/outflows of resource and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.

District-Wide Statements

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

District-Wide Statements (Continued)

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

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

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

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

Fund Financial Statements

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

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

The district has three kinds of funds:

- *Governmental funds-* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- *Proprietary funds-* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.

Fund Financial Statements (Continued)

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

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

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

Below is a summary of the school district's net position as of June 30, 2013 along with comparative data for June 30, 2012.

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and Other Assets	\$ 3,887,484	\$ 4,231,307	\$ 69,825	\$ 53,047	\$ 3,957,309	\$ 4,284,354
Capital Assets	<u>15,438,624</u>	<u>14,890,355</u>	<u>2,583</u>	<u>3,513</u>	<u>15,441,207</u>	<u>14,893,868</u>
Total Assets	<u>19,326,108</u>	<u>19,121,662</u>	<u>72,408</u>	<u>56,560</u>	<u>19,398,516</u>	<u>19,178,222</u>
Deferred Charge on Refunding	<u>489,289</u>	<u>315,535</u>	<u>-</u>	<u>-</u>	<u>489,289</u>	<u>315,535</u>
Total Assets and Deferred Outflows of Resources	<u>19,815,397</u>	<u>19,437,197</u>	<u>72,408</u>	<u>56,560</u>	<u>19,887,805</u>	<u>19,493,757</u>
Long-Term Liabilities	9,711,558	10,408,069			9,711,558	10,408,069
Other Liabilities	<u>78,865</u>	<u>47,489</u>	<u>2,096</u>	<u>391</u>	<u>80,961</u>	<u>47,880</u>
Total Liabilities	<u>9,790,423</u>	<u>10,455,558</u>	<u>2,096</u>	<u>391</u>	<u>9,792,519</u>	<u>10,455,949</u>
Net Position:						
Net Investment in Capital Assets	6,875,092	5,440,930	2,583	3,513	6,877,675	5,444,443
Restricted	1,090,083	1,688,399	-		1,090,083	1,688,399
Unrestricted	<u>2,059,799</u>	<u>1,852,310</u>	<u>67,729</u>	<u>52,656</u>	<u>2,127,528</u>	<u>1,904,966</u>
Total Net Position	<u>\$ 10,024,974</u>	<u>\$ 8,981,639</u>	<u>\$ 70,312</u>	<u>\$ 56,169</u>	<u>\$ 10,095,286</u>	<u>\$ 9,037,808</u>

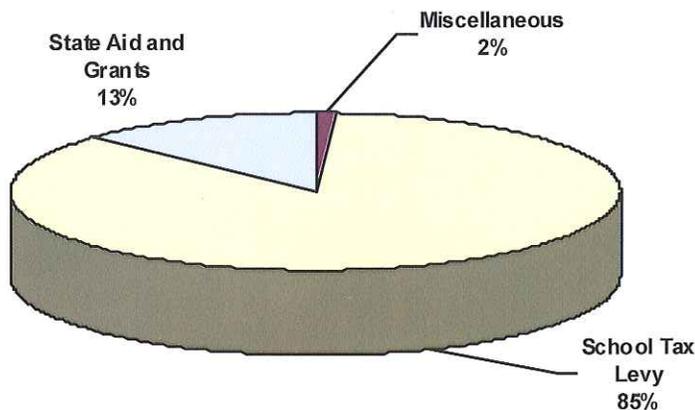
Below is a schedule of changes in net position for fiscal year ended June 30, 2013, along with comparative data for the prior fiscal year.

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues						
Program Revenues						
Charges for Services	\$ 206,385	\$ 255,152	\$ 68,233	\$ 56,207	\$ 274,618	\$ 311,359
Operating Grants and Contributions	2,945,486	2,529,151			2,945,486	2,529,151
General Revenues						
Property Taxes	20,694,050	20,482,358			20,694,050	20,482,358
State Aid - Formula Grants	324,124	293,733			324,124	293,733
Investment Earnings	12,321	8,672	383	292	12,704	8,964
Other	88,038	75,952	-	-	88,038	75,952
Total Revenues	<u>24,270,404</u>	<u>23,645,018</u>	<u>68,616</u>	<u>56,499</u>	<u>24,339,020</u>	<u>23,701,517</u>
Expenses						
Instruction						
Regular	9,881,525	8,964,853			9,881,525	8,964,853
Special Education	3,368,583	3,346,003			3,368,583	3,346,003
Other Instruction	137,514	124,623			137,514	124,623
School Sponsored Activities and Ath.	110,029	139,724			110,029	139,724
Support Services						
Student and Instruction Related Serv.	3,490,179	3,206,907			3,490,179	3,206,907
General Administrative Services	728,332	550,256			728,332	550,256
School Administrative Services	1,217,660	1,163,359			1,217,660	1,163,359
Plant Operations and Maintenance	2,936,625	2,852,597			2,936,625	2,852,597
Pupil Transportation	416,143	462,418			416,143	462,418
Business Services	523,520	512,838			523,520	512,838
Food Services			12,630	12,512	12,630	12,512
LEAP Program			41,843	35,264	41,843	35,264
Interest on Long-Term Debt	416,959	475,877	-	-	416,959	475,877
Total Expenses	<u>23,227,069</u>	<u>21,799,455</u>	<u>54,473</u>	<u>47,776</u>	<u>23,281,542</u>	<u>21,847,231</u>
Change in Net Position	1,043,335	1,845,563	14,143	8,723	1,057,478	1,854,286
Net Position, Beginning of Year	<u>8,981,639</u>	<u>7,136,076</u>	<u>56,169</u>	<u>47,446</u>	<u>9,037,808</u>	<u>7,183,522</u>
Net Position, End of Year	<u>\$ 10,024,974</u>	<u>\$ 8,981,639</u>	<u>\$ 70,312</u>	<u>\$ 56,169</u>	<u>\$ 10,095,286</u>	<u>\$ 9,037,808</u>

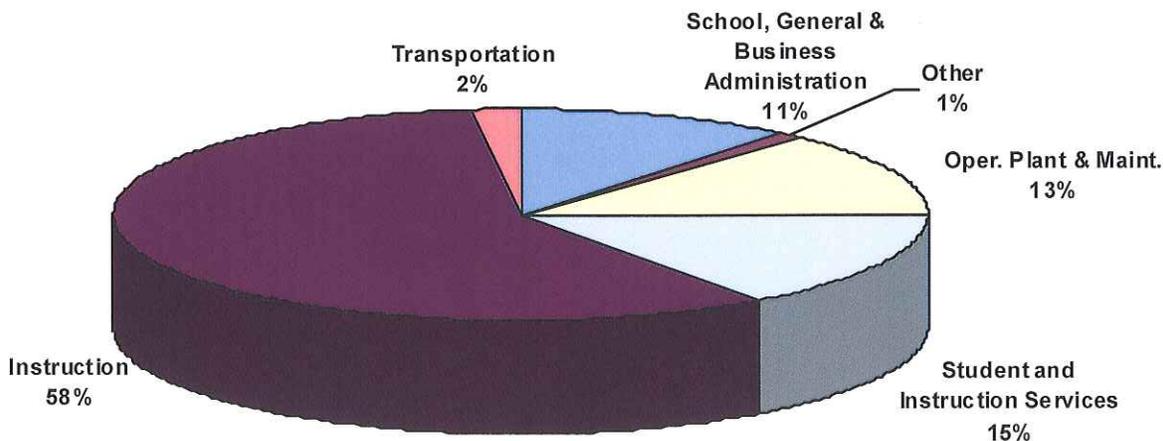
Governmental Activities. The District's total revenues were \$24,270,404. The local share of the revenues, that included property taxes, tuition, interest, and miscellaneous revenue, amounted to \$21,000,794 or 87% of total revenues. Funding from state and federal sources amounted to \$3,269,610 or 13%.

The District's expenses are predominantly related to instruction and support services. Instruction totaled \$13,497,651 (58%) and student and other support services totaled \$9,312,459 (40%) of total expenditures.

Revenues by Sources – Governmental Activities



Expenditures by Function



**Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2013 and 2012**

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Governmental Activities				
Instruction				
Regular	\$ 9,881,525	\$ 8,964,853	\$ 8,467,780	\$ 7,756,997
Special Education	3,368,583	3,346,003	2,190,508	2,216,574
Other Instruction	137,514	124,623	131,242	120,043
School Sponsored Activities and Athletics	110,029	139,724	110,029	139,724
Support Services				
Student and Instruction Related Svcs.	3,490,179	3,206,907	3,166,393	2,927,270
General Administrative Services	728,332	550,256	691,834	519,070
School Administrative Services	1,217,660	1,163,359	1,109,902	1,066,070
Plant Operations and Maintenance	2,936,625	2,852,597	2,919,653	2,852,597
Pupil Transportation	416,143	462,418	375,943	452,500
Business Services	523,520	512,838	494,955	488,430
Interest on Long-Term Debt	416,959	475,877	416,959	475,877
 Total Governmental Activities	 <u>\$ 23,227,069</u>	 <u>\$ 21,799,455</u>	 <u>\$ 20,075,198</u>	 <u>\$ 19,015,152</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2013 was \$54,473. These costs were funded by program fees, charges for services, and investment earnings of \$68,616.

General Fund

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

	<u>Fiscal Year Ended June 30, 2013</u>	<u>Fiscal Year Ended June 30, 2012</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
Local Sources:				
Property Taxes	\$ 19,713,654	\$ 19,422,319	\$ 291,335	1.5%
Tuition	206,385	255,152	(48,767)	-19.1%
Interest Earnings	12,321	8,672	3,649	42.1%
Miscellaneous	88,038	75,952	12,086	15.9%
Intergovernmental				
State Sources	2,667,418	2,201,341	466,077	21.2%
Federal Sources	-	28,673	(28,673)	100.0%
 Total Revenues	 <u>\$ 22,687,816</u>	 <u>\$ 21,992,109</u>	 <u>\$ 695,707</u>	 <u>3.2%</u>

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

	<u>Year Ended</u> <u>June 30, 2013</u>	<u>Year Ended</u> <u>June 30, 2012</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
Instruction	\$ 13,198,753	\$ 12,230,460	\$ 968,293	7.92%
Support Services	8,603,222	8,213,484	389,738	4.75%
Debt Service	51,482	52,572	(1,090)	-2.073%
Capital Outlay	<u>1,221,990</u>	<u>185,821</u>	<u>1,036,169</u>	557.62%
 Total Expenditures	 <u>\$ 23,075,447</u>	 <u>\$ 20,682,337</u>	 <u>\$ 2,393,110</u>	 <u>11.57%</u>

Capital Assets. At June 30, 2013 and 2012, the school district had invested in land, buildings, furniture, machinery and equipment as stated below:

	<u>Governmental</u> <u>Activities</u>	
	<u>2013</u>	<u>2012</u>
Land	\$ 100,820	\$ 100,820
Buildings	20,971,918	20,971,918
Improvements Other Than Buildings	2,480,589	1,390,429
Machinery and Equipment	<u>2,225,867</u>	<u>2,174,712</u>
 Total	 25,779,194	 24,637,879
Less: Accumulated Depreciation	<u>(10,340,570)</u>	<u>(9,747,524)</u>
 Total	 <u>\$ 15,438,624</u>	 <u>\$ 14,890,355</u>

Debt Administration. As of June 30, 2013 and 2012 the school district had long-term debt and outstanding long-term liabilities as follows:

	<u>2013</u>	<u>2012</u>
Serial Bonds Payable	\$ 8,462,965	\$ 9,406,406
Obligation Under Capital Leases	188,734	179,919
Intergovernmental Loans Payable	51,542	101,305
Compensated Absences Payable	<u>658,737</u>	<u>643,109</u>
 Total	 <u>\$ 9,361,978</u>	 <u>\$ 10,330,739</u>

General Fund Budgetary Highlights

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Dana Imbasciani, School Business Administrator/Board Secretary, Upper Saddle River Board of Education, 395 West Saddle River Road, Upper Saddle River, New Jersey 07458.

FINANCIAL STATEMENTS

**UPPER SADDLE RIVER BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2013**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 3,791,952	\$ 69,825	\$ 3,861,777
Receivables, net	95,532		95,532
Capital Assets Not Being Depreciated			
Land	100,820		100,820
Capital Assets Being Depreciated, Net	<u>15,337,804</u>	<u>2,583</u>	<u>15,340,387</u>
Total Assets	<u>19,326,108</u>	<u>72,408</u>	<u>19,398,516</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	<u>489,289</u>	<u>-</u>	<u>489,289</u>
Total Deferred Outflows of Resources	<u>489,289</u>	<u>-</u>	<u>489,289</u>
Total Assets and Deferred Outflows of Resources	<u>19,815,397</u>	<u>72,408</u>	<u>19,887,805</u>
LIABILITIES			
Payable to State Government	2,131		2,131
Accrued Interest Payable	58,854		58,854
Accounts Payable	17,880	2,096	19,976
Noncurrent Liabilities			
Due within one year	1,079,505		1,079,505
Due beyond one year	<u>8,632,053</u>	<u>-</u>	<u>8,632,053</u>
Total Liabilities	<u>9,790,423</u>	<u>2,096</u>	<u>9,792,519</u>
NET POSITION			
Net Investment in Capital Assets	6,875,092	2,583	6,877,675
Restricted for:			
Capital Projects	904,152		904,152
Debt Service	185,931		185,931
Unrestricted	<u>2,059,799</u>	<u>67,729</u>	<u>2,127,528</u>
Total Net Position	<u>\$ 10,024,974</u>	<u>\$ 70,312</u>	<u>\$ 10,095,286</u>

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

UPPER SADDLE RIVER BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 9,881,525	\$ 206,385	\$ 1,207,360		\$ (8,467,780)	\$	\$ (8,467,780)
Special Education	3,368,583		1,178,075		(2,190,508)		(2,190,508)
Other Instruction	137,514		6,272		(131,242)		(131,242)
School Sponsored Activities and Athletics	110,029				(110,029)		(110,029)
Support Services:							
Student and Instruction Related Services	3,490,179		323,786		(3,166,393)		(3,166,393)
School Administrative Services	1,217,660		107,758		(1,109,902)		(1,109,902)
General Administrative Services	728,332		36,498		(691,834)		(691,834)
Plant Operations and Maintenance	2,936,625		16,972		(2,919,653)		(2,919,653)
Pupil Transportation	416,143		40,200		(375,943)		(375,943)
Business and Other Support Services	523,520		28,565		(494,955)		(494,955)
Interest on Long-Term Debt	416,959				(416,959)		(416,959)
Total Governmental Activities	23,227,069	206,385	2,945,486		(20,075,198)		(20,075,198)
Business-Type Activities:							
Food Service	12,630	12,203				\$ (427)	(427)
LEAP Program	41,843	56,030				14,187	14,187
Total Business-Type Activities	54,473	68,233				13,760	13,760
Total Primary Government	\$ 23,281,542	\$ 274,618	\$ 2,945,486	\$	(20,075,198)	13,760	(20,061,438)
General Revenues:							
Taxes:							
Property Taxes, levied for general purposes, net					19,713,654		19,713,654
Property Taxes Levied for Debt Service					980,396		980,396
State Aid Restricted for Debt Service					324,124		324,124
Investment Earnings					12,321	383	12,704
Miscellaneous Income					88,038		88,038
Total General Revenues					21,118,533	383	21,118,916
Change in Net Position					1,043,335	14,143	1,057,478
Net Position, Beginning of Year (Restated)					8,981,639	56,169	9,037,808
Net Position, End of Year					\$ 10,024,974	\$ 70,312	\$ 10,095,286

FUND FINANCIAL STATEMENTS

**UPPER SADDLE RIVER BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2013**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 3,606,021		\$ 185,931	\$ 3,791,952
Receivables, Net	43,468	\$ 51,047		94,515
Due from Other Funds	<u>49,933</u>	<u>-</u>	<u>-</u>	<u>49,933</u>
 Total Assets	 <u>\$ 3,699,422</u>	 <u>\$ 51,047</u>	 <u>\$ 185,931</u>	 <u>\$ 3,936,400</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Due to Other Funds		\$ 48,916		\$ 48,916
Accounts Payable	\$ 17,880			17,880
Payable to State Government	<u>-</u>	<u>2,131</u>	<u>-</u>	<u>2,131</u>
 Total Liabilities	 <u>17,880</u>	 <u>51,047</u>	 <u>-</u>	 <u>68,927</u>
Fund Balances				
Restricted Fund Balance				
Excess Surplus - Designated for Subsequent Year's Budget	998,350			998,350
Excess Surplus	1,056,767			1,056,767
Capital Reserve	904,152			904,152
Debt Service			\$ 185,931	185,931
Committed Fund Balance				
Year-End Encumbrances	54,900			54,900
Assigned Fund Balance				
Designated for Subsequent Year's Budget	226,494			226,494
Year End Encumbrances	70,256			70,256
Unassigned Fund Balance				
General Fund	<u>370,623</u>	<u>-</u>	<u>-</u>	<u>370,623</u>
 Total Fund Balances	 <u>3,681,542</u>	 <u>-</u>	 <u>185,931</u>	 <u>3,867,473</u>
 Total Liabilities and Fund Balances	 <u>\$ 3,699,422</u>	 <u>\$ 51,047</u>	 <u>\$ 185,931</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$25,779,194 and the accumulated depreciation is \$10,340,570. 15,438,624

The District has financed capital assets through the issuance of serial bonds, intergovernmental loans and long-term lease obligations. The interest accrual at year end is: (58,854)

Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt. 489,289

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (Note 2). (9,711,558)

Net position of governmental activities \$ 10,024,974

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**UPPER SADDLE RIVER BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources				
Property Tax Levy	\$ 19,713,654		\$ 980,396	\$ 20,694,050
Interest	12,321			12,321
Tuition	206,385			206,385
Miscellaneous	88,038	-	-	88,038
Total Local Sources	<u>20,020,398</u>	<u>-</u>	<u>980,396</u>	<u>21,000,794</u>
State Sources	2,667,418	\$ 1,013	324,124	2,992,555
Federal Sources	-	<u>277,055</u>	-	<u>277,055</u>
Total Revenues	<u>22,687,816</u>	<u>278,068</u>	<u>1,304,520</u>	<u>24,270,404</u>
EXPENDITURES				
Current				
Regular Instruction	9,845,922	11,973		9,857,895
Special Education Instruction	3,105,288	265,082		3,370,370
Other Instruction	137,514			137,514
School Sponsored Activities and Athletics	110,029			110,029
Support Services :				
Student and Instruction Related Services	3,466,661	1,013		3,467,674
School Administrative Services	1,178,980			1,178,980
General Administrative Services	659,707			659,707
Plant Operations and Maintenance	2,355,724			2,355,724
Pupil Transportation	416,143			416,143
Business and Other Support Services	526,007			526,007
Debt Service:				
Principal	44,002		962,398	1,006,400
Interest and Other Charges	7,480		365,850	373,330
Costs of Issuance			68,625	68,625
Capital Outlay	1,221,990	-	-	1,221,990
Total Expenditures	<u>23,075,447</u>	<u>278,068</u>	<u>1,396,873</u>	<u>24,750,388</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(387,631)</u>	<u>-</u>	<u>(92,353)</u>	<u>(479,984)</u>
OTHER FINANCING SOURCES				
Capital Lease (Non-Budgeted)	80,724			80,724
Payments to Refunding Escrow Agent			(3,501,204)	(3,501,204)
Refunding Bond Proceeds			3,255,000	3,255,000
Premium on Issuance of Refunding	-	-	284,828	284,828
Total Other Financing Sources and Uses	<u>80,724</u>	<u>-</u>	<u>38,624</u>	<u>119,348</u>
Net Change in Fund Balances	(306,907)	-	(53,729)	(360,636)
Fund Balance, Beginning of Year	3,988,449	-	239,660	4,228,109
Fund Balance, End of Year	<u>\$ 3,681,542</u>	<u>\$ -</u>	<u>\$ 185,931</u>	<u>\$ 3,867,473</u>

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

**UPPER SADDLE RIVER BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Total net change in fund balances - governmental funds (Exhibit B-2) **\$ (360,636)**

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 outlay exceeded depreciation in the period.

Depreciation Expense	\$ (645,814)	
Capital Outlay	<u>1,221,990</u>	576,176

The issuance of long term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Debt Issuance		
Refunding Bond Proceeds	(3,255,000)	
Capital Leases	(80,724)	
Principal Repayments		
Capital Leases	44,002	
Loans	49,763	
General Obligation Bonds	912,635	
Payments to Refunding Escrow	<u>3,501,204</u>	1,171,880

Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Premium on Refunding	(284,828)	
Amortization of Deferred Charge on Refunding	(41,644)	
Amortization of Premium	<u>12,578</u>	(313,894)

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. (14,563)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition to the reconciliation. (15,628)

Change in net position of governmental activities (Exhibit A-2) **\$ 1,043,335**

**UPPER SADDLE RIVER BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2013**

	<u>Other Nonmajor Enterprise Funds</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ <u>69,825</u>
Capital Assets	
Furniture, Machinery, and Equipment	4,650
Less: Accumulated Depreciation	<u>(2,067)</u>
Total Capital Assets	<u>2,583</u>
Total Assets	<u>72,408</u>
 LIABILITIES	
Current Liabilities	
Accounts Payable	<u>2,096</u>
Total Current Liabilities	<u>2,096</u>
 NET POSITION	
Net Investment in Capital Assets	2,583
Unrestricted	<u>67,729</u>
Total Net Position	<u>\$ <u>70,312</u></u>

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

**UPPER SADDLE RIVER BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Other Nonmajor Enterprise Funds</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales-Reimbursable Programs	\$ 12,203
Program Fees	56,030
	68,233
Total Operating Revenues	68,233
OPERATING EXPENSES	
Salaries and Wages	33,265
Cost of Sales	7,650
Other Purchase Services	6,614
Supplies and Materials	6,014
Depreciation Expense	930
	54,473
Total Operating Expenses	54,473
Operating Income	13,760
NONOPERATING REVENUES	
Interest Revenue	383
	383
Total Nonoperating Revenues	383
Change in Net Position	14,143
Net Position, Beginning of Year	56,169
Net Position, End of Year	\$ 70,312

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

**UPPER SADDLE RIVER BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

		<u>Other Nonmajor Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$	68,233
Cash Payments to Employees		(33,265)
Cash Payments to Suppliers for Goods and Services		<u>(18,573)</u>
Net Cash Provided by Operating Activities		<u>16,395</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments		<u>383</u>
Net Cash Provided by Investing Activities		<u>383</u>
Net Increase in Cash and Cash Equivalents		16,778
Cash and Cash Equivalents, Beginning of Year		<u>53,047</u>
Cash and Cash Equivalents, End of Year	\$	<u>69,825</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$	<u>13,760</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation		930
Increase/(Decrease) in Accounts Payable		<u>1,705</u>
Total Adjustments		<u>2,635</u>
Net Cash Provided by Operating Activities	\$	<u>16,395</u>

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

**UPPER SADDLE RIVER BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2013**

	Unemployment Compensation <u>Trust Fund</u>	Private Purpose <u>Trust Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 59,231	\$ 33,048	\$ 614,264
Due From Other Funds	<u>-</u>	<u>-</u>	<u>70</u>
 Total Assets	 <u>59,231</u>	 <u>33,048</u>	 <u>\$ 614,334</u>
LIABILITIES			
Payroll Deductions and Withholdings			\$ 37,555
Accrued Salaries and Wages			501,083
Other Liabilities			6,550
Due to Student Groups			68,059
Due to Other Funds			1,087
Due to State of New Jersey	<u>2,867</u>	<u>-</u>	<u>-</u>
 Total Liabilities	 <u>2,867</u>	 <u>-</u>	 <u>\$ 614,334</u>
NET POSITION			
Held In Trust For Unemployment Compensation Claims and Other Purposes	<u>\$ 56,364</u>	<u>\$ 33,048</u>	

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

**UPPER SADDLE RIVER BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Unemployment Compensation <u>Trust Fund</u>	Private Purpose <u>Trust Fund</u>
ADDITIONS		
Contributions		
Board Contribution	\$ 68,245	
Employee Contribution	27,815	
Investment Earnings		
Interest	<u>220</u>	\$ <u>162</u>
Total Additions	<u>96,280</u>	<u>162</u>
DEDUCTIONS		
Unemployment Compensation Claims	<u>76,688</u>	<u>-</u>
Total Deductions	<u>76,688</u>	<u>-</u>
Change in Net Position	19,592	162
Net Position, Beginning of Year	<u>36,772</u>	<u>32,886</u>
Net Position, End of Year	<u>\$ 56,364</u>	<u>\$ 33,048</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**UPPER SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

During the 2012/13 fiscal year, the District adopted the following GASB statements:

- GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.
- GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.
- GASB 65, *Items Previously Reported as Assets and Liabilities*, although not required to be implemented until next year, the District elected to apply the statement to the current year financial statements. This Statement establishes accounting and financial reporting standards that reclassify, 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.

**UPPER SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB 66, *Technical Corrections – 2012, an Amendment of GASB Statements 10 and 62*, will be effective beginning with the fiscal year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
- GASB 67, *Financial Reporting for Pension Plans, an Amendment of GASB 25*, will be effective beginning with the fiscal year ending June 30, 2014. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.
- GASB 68, *Accounting and Financial Reporting for Pensions*, will be effective beginning with the fiscal year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.

C. Basis of Presentation - Financial Statements

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the District's enterprise funds.

District-Wide Financial Statements

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

UPPER SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements (Continued)

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

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

Fund Financial Statements

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental funds to be major funds and all of its enterprise funds to be nonmajor funds.

The District reports the following major governmental funds:

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

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

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

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

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

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

UPPER SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (continued)

Additionally, the government reports the following fund types:

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

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

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

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

**UPPER SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Capital Assets

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

**UPPER SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

3. Capital Assets (Continued)

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

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

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

4. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding which results from the loss on a debt refunding reported in the district-wide statement of net position. A deferred charge on debt refunding results from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

5. Compensated Absences

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

6. Long-Term Obligations

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Losses resulting from debt refundings are classified as deferred outflows or resources. Bond premiums are deferred and amortized over the life of the bonds using the effective interest method. Losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported net of the applicable bond premium. Bond issuance costs is treated as an expense.

UPPER SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

6. Long-Term Obligations (Continued)

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

7. Net Position/Fund Balance

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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

Excess Surplus – Designated for Subsequent Year's Budget - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2012 audited excess surplus that was appropriated in the 2013/2014 original budget certified for taxes.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2013 audited excess surplus that is required to be appropriated in the 2014/2015 original budget certified for taxes.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures.

UPPER SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

7. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Restricted Fund Balance (continued)

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

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

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

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

Designated for Subsequent Year's Budget – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2013/2014 District budget certified for taxes.

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

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

**UPPER SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

2. *Property Taxes*

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

3. *Tuition Revenues and Expenditures*

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

Tuition Expenditures - Tuition charges for the fiscal years 2011-2012 and 2012-2013 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

4. *Proprietary Funds, Operating and Non-Operating Revenues and Expenses*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service and LEAP Program enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**UPPER SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the district-wide statement of net position

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

Bonds Payable	\$ 8,462,965
Add:	
Issuance Premium (to be amortized as interest expense)	349,580
Loans Payable	51,542
Capital Leases Payable	188,734
Compensated Absences	<u>658,737</u>
 Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	 <u>\$ 9,711,558</u>

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district’s annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On February 6, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

**UPPER SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2012/2013. During 2012/2013 the Board increased the original budget by \$153,127. The increase was funded by, grant awards and the reappropriation of prior year general fund encumbrances.

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

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

B. Capital Reserve

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

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

**UPPER SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2013 is as follows:

Balance, July 1, 2012		\$ 1,448,739
Increases by		
Interest earnings	\$ 4,152	
Transfer Authorized by Board Resolution	<u>100,000</u>	
Total Increases		<u>104,152</u>
		1,552,891
Withdrawals		
Approved in District Budget		<u>(648,739)</u>
Balance, June 30, 2013		<u>\$ 904,152</u>

The June 30, 2013 LRFPP balance of local support costs of uncompleted capital projects is \$6,252,205. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan.

C. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2013 is \$2,055,117. Of this amount, \$998,350 was designated and appropriated in the 2013/2014 original budget certified for taxes and the remaining amount of \$1,056,767 will be appropriated in the 2014/2015 original budget certified for taxes.

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

**UPPER SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Bank balances for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2013, the book value of the Board's deposits were \$4,568,320 and bank and brokerage firm balances of the Board's deposits amounted to \$5,463,389. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured \$ 5,463,389

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2013 none of the Board's bank balance was exposed to custodial credit risk as follows:

Investments

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

As of June 30, 2013, the Board had no outstanding investments.

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

B. Receivables

Receivables as of June 30, 2013 for the district's individual major funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Receivables:			
Intergovernmental	\$ 43,468	\$ 51,047	\$ 94,515
Gross Receivables	43,468	51,047	94,515
Less: Allowance for Uncollectibles	-	-	-
Net Total Receivables	<u>\$ 43,468</u>	<u>\$ 51,047</u>	<u>\$ 94,515</u>

**UPPER SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

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

	Balance <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2013</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 100,820	-	-	\$ 100,820
Total Capital Assets, Not Being Depreciated	<u>100,820</u>	<u>-</u>	<u>-</u>	<u>100,820</u>
Capital Assets, Being Depreciated:				
Buildings	20,971,918			20,971,918
Improvements Other Than Buildings	1,390,429	\$ 1,090,160		2,480,589
Machinery and Equipment	2,174,712	131,830	\$ (80,675)	2,225,867
Total Capital Assets Being Depreciated	<u>24,537,059</u>	<u>1,221,990</u>	<u>(80,675)</u>	<u>25,678,374</u>
Less Accumulated Depreciation for:				
Buildings	(7,776,195)	(306,378)		(8,082,573)
Improvements Other Than Buildings	(564,668)	(219,425)		(784,093)
Machinery and Equipment	(1,406,661)	(120,011)	52,768	(1,473,904)
Total Accumulated Depreciation	<u>(9,747,524)</u>	<u>(645,814)</u>	<u>52,768</u>	<u>(10,340,570)</u>
Total Capital Assets, Being Depreciated, Net	<u>14,789,535</u>	<u>576,176</u>	<u>(27,907)</u>	<u>15,337,804</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,890,355</u>	<u>\$ 576,176</u>	<u>\$ (27,907)</u>	<u>\$ 15,438,624</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 4,650	\$ -	\$ -	\$ 4,650
Total Capital Assets, Being Depreciated	<u>4,650</u>	<u>-</u>	<u>-</u>	<u>4,650</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(1,137)	(930)	-	(2,067)
Total Accumulated Depreciation	<u>(1,137)</u>	<u>(930)</u>	<u>-</u>	<u>(2,067)</u>
Total Capital Assets, Being Depreciated, Net	<u>3,513</u>	<u>(930)</u>	<u>-</u>	<u>2,583</u>
Business-Type Activities Capital Assets, Net	<u>\$ 3,513</u>	<u>\$ (930)</u>	<u>\$ -</u>	<u>\$ 2,583</u>

**UPPER SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental Activities:

Instruction		
Regular		\$ 19,019
Support Services		
Support Services-Students		11,467
School Administration		26,838
Operations and Maintenance of Plant		<u>588,490</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 645,814</u>
Business-Type Activities		
Food Service Fund		<u>\$ 930</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2013, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue	\$ 48,916
General Fund	Agency Fund	1,017
Student Activity Fund	Agency Fund	<u>70</u>
Total		<u>\$ 50,003</u>

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

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

**UPPER SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Capital Leases (Note: Other than Certificates of Participation)

The District is leasing copiers totaling \$228,866 under capital leases. The leases are for terms of 5 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013 were as follows:

<u>Fiscal</u> <u>Year Ending June 30</u>	<u>Governmental</u> <u>Activities</u>
2014	51,300
2015	51,300
2016	48,420
2017	38,260
2018	17,940
Total minimum lease payments	207,220
Less: amount representing interest	<u>(18,486)</u>
Present value of minimum lease payments	<u>\$ 188,734</u>

G. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2013 are comprised of the following issues:

\$6,480,000, 2004 Refunding Bonds, due in annual installments of \$600,000 to \$690,000 through December 15, 2019, interest at 3.75% - 4.60%	\$4,525,000
\$2,847,655, 2009 School Bonds, due in semi-annual installments of \$77,986 to \$80,076 through June 15, 2014, interest at 5.36%	158,062
\$715,775, 2009 School Bonds, due in annual installments of \$47,718 to \$47,719 through December 15, 2023, interest at 1.21%	524,903

**UPPER SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

General Obligation Bonds (Continued)

\$3,255,000, 2012 Refunding Bonds, due in annual installments of \$150,000 to \$380,000 through July 15, 2023, interest at 2.00% to 4.00%	<u>\$3,255,000</u>
	<u>\$8,462,965</u>

Intergovernmental Loan Payable

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

Loans payable at June 30, 2013 are comprised of the following:

\$187,500, 1993 Loan due in Semi-annual Installment of \$9,869 Through July 15, 2013, interest at 1.50%	\$9,869
\$562,500, 1993 Loan due in Semi-annual installment of \$41,673 through July 15, 2013, interest at 5.288%	<u>41,673</u>
Grand Total	<u>\$51,542</u>

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

Governmental Activities:

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Intergovernmental Loan</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2014	\$ 955,780	\$ 277,860	\$ 51,542	\$ 1,175	\$ 1,286,357
2015	997,718	234,305			1,232,023
2016	1,022,718	195,108			1,217,826
2017	1,057,718	157,362			1,215,080
2018	1,082,718	119,372			1,202,090
2019-2023	3,058,594	165,604			3,224,198
2029-2033	<u>287,719</u>	<u>2,689</u>	<u>-</u>	<u>-</u>	<u>290,408</u>
	<u>\$ 8,462,965</u>	<u>\$ 1,152,300</u>	<u>\$ 51,542</u>	<u>\$ 1,175</u>	<u>\$ 9,667,982</u>

**UPPER SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2013 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 86,686,851
Less: Net Debt	<u>8,514,507</u>
Remaining Borrowing Power	<u>\$ 78,172,344</u>

Advance Refundings of Debt

On December 18, 2012, the District issued \$3,255,000 in Refunding School Bonds, Series 2012 having interest rates of 2.00% to 4.00%. These bonds were issued in order to advance refund certain principal maturities and certain interest payments of various School District Bonds of the District. The total bond principal defeased was \$3,285,806 and the total interest payments defeased was \$1,051,469. The net proceeds of \$3,501,204 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the advance refunding met the requirements of an in-substance debt defeasance and the refunded bond liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$215,398. This amount has been reported as a Deferred Outflow of Resources on the financial statements and amortized over the remaining life of the new debt issued. This advance refunding was undertaken to reduce total debt service payment over the current and next 12 years by \$574,105 and resulted in an economic gain of \$528,470.

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2013, was as follows:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
Serial Bonds Payable	\$ 9,406,406	\$ 3,255,000	\$ 4,198,441	\$ 8,462,965	\$ 955,780
Add:					
Unamortized Premium	<u>77,330</u>	<u>284,828</u>	<u>12,578</u>	<u>349,580</u>	<u>-</u>
	9,483,736	3,539,828	4,211,019	8,812,545	955,780
Capital Leases Payable	179,919	\$ 80,724	71,909	188,734	43,710
Loans Payable	101,305		49,763	51,542	51,542
Compensated Absences	<u>643,109</u>	<u>44,101</u>	<u>28,473</u>	<u>658,737</u>	<u>28,473</u>
Governmental Activity Long-Term Liabilities	<u>\$ 10,408,069</u>	<u>\$ 3,664,653</u>	<u>\$ 4,361,164</u>	<u>\$ 9,711,558</u>	<u>\$ 1,079,505</u>

**UPPER SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Changes in Long-Term Liabilities (Continued)

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

NOTE 5 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

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

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

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

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

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

Fiscal Year Ended <u>June 30,</u>	<u>Board Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013	\$ 68,245	\$ 27,815	\$ 76,688	\$ 56,364
2012	52,824	26,305	63,659	36,772
2011	41,565	24,638	56,504	21,194

**UPPER SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 5 OTHER INFORMATION (Continued)

D. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2013, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

E. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2013, the District has not estimated its arbitrage earnings due to the IRS, if any. A financial review was performed as of June 30, 2011 and the Board did not have an arbitrage liability due to the IRS.

F. Employee Retirement Systems and Pension Plans

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

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

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

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

**UPPER SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 5 OTHER INFORMATION (Continued)

F. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds

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

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

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

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

Basis of Accounting

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

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

The legislation's provisions impacting employee pension and health benefits include:

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- It increased the TPAF and PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members takes place in July of each subsequent fiscal year.

**UPPER SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 5 OTHER INFORMATION (Continued)

F. Employee Retirement Systems and Pension Plans (Continued)

Significant Legislation (Continued)

- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

Investment Valuation

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

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

Funding Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 67.5 percent with an unfunded actuarial accrued liability of \$41.7 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 60.8 percent and \$30.1 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 77.5 percent and \$11.6 billion.

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

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

Actuarial Methods and Assumptions

In the July 1, 2011 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) a revised investment rate of return for all retirement systems from 8.25 percent to 7.95 percent and (b) revised projected salary increases of 4.52 percent for the PERS and 3.90 percent for TPAF.

**UPPER SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 5 OTHER INFORMATION (Continued)

F. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.5% for PERS, 6.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2013 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2013, 2012 and 2011 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2013	\$ 221,628	\$ 573,082	\$ 4,155
2012	236,238	297,527	6,690
2011	218,750	27,936	None

The State contributed \$573,082 and \$297,527 during 2012/2013 and 2011/2012, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2010/2011, the State did not contribute to the TPAF for normal cost and accrued liability; however, the State contributed \$27,936 for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$680,643 during 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, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

UPPER SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 5 OTHER INFORMATION (Continued)

G. Post-Retirement Medical Benefits

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 566 state and local participating employers and contributing entities for Fiscal Year 2012.

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

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

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

Basis of Accounting

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

Significant Legislation

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

**UPPER SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 5 OTHER INFORMATION (Continued)

G. Post-Retirement Medical Benefits (Continued)

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the State had a \$48.9 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$18.0 billion for state active and retired members and \$30.9 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

Actuarial Methods and Assumptions

In the July 1, 2011, actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2012, there were 97,661, retirees receiving post-retirement medical benefits and the State contributed \$958.9 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

**UPPER SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 5 OTHER INFORMATION (Continued)

G. Post-Retirement Medical Benefits Contributions (Continued)

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2013, 2012 and 2011 were \$648,010, \$598,107 and \$593,367, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

NOTE 6 RESTATEMENT

On July 1, 2012, the Upper Saddle River Board of Education implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities". The Upper Saddle River Board of Education has determined that the effect of implementing these accounting changes on the financial statements previously reported as of and for the year ended June 30, 2012 was to eliminate in the District-wide statement of net position the deferred charge related to debt issuance costs in the amount of \$117,149 with a corresponding reduction in the net investment in capital assets component of net position. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2012 from \$9,098,788 as originally reported to \$8,981,639 as adjusted for the effects of the change in accounting principle.

BUDGETARY COMPARISON SCHEDULES

**UPPER SADDLE RIVER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Local Property Tax Levy	\$ 19,713,654		\$ 19,713,654	\$ 19,713,654	
Tuition	181,050		181,050	206,385	\$ 25,335
Interest on Investments		\$ 10,000	10,000	12,321	2,321
Miscellaneous	87,450	(10,000)	77,450	88,038	10,588
Total Local Sources	19,982,154	-	19,982,154	20,020,398	38,244
State Sources					
Special Education Aid	452,860		452,860	452,860	-
Security Aid	19,302		19,302	19,302	-
Transportation Aid	34,439		34,439	34,439	-
Nonpublic School Transportation				9,918	9,918
Extraordinary Aid				235,925	235,925
On-behalf TPAF (Non-Budget)					
Pension Contribution - Normal Cost				544,437	544,437
NCGI Premium				28,645	28,645
Post Retirement Medical Benefits				648,010	648,010
Soc. Sec. Contr.	-	-	-	680,643	680,643
Total State Sources	506,601	-	506,601	2,654,179	2,147,578
Total Revenues	20,488,755	-	20,488,755	22,674,577	2,185,822
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	542,900	-	542,900	536,508	6,392
Grades 1-5	3,138,729	31,830	3,170,559	3,170,559	-
Grades 6-8	2,331,569	(11,237)	2,320,332	2,314,791	5,541
Regular Programs - Home Instruction					
Salaries of Teachers					
Purchased Prof. - Ed. Services	11,450	(11,185)	265	-	265
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction					
General Supplies	217,900	(48,640)	169,260	168,707	553
Textbooks	749,919	(9,936)	739,983	720,207	19,776
	13,850	18,540	32,390	31,341	1,049
Total Instruction Regular Programs	7,006,317	(15,599)	6,990,718	6,957,142	33,576
Learning and/or Language Disabilities					
Salaries of Teachers					
General Supplies	161,500	(2,828)	158,672	134,389	24,283
	8,510	(2,600)	5,910	3,297	2,613
Total Learning and/or Language Disabilities	170,010	(5,428)	164,582	137,686	26,896
Resource Room					
Salaries of Teachers					
Other Salaries for Instruction	758,700	(3,421)	755,279	703,667	51,612
General Supplies	310,000	3,421	313,421	280,970	32,451
Textbooks	14,550	-	14,550	13,334	1,216
	250	-	250	-	250
Total Resource Room	1,083,500	-	1,083,500	997,971	85,529
Preschool Disabilities - Part Time					
Salaries of Teachers					
General Supplies	103,300	-	103,300	101,400	1,900
	850	75	925	925	-
Total Preschool Disabilities - Part Time	104,150	75	104,225	102,325	1,900

**UPPER SADDLE RIVER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Home Instruction					
Purchased Professional - Educational Services	\$ 185,892	\$ 6,922	\$ 192,814	\$ 97,434	\$ 95,380
Total Home Instruction	185,892	6,922	192,814	97,434	95,380
Total Special Education	1,543,552	1,569	1,545,121	1,335,416	209,705
Basic Skills / Remedial - Instruction:					
Salaries of Teachers	94,900	(3,500)	91,400	90,640	760
General Supplies	750	-	750	-	750
Total Basic Skills/Remedial	95,650	(3,500)	92,150	90,640	1,510
Bilingual Education					
Salaries of Teachers	28,000	3,596	31,596	31,596	
General Supplies	1,200	(96)	1,104	599	505
Total Bilingual Education	29,200	3,500	32,700	32,195	505
School Sponsored Co/Extra Curricular Activities					
Salaries	46,500	-	46,500	24,801	21,699
Supplies and Materials	10,550	-	10,550	9,279	1,271
Total School Sponsored Co/Extra Curricular Activities	57,050	-	57,050	34,080	22,970
School Sponsored Athletics - Instruction					
Salaries	41,400	-	41,400	36,225	5,175
Purchased Services	8,000	-	8,000	5,000	3,000
Supplies and Materials	8,800	-	8,800	7,271	1,529
Total School Sponsored Athletics	58,200	-	58,200	48,496	9,704
Total - Instruction	8,789,969	(14,030)	8,775,939	8,497,969	277,970
Undistributed Expenditures					
Instruction					
Tuition to Other LEA's Within the State	451,697	-	451,697	328,901	122,796
Tuition to CSSD & Reg Day School	181,950	-	181,950	146,216	35,734
Tuition to Priv. Sch. For Disabled Within the State	812,165	(41,580)	770,585	689,786	80,799
Total Undistributed Expenditures - Instruction	1,445,812	(41,580)	1,404,232	1,164,903	239,329
Health Services					
Salaries	206,600	2,054	208,654	208,654	-
Purchased Professional and Technical Services	1,800	-	1,800	1,800	
Supplies and Materials	9,690	2,471	12,161	11,904	257
Total Health Services	218,090	4,525	222,615	222,358	257
Speech, OT, PT & Related Services					
Salaries	330,700	11,993	342,693	342,693	-
Purchased Prof. - Ed. Services	120,211	(11,993)	108,218	95,672	12,546
Supplies and Materials	2,400	-	2,400	2,290	110
Total Speech, OT, PT & Related Services	453,311	-	453,311	440,655	12,656
Other Support Services - Students - Extraordinary Svcs					
Salaries	60,000	41,580	101,580	101,386	194
Total Other Support Services - Students - Extraordinary Services	60,000	41,580	101,580	101,386	194

**UPPER SADDLE RIVER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Guidance					
Salaries of Other Professional Staff	\$ 272,200	\$ (4,014)	\$ 268,186	\$ 263,587	\$ 4,599
Salaries of Secretarial and Clerical Assistants	98,447	(2,046)	96,401	65,969	30,432
Supplies and Materials	4,300	1,981	6,281	6,140	141
Total Guidance	<u>374,947</u>	<u>(4,079)</u>	<u>370,868</u>	<u>335,696</u>	<u>35,172</u>
Child Study Team					
Salaries of Other Professional Staff	615,100	11,571	626,671	626,671	-
Salaries of Secretarial and Clerical Assistants	46,800	-	46,800	46,129	671
Purchased Prof. - Ed. Services	27,000	(6,473)	20,527	16,019	4,508
Other Purchased Prof. and Technical Services	36,936	(9,482)	27,454	10,062	17,392
Supplies and Materials	21,625	1,977	23,602	23,602	-
Other Objects	3,080	2,407	5,487	4,687	800
Total Child Study Team	<u>750,541</u>	<u>-</u>	<u>750,541</u>	<u>727,170</u>	<u>23,371</u>
Instructional Staff Training Services					
Salaries of Other Professional Staff	20,000	7,144	27,144	27,144	-
Purchased Prof. - Ed. Services	53,000	(5,684)	47,316	42,274	5,042
Other Purchased Professional and Tech Services	96,852	(10,550)	86,302	61,957	24,345
Other Purchased Services	4,300	1,014	5,314	3,968	1,346
Supplies and Materials	6,000	7,686	13,686	13,686	-
Other Objects	1,000	-	1,000	974	26
Total Instructional Staff Training Services	<u>181,152</u>	<u>(390)</u>	<u>180,762</u>	<u>150,003</u>	<u>30,759</u>
Improvement of Instructional Services					
Salaries of Supervisor of Instruction	69,800	11,123	80,923	80,923	-
Salaries of Other Professional Staff	-	53,877	53,877	39,323	14,554
Purchased Prof. - Ed. Services	65,000	(65,000)	-	-	-
Supplies and Materials	5,000	-	5,000	4,200	800
Total Improvement of Instructional Services	<u>139,800</u>	<u>-</u>	<u>139,800</u>	<u>124,446</u>	<u>15,354</u>
Educational Media Services/School Library					
Salaries	210,000	(1,701)	208,299	208,299	-
Salaries of Technology Coordinators	132,800	787	133,587	133,587	-
Supplies and Materials	34,355	1,143	35,498	34,448	1,050
Total Educational Media Services/School Library	<u>377,155</u>	<u>229</u>	<u>377,384</u>	<u>376,334</u>	<u>1,050</u>
Support Services General Administration					
Salaries	276,600	(2,008)	274,592	274,592	-
Legal Services	50,000	(35,871)	14,129	11,554	2,575
Audit Services	25,000	19,300	44,300	19,400	24,900
Other Purchased Professional Service	6,000	32,710	38,710	8,710	30,000
Purchased Technical Services	41,630	4,099	45,729	44,694	1,035
Communications/Telephone	105,779	(1,872)	103,907	73,395	30,512
BOE Other Purchased Services	9,500	(273)	9,227	9,227	-
Miscellaneous Purchased Services	28,000	(1,960)	26,040	20,838	5,202
General Supplies	22,600	(3,101)	19,499	12,839	6,660
Miscellaneous Expenditures	21,775	-	21,775	19,514	2,261
Total Support Services General Administration	<u>586,884</u>	<u>11,024</u>	<u>597,908</u>	<u>494,763</u>	<u>103,145</u>
Support Services School Administration					
Salaries of Principals/Asst. Principals	590,100	(47,262)	542,838	542,838	-
Salaries of Secretarial and Clerical Assistants	178,100	46,809	224,909	224,909	-
Lease Agreements	59,000	(7,518)	51,482	51,482	-
Other Purchased Services	3,805	(1,174)	2,631	2,631	-
Supplies and Materials	40,808	5,687	46,495	46,495	-
Other Objects	4,850	3,883	8,733	8,733	-
Total Support Services School Administration	<u>876,663</u>	<u>425</u>	<u>877,088</u>	<u>877,088</u>	<u>-</u>

**UPPER SADDLE RIVER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Central Services					
Salaries	\$ 335,000	\$ 5,311	\$ 340,311	\$ 340,311	
Purchased Technical Services	10,000	(178)	9,822	9,732	\$ 90
General Supplies	9,000	2,513	11,513	11,513	
Miscellaneous Expenditures	5,500	3,740	9,240	9,240	-
Total Central Services	359,500	11,386	370,886	370,796	90
Required Maintenance for School Facilities					
Salaries	103,400	(25,000)	78,400	77,650	750
Cleaning, Repair, and Maint. Services	346,675	103,480	450,155	423,375	26,780
General Supplies	35,500	-	35,500	32,957	2,543
Total Required Maintenance of School Facilities	485,575	78,480	564,055	533,982	30,073
Custodial Services					
Salaries	848,700	(20,160)	828,540	805,324	23,216
Cleaning, Repair, and Maintenance Services	59,044	(15,206)	43,838	29,639	14,199
Other Purchase Property Services	1,000		1,000	431	569
Insurance	125,000	(11,461)	113,539	110,365	3,174
General Supplies	104,000	11,461	115,461	114,747	714
Energy (Natural Gas)	118,000	30,294	148,294	145,302	2,992
Energy (Electricity)	235,000	(21,487)	213,513	213,513	-
Energy (Oil)	4,000	(1,308)	2,692	2,174	518
Other Objects	12,775	-	12,775	5,070	7,705
Total Custodial Services	1,507,519	(27,867)	1,479,652	1,426,565	53,087
Student Transportation Services					
Contracted Services (Between Home & School) - Vendors	179,000	(51,969)	127,031	110,009	17,022
Contracted Services - Aid in Lieu Pymets - Non Public Schools		51,969	51,969	47,971	3,998
Contracted Services (Other Than Between Home & School) - Vendors	32,000		32,000	25,844	6,156
Contracted Services (Special Education) - Joint Agreement	426,000	-	426,000	232,319	193,681
Total Student Transportation Services	637,000	-	637,000	416,143	220,857
Unallocated Benefits - Employee Benefits					
Social Security Contributions	250,000		250,000	230,997	19,003
Other Retirement Contributions - PERS	254,000	(32,372)	221,628	221,628	-
Other Retirement Contributions - DCRP		11,969	11,969	4,155	7,814
Unemployment Compensation	100,000	-	100,000	68,246	31,754
Workmen's Compensation	130,000	(40,244)	89,756	89,756	-
Health Benefits	3,114,140	(39,530)	3,074,610	2,998,077	76,533
Tuition Reimbursement	80,000	-	80,000	33,502	46,498
Total Unallocated Benefits-Employee Benefits	3,928,140	(100,177)	3,827,963	3,646,361	181,602
On-behalf TPAF (Non-Budget)					
Pension Contribution - Normal Cost				544,437	(544,437)
NCGI Premium				28,645	(28,645)
Post Retirement Medical Benefits				648,010	(648,010)
Social Security Contr.	-	-	-	680,643	(680,643)
Total TPAF - On-Behalf	-	-	-	1,901,735	(1,901,735)
Total Undistributed Expenditures	12,382,089	(26,444)	12,355,645	13,310,384	(954,739)
Total Current Expenditures	21,172,058	(40,474)	21,131,584	21,808,353	(676,769)

**UPPER SADDLE RIVER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures - Instruction	\$ 83,000	\$ (4,554)	\$ 78,446	\$ 78,446	
Undistributed Expenditures - Support Services - Students - Reg.	-	17,764	17,764	17,764	\$ -
Total Undistributed Expenditures	<u>83,000</u>	<u>13,210</u>	<u>96,210</u>	<u>96,210</u>	<u>-</u>
Facilities Acquisition and Construction Services					
Construction Services	981,191	42,621	1,023,812	1,023,812	-
Land and Improvements	-	66,348	66,348	66,348	-
Total Facilities Acquisition and Construction Services	<u>981,191</u>	<u>108,969</u>	<u>1,090,160</u>	<u>1,090,160</u>	<u>-</u>
Assets Acquired under Capital Leases (Non-Budgeted)					
Support Services - Copiers	-	-	-	80,724	(80,724)
Total Assets Acquired Under Capital Leases (Non-Budgeted)	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,724</u>	<u>(80,724)</u>
Total Capital Outlay	<u>1,064,191</u>	<u>122,179</u>	<u>1,186,370</u>	<u>1,267,094</u>	<u>(80,724)</u>
Total General Fund Expenditures	<u>22,236,249</u>	<u>81,705</u>	<u>22,317,954</u>	<u>23,075,447</u>	<u>(757,493)</u>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	<u>(1,747,494)</u>	<u>(81,705)</u>	<u>(1,829,199)</u>	<u>(400,870)</u>	<u>1,428,329</u>
Other Financing Sources					
Capital Leases (Non-Budgeted)	-	-	-	80,724	80,724
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,724</u>	<u>80,724</u>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	<u>(1,747,494)</u>	<u>(81,705)</u>	<u>(1,829,199)</u>	<u>(320,146)</u>	<u>1,509,053</u>
Fund Balances, Beginning of Year	<u>4,298,768</u>	<u>-</u>	<u>4,298,768</u>	<u>4,298,768</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 2,551,274</u>	<u>\$ (81,705)</u>	<u>\$ 2,469,569</u>	<u>\$ 3,978,622</u>	<u>\$ 1,509,053</u>
Recapitulation					
Restricted Fund Balance:					
Excess Surplus - Designated for Subsequent Year's Budget				\$ 998,350	
Excess Surplus				1,056,767	
Capital Reserve				904,152	
Committed Fund Balance					
Year-End Encumbrances				54,900	
Assigned Fund Balance:					
Designated for Subsequent Year's Budget				226,494	
Year-End Encumbrances				70,256	
Unassigned Fund Balance				<u>667,703</u>	
				3,978,622	
Reconciliation to Governmental Fund Statements (GAAP)					
Receivables Not Recognized on a GAAP Basis					
State Aid			\$ 61,155		
Extraordinary Aid			<u>235,925</u>		
				<u>297,080</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 3,681,542</u>	

**UPPER SADDLE RIVER BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State		\$ 3,144	\$ 3,144	\$ 1,013	\$ (2,131)
Federal	\$ 230,000	68,278	298,278	277,055	(21,223)
Total Revenues	230,000	71,422	301,422	278,068	(23,354)
EXPENDITURES					
Instruction					
Textbooks	-	687	687	-	687
Total Instruction	-	687	687	-	687
Support Services					
Other Salaries for Instruction	215,000	50,083	265,083	265,082	1
Purchased Prof. and Technical Services		953	953	788	165
Purchased Professional/Educational Services	15,000	19,445	34,445	11,973	22,472
Supplies	-	254	254	225	29
Total Support Services	230,000	70,735	300,735	278,068	22,667
Total Expenditures	230,000	71,422	301,422	278,068	23,354
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

**UPPER SADDLE RIVER BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) revenue from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 22,674,577	\$ 278,068
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements - Current Year	(297,080)	
State Aid payment recognized for GAAP statements, not recognized for budgetary purposes - Prior Year	<u>310,319</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 22,687,816</u>	<u>\$ 278,068</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) total outflows from the budgetary comparison schedule (Exhibits C-1 and C-2)	<u>\$ 23,075,447</u>	<u>\$ 278,068</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 23,075,447</u>	<u>\$ 278,068</u>

SPECIAL REVENUE FUND

UPPER SADDLE RIVER BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>N.C.L.B.</u>	<u>I.D.E.I.A. Part B</u>		<u>New Jersey Nonpublic</u>		<u>Total</u>
	<u>Title II Part A</u>	<u>Basic</u>	<u>Preschool</u>	<u>Technology</u>	<u>Nursing Services</u>	
REVENUES						
Intergovernmental						
State				\$ 225	\$ 788	\$ 1,013
Federal	\$ 11,973	\$ 252,103	\$ 12,979	-	-	277,055
Total Revenues	<u>11,973</u>	<u>252,103</u>	<u>12,979</u>	<u>225</u>	<u>788</u>	<u>278,068</u>
EXPENDITURES						
Support Services						
Other Salaries for Instruction		252,103	12,979			265,082
Purchased Prof. and Technical Services					788	788
Purchased Prof. Ed. Services	11,973					11,973
Supplies	-	-	-	225	-	225
Total Support Services	<u>11,973</u>	<u>252,103</u>	<u>12,979</u>	<u>225</u>	<u>788</u>	<u>278,068</u>
Total Expenditures	<u>11,973</u>	<u>252,103</u>	<u>12,979</u>	<u>225</u>	<u>788</u>	<u>278,068</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures						
Fund Balance, Beginning of Year	-	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ENTERPRISE FUNDS

**UPPER SADDLE RIVER BOARD OF EDUCATION
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2013**

	<u>Food Service</u>	<u>LEAP Program</u>	<u>Total NonMajor Enterprise Funds</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 5,222	\$ 64,603	\$ 69,825
Capital Assets			
Furniture, Machinery, and Equipment	4,650		4,650
Less: Accumulated Depreciation	<u>(2,067)</u>	<u>-</u>	<u>(2,067)</u>
Total Capital Assets	<u>2,583</u>	<u>-</u>	<u>2,583</u>
Total Assets	<u>7,805</u>	<u>64,603</u>	<u>72,408</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	<u>2,096</u>	<u>-</u>	<u>2,096</u>
Total Current Assets	<u>2,096</u>	<u>-</u>	<u>2,096</u>
NET POSITION			
Net Investment in Capital Assets	2,583		2,583
Unrestricted	<u>3,126</u>	<u>64,603</u>	<u>67,729</u>
Total Net Position	<u>\$ 5,709</u>	<u>\$ 64,603</u>	<u>\$ 70,312</u>

**UPPER SADDLE RIVER BOARD OF EDUCATION
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Food Service</u>	<u>LEAP Program</u>	<u>Total NonMajor Enterprise Funds</u>
OPERATING REVENUES			
Charges for Services			
Daily Sales	\$ 12,203		\$ 12,203
Program Fees	-	\$ 56,030	56,030
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	12,203	56,030	68,233
	<hr/>	<hr/>	<hr/>
OPERATING EXPENSES			
Salaries and Wages	4,050	29,215	33,265
Cost of Sales	7,650		7,650
Other Purchase Services		6,614	6,614
Supplies and Materials		6,014	6,014
Depreciation Expense	930	-	930
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	12,630	41,843	54,473
	<hr/>	<hr/>	<hr/>
Operating Income (Loss)	(427)	14,187	13,760
	<hr/>	<hr/>	<hr/>
NONOPERATING REVENUES			
Interest Revenue	49	334	383
	<hr/>	<hr/>	<hr/>
Total Nonoperating Revenues	49	334	383
	<hr/>	<hr/>	<hr/>
Change in Net Position	(378)	14,521	14,143
Net Position, Beginning of Year	6,087	50,082	56,169
	<hr/>	<hr/>	<hr/>
Net Position, End of Year	<u>\$ 5,709</u>	<u>\$ 64,603</u>	<u>\$ 70,312</u>

**UPPER SADDLE RIVER BOARD OF EDUCATION
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Food Service</u>	<u>LEAP Program</u>	<u>Total NonMajor Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 12,203	\$ 56,030	\$ 68,233
Cash Payments for Employees Salaries	(4,050)	(29,215)	(33,265)
Cash Payments to Suppliers for Goods and Services	<u>(5,945)</u>	<u>(12,628)</u>	<u>(18,573)</u>
Net Cash Provided by Operating Activities	<u>2,208</u>	<u>14,187</u>	<u>16,395</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Interest on Investments	<u>49</u>	<u>334</u>	<u>383</u>
Net Cash Provided by Noncapital Financing Activities	<u>49</u>	<u>334</u>	<u>383</u>
Net Increase in Cash and Cash Equivalents	2,257	14,521	16,778
Cash and Cash Equivalents, Beginning of Year	<u>2,965</u>	<u>50,082</u>	<u>53,047</u>
Cash and Cash Equivalents, End of Year	<u>\$ 5,222</u>	<u>\$ 64,603</u>	<u>\$ 69,825</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (427)	\$ 14,187	\$ 13,760
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Change in Assets and Liabilities			
Depreciation	930		930
Increase/(Decrease) in Accounts Payable	<u>1,705</u>	<u>-</u>	<u>1,705</u>
Total Adjustments	<u>2,635</u>	<u>-</u>	<u>2,635</u>
Net Cash Provided by Operating Activities	<u>\$ 2,208</u>	<u>\$ 14,187</u>	<u>\$ 16,395</u>

FIDUCIARY FUNDS

**UPPER SADDLE RIVER BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2013**

	<u>Student</u>	<u>Agency</u>	
	<u>Activity</u>	<u>Payroll</u>	<u>Total</u>
ASSETS			
Cash	\$ 67,989	\$ 546,275	\$ 614,264
Due from Other Funds	<u>70</u>	<u>-</u>	<u>70</u>
Total Assets	<u>\$ 68,059</u>	<u>\$ 546,275</u>	<u>\$ 614,334</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 37,555	\$ 37,555
Accrued Salaries and Wages		501,083	501,083
Other Liabilities		6,550	6,550
Due to Other Funds		1,087	1,087
Due to Student Groups	<u>68,059</u>	<u>-</u>	<u>68,059</u>
Total Liabilities	<u>\$ 68,059</u>	<u>\$ 546,275</u>	<u>\$ 614,334</u>

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**UPPER SADDLE RIVER BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<u>School</u>	<u>Balance July 1, 2012</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2013</u>
Bogert	\$ 21,106	\$ 41,182	\$ 38,011	\$ 24,277
Reynolds	11,363	13,811	12,936	12,238
Cavallini	42,871	64,895	76,292	31,474
Due from Other Funds	<u>70</u>	<u>-</u>	<u>-</u>	<u>70</u>
Total	<u>\$ 75,410</u>	<u>\$ 119,888</u>	<u>\$ 127,239</u>	<u>\$ 68,059</u>

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

	<u>Balance, July 1, 2012</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2013</u>
<u>ASSETS</u>				
Cash	\$ 595,253	\$ 14,502,736	\$ 14,551,714	\$ 546,275
Totals	<u>\$ 595,253</u>	<u>\$ 14,502,736</u>	<u>\$ 14,551,714</u>	<u>\$ 546,275</u>
<u>LIABILITIES</u>				
Payroll Deductions and Withholdings	\$ 114,073	\$ 6,562,506	\$ 6,639,024	\$ 37,555
Accrued Salaries and Wages	473,033	7,939,180	7,911,130	501,083
Due to Other Funds	1,630	1,017	1,560	1,087
Other Liabilities	<u>6,517</u>	<u>33</u>	<u>-</u>	<u>6,550</u>
Totals	<u>\$ 595,253</u>	<u>\$ 14,502,736</u>	<u>\$ 14,551,714</u>	<u>\$ 546,275</u>

LONG-TERM DEBT

UPPER SADDLE RIVER BOARD OF EDUCATION
 SCHEDULE OF SERIAL BONDS PAYABLE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2012</u>	<u>Issued</u>	<u>Retirements</u>	<u>Balance, June 30, 2013</u>
			<u>Date</u>	<u>Amount</u>					
Serial Bonds	7/15/2001	\$ 2,322,000				\$ 1,277,000	\$ 1,277,000		
Refunding Bonds	12/15/2004	6,480,000	12/15/2013	600,000	4.500				
			12/15/2014	615,000	4.600				
			12/15/2015	630,000	4.000				
			12/15/2016	645,000	3.750				
			12/15/2017	665,000	3.750				
			12/15/2018	680,000	3.875				
			12/15/2019	690,000	4.000	5,110,000	585,000	\$ 4,525,000	
School Bonds (BCIA)	7/7/2009	2,847,655	12/15/2013	77,986	5.36 %	2,446,785	2,288,723	158,062	
			6/15/2014	80,076					
School Bonds (BCIA)	7/7/2009	715,775	12/15/2013-2018	47,718	1.21 %	572,621	-	524,903	
			12/15/2019-2023	47,719			47,718		
Refunding Bonds	11/29/2012	3,255,000	7/15/2013	150,000	3.00 %				
			7/15/2014	335,000	4.00				
			7/15/2015	345,000	3.00				
			7/15/2016	365,000	4.00				
			7/15/2017	370,000	3.00				
			7/15/2018-2019	380,000	3.00				
			7/15/2020	225,000	3.00				
			7/15/2021	230,000	2.00				
			7/15/2022	235,000	2.00				
			7/15/2023	240,000	2.00				
						3,255,000	-	3,255,000	
						\$ 9,406,406	\$ 4,198,441	\$ 8,462,965	
						Budget Appropriation	\$ 912,635		
						Refunded	3,285,806		
							\$ 4,198,441		

UPPER SADDLE RIVER BOARD OF EDUCATION
 SCHEDULE OF INTERGOVERNMENTAL LOANS PAYABLE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2012</u>	<u>Retirements</u>	<u>Balance, June 30, 2013</u>
N.J. Economic Development Authority: Safe School Fund	8/18/93	\$ 187,500	7/15/2013	\$ 9,869	1.500%	\$ 19,739	\$ 9,870	\$ 9,869
Small Projects Fund	8/18/93	562,500	7/15/2013	41,673	5.288%	81,566	39,893	41,673
						\$ 101,305	\$ 49,763	\$ 51,542

**UPPER SADDLE RIVER BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 980,396		\$ 980,396	\$ 980,396	
State Sources					
Type II Debt Service Aid	<u>324,124</u>	<u>-</u>	<u>324,124</u>	<u>324,124</u>	<u>-</u>
Total Revenues	<u>1,304,520</u>	<u>-</u>	<u>1,304,520</u>	<u>1,304,520</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	962,399		962,399	962,398	\$ 1
Interest	392,121		392,121	365,850	26,271
Cost of Issuance	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>68,625</u>	<u>(68,625)</u>
Total Expenditures	<u>1,354,520</u>	<u>-</u>	<u>1,354,520</u>	<u>1,396,873</u>	<u>(42,353)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(50,000)</u>	<u>-</u>	<u>(50,000)</u>	<u>(92,353)</u>	<u>(42,353)</u>
Other Financing Sources (Uses)					
Payments to Refunding Escrow Agent				(3,501,204)	(3,501,204)
Refunding Bond Proceeds				3,255,000	3,255,000
Premium on Issuance of Refunding Bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>284,828</u>	<u>284,828</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,624</u>	<u>38,624</u>
Net Change in Fund Balance	(50,000)	-	(50,000)	(53,729)	(3,729)
Fund Balance, Beginning of Year	<u>239,660</u>	<u>-</u>	<u>239,660</u>	<u>239,660</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 189,660</u>	<u>\$ -</u>	<u>\$ 189,660</u>	<u>\$ 185,931</u>	<u>\$ (3,729)</u>
Recapitulation of Fund Balance:					
Restricted					
Designated for Subsequent Year's Budget				\$ 50,000	
Available for Future Debt Service Expenditures				<u>135,931</u>	
				<u>\$ 185,931</u>	

**UPPER SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<u>Series</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Cancellation</u>	<u>Balance, June 30, 2013</u>
2010- Copiers	Various	80,675	\$ 44,357		\$ 16,450	\$ 27,907	
2011- Copiers	Various	12,320	7,852		2,454		\$ 5,398
2012-Copiers	Various	135,822	127,710		25,098		102,612
2013- Copiers	Various	80,724	-	<u>\$ 80,724</u>	-	-	<u>80,724</u>
			<u>\$ 179,919</u>	<u>\$ 80,724</u>	<u>\$ 44,002</u>	<u>\$ 27,907</u>	<u>\$ 188,734</u>

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

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

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities								(1)		
Net Investment in Capital Assets	\$ 1,518,618	\$ 2,976,343	\$ 3,185,721	\$ 3,684,903	\$ 3,916,045	\$ 4,595,911	\$ 4,749,158	\$ 5,005,659	\$ 5,440,930	\$ 6,875,092
Restricted	384,960	424,027	388,179	339,147	339,755	240,942	248,520	894,298	1,688,399	1,090,083
Unrestricted	1,044,398	796,074	709,754	539,766	486,551	458,871	1,100,250	1,236,119	1,852,310	2,059,799
Total Governmental Activities Net Position	\$ 2,947,976	\$ 4,196,444	\$ 4,283,654	\$ 4,563,816	\$ 4,742,351	\$ 5,295,724	\$ 6,097,928	\$ 7,136,076	\$ 8,981,639	\$ 10,024,974
Business-Type Activities										
Investment in Capital Assets	\$ 4,596	\$ 4,279	\$ 3,962	\$ 3,645	\$ 3,328	\$ 3,011	\$ 2,694	\$ 4,443	\$ 3,513	\$ 2,583
Unrestricted	4,713	2,179	906	1,159	833	5,438	41,754	43,003	52,656	67,729
Total Business-Type Activities Net Assets	\$ 9,309	\$ 6,458	\$ 4,868	\$ 4,804	\$ 4,161	\$ 8,449	\$ 44,448	\$ 47,446	\$ 56,169	\$ 70,312
District-Wide										
Net Investment in Capital Assets	\$ 1,523,214	\$ 2,980,622	\$ 3,189,683	\$ 3,688,548	\$ 3,919,373	\$ 4,598,922	\$ 4,751,852	\$ 5,010,102	\$ 5,444,443	\$ 6,877,675
Restricted	384,960	424,027	388,179	339,147	339,755	240,942	248,520	894,298	1,688,399	1,090,083
Unrestricted	1,049,111	798,233	710,660	540,925	487,384	464,309	1,142,004	1,279,122	1,904,966	2,127,528
Total District Net Position	\$ 2,957,285	\$ 4,202,902	\$ 4,288,522	\$ 4,568,620	\$ 4,746,512	\$ 5,304,173	\$ 6,142,376	\$ 7,183,522	\$ 9,037,808	\$ 10,095,286

Note 1 - Net Position at June 30, 2011 is restated to reflect the implementation of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities".

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

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities										
Instruction	\$ 7,999,961	\$ 8,393,068	\$ 8,743,084	\$ 9,056,227	\$ 9,637,823	\$ 9,086,495	\$ 9,399,908	\$ 9,271,906	\$ 8,964,853	\$ 9,881,525
Remainder	2,289,859	1,910,282	2,309,344	3,151,899	3,388,312	3,413,326	3,628,533	3,409,545	3,346,003	3,368,583
Special Education	355,472	383,171	287,113	209,509	712,034	749,749	247,671	131,803	124,623	137,514
Other Instruction	69,218	80,472	98,836	93,854	110,284	107,340	112,202	124,692	139,724	110,029
School Sponsored Activities And Athletics										
Support Services:										
Student And Instruction Related Services	2,281,326	2,723,911	2,761,407	2,763,917	2,883,730	2,903,425	3,016,212	2,972,735	3,206,907	3,490,179
School Administrative Services	779,218	897,977	924,818	1,020,128	1,023,266	1,027,017	1,071,839	1,127,290	1,163,359	1,217,660
General Administration	540,427	531,320	576,709	614,799	692,752	614,368	562,959	684,539	550,256	728,332
Plant Operations And Maintenance	1,777,167	2,180,330	2,353,748	2,312,371	2,478,070	2,492,157	2,660,729	2,600,157	2,852,597	2,956,625
Pupil Transportation	398,506	413,581	448,280	479,721	551,772	588,412	543,657	462,560	462,418	416,143
Business And Other Support Services	308,932	335,036	344,079	392,728	408,931	438,273	481,288	490,719	512,838	523,520
Interest On Long-Term Debt	582,437	576,020	519,538	495,927	449,997	417,104	549,943	501,379	475,877	416,959
Total Governmental Activities Expenses	17,382,523	18,427,168	19,366,956	20,811,080	21,856,971	21,337,666	22,276,941	21,977,125	21,799,455	23,227,069
Business-Type Activities:										
Food Service	7,296	11,644	8,778	9,329	10,113	17,223	8,677	17,269	12,512	12,630
LEAP Program							48,840	44,208	33,264	41,843
Total Business-Type Activities Expense	7,296	11,644	8,778	9,329	10,113	17,223	57,517	61,477	47,776	54,473
Total District Expenses	\$ 17,389,819	\$ 18,438,812	\$ 19,375,734	\$ 20,820,409	\$ 21,847,084	\$ 21,354,889	\$ 22,334,458	\$ 22,038,602	\$ 21,847,231	\$ 23,281,542
Program Revenues										
Governmental Activities:										
Charges For Services:										
Regular Education	\$ 173,400	\$ 192,682	\$ 187,661	\$ 56,929	\$ 69,920	\$ 59,475	\$ 69,807	\$ 141,746	\$ 214,800	\$ 206,385
Special Education	2,130,850	2,165,005	2,373,338	2,962,612	3,017,293	2,404,328	2,884,663	1,911,075	2,529,151	2,945,486
Operating Grants And Contributions					37,384					
Capital Grants And Contributions										
Total Governmental Activities Program Revenues	2,304,250	2,357,687	2,560,999	3,073,397	3,168,582	2,477,816	2,957,816	2,055,461	2,784,303	3,151,871
Business-Type Activities:										
Charges For Services:										
Food Service	3,732	3,685	2,884	2,926	3,020	13,980	13,879	12,973	11,692	12,203
LEAP Program	5,249	5,085	4,236	5,267	6,397	7,426	59,793	53,737	44,515	56,030
Operating Grants And Contributions										
Total Business Type Activities Program Revenues	8,981	8,770	7,120	8,193	9,417	21,406	73,672	66,710	56,207	68,233
Total District Program Revenues	\$ 2,313,231	\$ 2,366,457	\$ 2,568,119	\$ 3,083,590	\$ 3,177,999	\$ 2,499,222	\$ 3,031,488	\$ 2,122,171	\$ 2,840,510	\$ 3,220,104

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (Expense)/Revenue										
Governmental Activities	\$ (15,078,273)	\$ (16,059,481)	\$ (16,805,957)	\$ (17,735,683)	\$ (18,668,389)	\$ (18,859,850)	\$ (19,319,125)	\$ (19,921,664)	\$ (19,015,152)	\$ (20,075,198)
Business-Type Activities	1,685	(2,874)	(1,658)	(1,136)	(696)	4,183	16,155	5,233	8,431	13,760
Total District-Wide Net Expense	\$ (15,076,588)	\$ (16,072,355)	\$ (16,807,615)	\$ (17,736,819)	\$ (18,669,085)	\$ (18,855,667)	\$ (19,302,970)	\$ (19,916,431)	\$ (19,006,721)	\$ (20,061,438)
General Revenues And Other Changes In Net Position										
Governmental Activities:										
Property Taxes										
Levied For General Purposes	\$ 14,852,673	\$ 15,451,400	\$ 15,633,399	\$ 16,722,037	\$ 17,560,199	\$ 18,262,609	\$ 18,670,605	\$ 19,378,221	\$ 19,422,319	\$ 19,715,664
Levied For Debt Service	793,306	786,832	736,241	737,134	755,836	752,059	1,078,388	952,599	1,060,039	980,396
Unrestricted Grants And Contributions	76,579	101,207	101,868	104,502	127,106	42,448				
Restricted Grants And Contributions										
State Aid Reimbursed For Debt Service	300,024	297,289	295,251	293,149	292,640	291,741	290,479	415,494	293,733	324,124
Donations Of Capital Assets	16,000	56,425	91,699	155,911	98,659	29,130	24,375	23,168	8,672	13,321
Investment Earnings	17,979	30,033	34,711	2,112	12,484	35,236	57,482	190,530	75,952	88,058
Miscellaneous Income	317,664	43,861								
Total Governmental Activities	16,374,225	16,767,047	16,893,169	18,015,845	18,846,974	19,413,223	20,121,329	20,959,812	20,860,715	21,118,533
Business-Type Activities:										
Miscellaneous Income	25	23	68	1,000	53	105	373	459	292	383
Investment Earnings				72				(2,694)		
Loss on Disposal of Asset										
Total Business-Type Activities	-	-	-	1,072	53	105	373	(2,235)	292	383
Total District-Wide	\$ 16,374,225	\$ 16,767,047	\$ 16,893,169	\$ 18,016,917	\$ 18,846,977	\$ 19,413,328	\$ 20,121,702	\$ 20,957,577	\$ 20,861,007	\$ 21,118,916
Change In Net Position										
Governmental Activities	\$ 1,295,932	\$ 697,566	\$ 87,212	\$ 280,162	\$ 178,535	\$ 553,373	\$ 802,204	\$ 1,038,148	\$ 1,845,563	\$ 1,043,335
Business-Type Activities	1,685	(2,874)	(1,658)	(64)	(643)	4,288	16,528	2,998	8,723	14,143
Total District	\$ 1,297,637	\$ 694,692	\$ 85,554	\$ 280,098	\$ 177,892	\$ 557,661	\$ 818,732	\$ 1,041,146	\$ 1,854,286	\$ 1,057,478

UPPER SADDLE RIVER BOARD OF EDUCATION
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS

(Unaudited)
 (modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 1,449,686	\$ 1,109,538	\$ 1,268,811	\$ 994,438	\$ 918,278	\$ 1,103,287	\$ 1,255,044	\$ 1,780,231	\$ 3,087,116	\$ 3,009,269
Unreserved	514,429	716,190	398,926	417,472	441,122	460,211	684,482	85,317	47,949	54,900
Restricted								280,897	492,484	246,750
Committed								398,410	360,900	370,623
Assigned										
Unassigned										
Total General Fund	\$ 1,964,115	\$ 1,825,728	\$ 1,667,737	\$ 1,411,910	\$ 1,359,400	\$ 1,563,498	\$ 1,939,526	\$ 2,542,855	\$ 3,988,449	\$ 3,681,542
All Other Governmental Funds										
Reserved	\$ 47,767	\$ 31,752	\$ 1,000	\$ 18,000	\$ 1,182	\$ 1,681,435	\$ 26,945			
Unreserved	79,547	129,573	153,955	95,780	102,190	(2,000,116)	245,212	239,658	189,660	135,931
Restricted								5,901	50,000	50,000
Assigned										
Total All Other Governmental Funds	\$ 127,314	\$ 161,325	\$ 134,955	\$ 113,780	\$ 103,372	\$ (318,681)	\$ 272,157	\$ 245,559	\$ 239,660	\$ 185,931

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

UPPER SADDLE RIVER BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(Unaudited)
(modified accrual basis of accounting)

Fiscal Year Ended June 30,

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Property Tax Levy	\$ 15,645,979	\$ 16,238,232	\$ 16,359,640	\$ 17,460,171	\$ 18,316,035	\$ 19,014,668	\$ 19,748,993	\$ 20,330,820	\$ 20,482,358	\$ 20,694,050
Tuition Charges	173,400	192,682	187,661	112,785	113,905	73,488	75,153	144,386	255,152	206,385
Interest Earnings	17,979	30,033	91,699	155,911	98,659	29,130	24,375	23,168	8,672	12,321
Miscellaneous	316,664	43,861	34,711	2,112	12,484	35,236	57,482	190,330	75,952	88,038
State Sources	2,371,098	2,296,869	2,476,696	3,098,164	3,158,517	2,445,501	2,654,938	2,012,287	2,497,619	2,992,555
Federal Sources	236,555	266,632	291,778	262,099	278,522	293,016	520,184	314,282	325,265	277,055
Total Revenue	18,661,475	19,068,309	19,452,185	21,091,242	21,978,122	21,891,039	23,079,145	23,015,273	23,645,018	24,270,404
Expenditures										
Instruction										
Regular Instruction	7,786,420	8,343,710	8,651,138	9,035,154	9,471,914	9,109,569	9,397,296	9,179,194	8,924,721	9,857,895
Special Instruction	2,263,629	1,922,100	2,307,777	3,149,779	3,368,015	3,421,222	3,640,286	3,387,021	3,338,815	3,370,370
Other Instruction	347,196	383,212	285,918	229,509	212,034	249,749	247,671	131,803	124,623	137,514
School Sponsored Activities And Athletics	69,218	80,472	98,836	109,704	110,284	107,340	112,202	124,692	139,724	110,029
Support Services:										
Student And Inst. Related Services	2,234,708	2,725,019	2,742,425	2,748,195	2,869,296	2,897,483	2,991,137	2,971,734	3,186,664	3,467,674
General Administration	540,427	531,320	576,709	614,799	692,752	607,102	562,959	555,877	561,769	659,707
School Administrative Services	1,004,673	847,669	876,769	1,094,480	1,004,384	994,366	1,040,713	1,083,194	1,127,850	1,178,980
Plant Operations And Maintenance	1,775,249	1,794,361	2,014,443	2,163,889	2,122,342	2,114,466	2,171,496	2,334,303	2,364,146	2,355,724
Pupil Transportation	396,516	413,581	448,280	479,721	551,772	588,412	545,657	462,360	462,418	416,143
Business And Other Support Services	308,547	334,651	344,375	392,758	408,517	438,332	467,745	489,713	512,351	526,007
Capital Outlay	807,179	506,486	99,578	373,711	62,674	605,117	3,064,992	309,920	185,821	1,221,990
Debt Service:										
Principal	507,475	770,323	784,172	610,943	747,757	698,237	913,518	943,036	972,656	1,006,400
Bond Insurance Costs	78,788	78,788					93,909			68,625
Advance Refunding Escrow	591,629	591,629								
Interest And Other Charges	585,854	562,757	486,064	440,843	419,299	385,265	506,703	478,015	439,587	375,330
Total Expenditures	18,627,091	19,886,078	19,716,484	21,443,485	22,041,040	22,217,660	25,756,284	22,450,862	22,341,145	24,750,388
Excess (Deficiency) Of Revenues Over (Under) Expenditures	34,384	(817,769)	(264,299)	(352,243)	(62,918)	(326,621)	(2,677,139)	564,411	1,303,873	(479,984)
Other Financing Sources (Uses)										
Original Issue Premium		144,993								284,828
Capital Leases (Non-Budgeted)	355,000	38,400	79,938	75,241	-	108,666	80,575	12,320	135,822	80,724
Premium On Capital Lease	1,000						3,563,430			
Bond Proceeds										
Proceeds From Refunding		6,480,000					7,653	239,646		3,255,000
Payments To Escrow Agent		(5,950,000)					(7,653)	(239,646)		(3,501,204)
Transfers In										
Transfers Out										
Total Other Financing Sources (Uses)	356,000	713,393	79,938	75,241	-	108,666	3,644,005	12,320	135,822	119,348
Net Change In Fund Balances	\$ 390,384	\$ (104,376)	\$ (184,361)	\$ (277,002)	\$ (62,918)	\$ (217,955)	\$ 966,866	\$ 576,731	\$ 1,439,695	\$ (360,636)
Debt Service As A Percentage Of Noncapital Expenditures	6.14%	6.88%	6.48%	4.99%	5.31%	5.02%	6.26%	6.42%	6.37%	5.86%

* Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ended June 30	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Health Benefits Rebate</u>	<u>Interlocal Payroll Service</u>	<u>Energy Rebate</u>	<u>Rental</u>	<u>Misc.</u>	<u>Total</u>
2004	173,400	17,328	10,065			4,260	302,339	507,392
2005	192,682	29,897					19,791	242,370
2006	187,661	91,498				3,770	30,941	313,870
2007	112,785	155,583				1,840	272	270,480
2008	113,905	98,429				1,730	10,754	224,818
2009	73,488	29,081					35,236	137,805
2010	73,153	24,375		\$ 22,000			35,482	155,010
2011	144,386	23,168			\$ 144,663		45,667	357,884
2012	255,152	8,672			58,790	4,358	12,804	339,776
2013	206,385	12,321			38,500	2,790	46,748	306,744

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2004	21,871,100	1,761,983,400	194,357,200	6,217,700	26,950,000	2,011,389,400	1,687,948	2,013,077,348	2,157,407,939	0.792
2005	25,957,700	1,787,710,600	200,068,200	6,217,700	26,950,000	2,046,904,200	1,524,929	2,048,429,129	2,385,778,160	0.796
2006	22,899,600	1,837,003,300	205,007,100	6,217,700	26,745,400	2,097,873,100	1,293,223	2,099,166,323	2,649,164,162	0.806
2007	17,674,000	1,891,001,200	192,842,800	6,217,700	18,551,000	2,126,286,700	1,559,008	2,127,845,708	2,988,054,255	0.841
2008	18,827,700	1,955,156,800	195,207,300	6,217,700	18,551,000	2,173,960,500	1,599,169	2,175,559,669	3,155,404,809	0.858
2009	16,559,700	1,959,049,800	194,907,300	6,217,700	18,551,000	2,195,285,500	1,801,944	2,197,087,444	3,208,779,034	0.882
2010	16,017,500	1,969,127,300	180,407,600	6,217,700	18,551,000	2,190,321,100	1,890,346	2,192,211,446	3,081,471,003	0.914
2011	16,079,800	1,975,814,000	174,353,200	6,217,000	18,551,000	2,191,015,000	1,972,027	2,191,015,700	2,954,810,904	0.931
2012	15,715,400	1,982,729,000	171,623,500	6,217,700	18,551,000	2,194,836,600	1,998,282	2,196,834,882	2,920,759,989	0.938
2013	16,726,500	1,986,761,100	171,223,500	6,217,700	18,551,000	2,199,479,800	100,000	2,199,579,800	2,199,579,800	0.948

Source: County Abstract of Rates

^a Tax rates are per \$100

N/A - Not Available

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

Calendar Year	<u>Overlapping Rates</u>				Total Direct and Overlapping Tax Rate
	Local School	Regional High School	Municipality	County	
2004	\$ 0.792	\$ 0.454	\$ 0.250	\$ 0.224	\$ 1.720
2005	0.796	0.473	0.270	0.231	1.770
2006	0.806	0.484	0.316	0.224	1.830
2007	0.841	0.497	0.331	0.251	1.920
2008	0.858	0.495	0.344	0.268	1.965
2009	0.882	0.497	0.351	0.281	2.011
2010	0.914	0.505	0.362	0.276	2.057
2011	0.931	0.536	0.370	0.280	2.117
2012	0.938	0.540	0.367	0.293	2.138
2013	0.948	0.557	0.364	0.296	2.165

Source: Abstract of Ratables, County Board of Taxation

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

Taxpayer	2013	
	Taxable Assessed Value	% of Total District Net Assessed Value
Mack-Cali Realty, LP	\$ 42,367,500	1.93%
Mountainview Realty, LLC	16,000,000	0.73%
Upper Saddle River Developers, LLC	10,600,600	0.48%
Whitney Associates	8,353,800	0.38%
USR Developers, LLC %Pinnacle	7,950,400	0.36%
Pentek Management Corp.	7,500,000	0.34%
Porven Real Estate, Inc	6,421,500	0.29%
Upper Saddle River Project LLC	6,071,000	0.28%
Birdie Investments, LLC	5,580,300	0.25%
2 Park Way Assoc., LLC	4,200,000	0.19%
	\$ 115,045,100	5.23%

	2004	
	Taxable Assessed Value	% of Total District Net Assessed Value
Mack-Cali Realty, LP	\$ 65,000,000	3.23%
Mountainview Realty, LLC	26,159,000	1.30%
Upper Saddle River Developers, LLC	15,400,000	0.77%
Pentek Management Corp.	10,137,500	0.50%
USR Developers, LLC % Pinnacle	11,550,000	0.57%
Whitney Associates	8,353,800	0.42%
Clinton D. Carlough Properties, LP	6,229,500	0.31%
Storage Assets	5,560,000	0.28%
2 Parkway Assoc., LLC	5,273,000	0.26%
Rag Realty, LLC	3,948,000	0.20%
	\$ 157,610,800	7.84%

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2004	\$ 15,645,979	\$ 15,645,979	100.00%	N/A
2005	16,238,232	16,238,232	100.00%	N/A
2006	16,369,640	16,369,640	100.00%	N/A
2007	17,460,171	17,460,171	100.00%	N/A
2008	18,316,035	18,316,035	100.00%	N/A
2009	19,014,668	19,014,668	100.00%	N/A
2010	19,748,993	19,748,993	100.00%	N/A
2011	20,330,820	20,330,820	100.00%	N/A
2012	20,482,358	20,482,358	100.00%	N/A
2013	20,694,050	20,694,050	100.00%	N/A

Source: Board's financial statements

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

Fiscal Year Ended June 30,	Governmental Activities			Total School District	Population	Per Capita
	General Obligation Bonds	Capital Leases	Loans			
2004	\$ 10,682,000	\$ 579,277	\$ 445,909	\$ 11,707,186	8,244	\$ 1,420
2005	10,727,000	370,921	407,342	11,505,263	8,365	1,375
2006	10,182,000	251,387	367,642	10,801,029	8,348	1,294
2007	9,612,000	208,152	326,699	10,146,851	8,388	1,210
2008	9,017,000	97,630	284,464	9,399,094	8,412	1,117
2009	8,397,000	171,663	240,860	8,809,523	8,480	1,039
2010	11,138,906	205,239	195,865	11,540,010	8,217	1,404
2011	10,286,319	148,937	149,372	10,584,628	8,263	1,281
2012	9,406,406	179,919	101,305	9,687,630	8,285	1,169
2013	8,462,965	188,734	51,542	8,703,241	8,285 (Est.)	1,050

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Intergovernmental Loan	Deductions			
2004	\$ 10,682,000	\$ 445,909		\$ 11,127,909	0.54%	\$ 1,350
2005	10,727,000	407,342		11,134,342	0.53%	1,331
2006	10,182,000	367,642		10,549,642	0.50%	1,264
2007	9,612,000	326,699		9,938,699	0.46%	1,185
2008	9,017,000	284,464		9,301,464	0.42%	1,106
2009	8,397,000	240,860		8,637,860	0.39%	1,019
2010	11,138,906	195,865		11,334,771	0.52%	1,379
2011	10,286,319	149,372		10,435,691	0.48%	1,263
2012	9,406,406	101,305		9,507,711	0.43%	1,148
2013	8,462,965	51,542		8,514,507	0.39%	1,028

**UPPER SADDLE RIVER BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2012
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt:			
Upper Saddle River Board of Education	\$ 8,621,263	\$ 8,621,263	
Northern Highlands Regional High School - Upper Saddle River's Share	6,360,461	6,360,461	
Borough of Upper Saddle River (1)	<u>14,580,085</u>	<u>248,577</u>	<u>\$ 14,331,508</u>
	<u>\$ 29,561,809</u>	<u>\$ 15,230,301</u>	14,331,508
Overlapping Debt Apportioned to the Municipality:			
Bergen County:			
County of Bergen (2)			<u>13,618,118</u>
Total Direct and Overlapping Debt			<u>\$ 27,949,626</u>

Source:

(1) Borough of Upper Saddle River's 2012 Annual Debt Statement

(2) Bergen County's 2012 Annual Debt Statement

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

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 57,883,315	\$ 63,983,771	\$ 70,468,430	\$ 78,676,965	\$ 86,030,642	\$ 91,873,015	\$ 93,268,506	\$ 91,944,079	\$ 89,331,539	\$ 86,686,851
Total net debt applicable to limit	11,127,909	11,134,342	10,549,642	9,938,699	9,301,464	12,201,290	11,334,771	10,435,691	9,507,711	8,514,507
Legal debt margin	\$ 46,755,406	\$ 52,849,429	\$ 59,918,788	\$ 68,738,266	\$ 76,729,178	\$ 79,671,725	\$ 81,933,735	\$ 81,508,388	\$ 79,823,828	\$ 78,172,344
Total net debt applicable to the limit as a percentage of debt limit	19.22%	17.40%	14.97%	12.63%	10.81%	13.28%	12.15%	11.35%	10.64%	9.82%

Legal Debt Margin Calculation June 30, 2013

Source: Municipal Annual Debt Statements

Equalized Valuation Basis	
2012	\$ 2,815,336,839
2011	2,907,784,605
2010	2,945,563,609
	<u>\$ 8,668,685,053</u>
Average equalized valuation of taxable property	\$ 2,889,561,684
Debt limit (3 % of average equalization value)	86,686,851
Total Net Debt Applicable to Limit	<u>8,514,507</u>
Legal debt margin	<u>\$ 78,172,344</u>

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

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2004	8,244	\$ 54,462	2.50%
2005	8,365	56,706	4.10%
2006	8,348	62,714	4.30%
2007	8,388	67,394	3.90%
2008	8,412	68,227	5.00%
2009	8,480	63,198	9.00%
2010	8,217	65,486	9.20%
2011	8,263	66,096	9.00%
2012	8,285	N/A	9.20%
2013	8,285 (Est.)	N/A	N/A

Source: New Jersey State Department of Education

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

Employer	2013		2004	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
Pearson Education				
PDI, Inc.				
Upper Saddle River Board of Education				
Hunes Home				
Hunter Douglas				
Campmor, Inc.				
MinWax				
Borough of Upper Saddle River				
Federal Marketing Corp.				
True Green - Chem Lawn				
	-		-	
	-	-	-	-

INFORMATION NOT AVAILABLE

N/A = Not Available

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

<u>Function/Program</u>	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Instruction										
Regular	86	89	91	92	91	92	90	88	88	88
Special Education	39	41	41	43	43	44	44	44	44	44
Other Special Education	4	4	3	3	2	4	4	4	4	4
Support Services:										
Student & Instruction Related Services	25	26	24	21	21	23	22	29	30	30
General Administration	2	2	2	2	2	2	2	2	2	2
School Administrative Services	8	8	9	9	9	9	9	9	9	9
Other Administrative Services	4									
Central Services		4	4	4	4	4	4	4	4	4
Plant Operations And Maintenance	20	20	18	19	19	19	19	18	18	18
Total	188	194	192	193	191	197	194	198	199	199

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2004	1,358	16,726,583	12,317	8.91%	129	20.3/1	24.5/1	1,365	1,308	0.44%	95.82%
2005	1,398	17,376,095	12,429	0.91%	134	20.4/1	25.3/1	1,409	1,345	3.22%	95.46%
2006	1,371	18,346,670	13,382	7.67%	135	19/1	23/1	1,371	1,318	-2.70%	96.13%
2007	1,354	20,017,988	14,784	10.48%	138	19/1	24/1	1,348	1,295	-1.68%	96.07%
2008	1,384	20,811,310	15,037	1.71%	140	19.8/1	24.9/1	1,379	1,321	2.30%	95.79%
2009	1,384	20,528,041	14,832	-1.36%	140	19/1	25/1	1,383	1,330	0.29%	96.17%
2010	1,391	21,177,162	15,224	2.64%	138	19/1	24.6/1	1,386	1,333	0.22%	96.18%
2011	1,374	20,719,891	15,080	-0.95%	136	20/1	25/1	1,379	1,334	-0.51%	96.74%
2012	1,339	20,743,081	15,491	2.73%	136	20/1	24.9/1	1,354	1,313	-1.81%	96.97%
2013	1,336	22,080,043	16,527	6.68%	139	19.3/1	25.7/1	1,348	1,293	-0.44%	95.92%

Sources: District records

Note: a Enrollment based on annual October district count.

b Operating expenditures equal total expenditures less debt service and capital outlay.

c Cost per pupil represents operating expenditures divided by enrollment.

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
District Building										
<u>Elementary</u>										
Robert Reynolds Elementary (1960)										
Square Feet	40,503	40,503	40,503	40,503	40,503	40,503	40,503	40,503	40,503	40,503
Capacity (students)	421	421	421	421	421	421	421	421	421	421
Enrollment	457	484	443	436	436	447	461	461	426	399
Edith Bogert Elementary (1950)										
Square Feet	67,221	67,221	67,221	67,221	67,221	67,221	67,221	67,221	67,221	67,221
Capacity (students)	429	429	429	429	429	429	429	429	429	429
Enrollment	459	458	448	448	448	449	462	462	453	458
<u>Middle School</u>										
Administration Building										
Square Feet	97,704	97,704	97,704	97,704	97,704	97,704	97,704	97,704	97,704	97,704
Capacity (students)	452	452	452	452	452	452	452	452	452	452
Enrollment	442	456	443	463	463	475	468	468	473	490
<u>Other</u>										
Administration Building										
Square Feet	1,372	1,372	1,372	1,372	1,372	1,372	1,372	1,372	1,372	1,372
Science Center										
Square Feet	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100

Number of Schools at June 30, 2013
 Elementary = 2
 Middle School = 1
 Other = 1

Source: District Office

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

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
School Facilities										
Cavallini School	\$ 122,832	\$ 137,768	\$ 116,279	\$ 157,968	\$ 109,155	\$ 125,318	\$ 127,810	\$ 153,307	\$ 170,798	\$ 158,731
Bogert School	92,426	69,927	119,791	162,740	119,015	112,224	99,361	169,777	93,681	171,686
Reynolds School	76,270	64,970	121,723	165,364	130,963	129,144	107,860	167,823	174,306	177,755
Administration	<u>37,128</u>	<u>14,313</u>	<u>11,065</u>	<u>15,032</u>	<u>21,654</u>	<u>16,601</u>	<u>26,273</u>	<u>18,490</u>	<u>26,020</u>	<u>25,810</u>
Grand Total	<u>\$ 328,656</u>	<u>\$ 286,978</u>	<u>\$ 368,858</u>	<u>\$ 501,104</u>	<u>\$ 380,787</u>	<u>\$ 383,287</u>	<u>\$ 361,304</u>	<u>\$ 509,397</u>	<u>\$ 464,805</u>	<u>\$ 533,982</u>

Source: District Records

**UPPER SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2013
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
<u>School Package Policy - Selective Insurance Group</u>		
Property Blanket Building & Contents	\$44,902,319	\$5,000
Comprehensive General Liability		
General Aggregate	2,000,000	
Products Completed Operations	2,000,000	
Personal & Advertising Injury	1,000,000	
Each Occurrence	1,000,000	
Fire Legal Liability	1,000,000	
Medical expense	5,000	
<u>Commercial Automobile Policy - Selective Insurance Group</u>	1,000,000	1,000 (Comp/Collision)
<u>Excess Liability Policy - American Alternative Ins. Co.</u>	9,000,000	
<u>Excess Liability Policy - Firemen's Fund</u>	50,000,000	
	(Shared limit among all Boards)	
<u>Boiler & Machinery - Selective Insurance Company</u>	44,902,319	5,000
<u>Bonds- RLI Surety</u>		
Public Official Bond - Bus. Admin	50,000	
Public Official Bond - Treasurer of School Monies	250,000	
<u>Environmental Impairment Liability - American Safety</u>	20,000,000	
	(Group Aggregate)	
\$3 Million Each Impairment per named insured w/\$15,000 deductible		
<u>School Board Legal Liability - Darwin National</u>	1,000,000	5,000
Employment Related Practices Liability	1,000,000	10,000
<u>Crime - Selective Insurance Company</u>		
Employee Dishonesty	100,000 per employee 400,000 per loss	5,000 100,000
Forgery & Alteration	50,000	1,000
<u>Workers' Compensation- Star Insurance Company</u>		
Each Accident	1,000,000	
Each Employee (Disease)	1,000,000	
Policy Limit (Disease)	1,000,000	
Employers Liability Retained Limit	500,000	

Source: School Insurance Records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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DEBRA GOLLE, CPA
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EDWARD N. KERE, CPA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements 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 the Upper Saddle River Board of Education as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Upper Saddle River Board of Education's basic financial statements and have issued our report thereon dated November 1, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Upper Saddle River Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Upper Saddle River Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Upper Saddle River Board of Education'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 the Upper Saddle River Board of Education’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 Saddle River Board of Education in a separate report entitled, “Auditor’s Management Report on Administrative Findings – Financial, Compliance and Performance” dated November 1, 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 Upper Saddle River Board of Education’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 Upper Saddle River Board of Education’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
November 1, 2013



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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MARK SACO, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 04-04**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

We have audited the Upper Saddle River Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Upper Saddle River Board of Education's major state programs for the fiscal year ended June 30, 2013. The Upper Saddle River Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Upper Saddle River Board of Education's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Upper Saddle River Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Upper Saddle River Board of Education's compliance.

Opinion on Each Major State Program

In our opinion, the Upper Saddle River Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Upper Saddle River Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Upper Saddle River Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Upper Saddle River Board of Education'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 state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. 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 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.

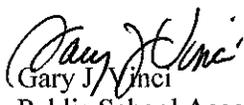
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 04-04

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Upper Saddle River Board of Education as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated November 1, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain

additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
November 1, 2013

UPPER SADDLE RIVER BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2012			Carryover Amount	Cash Received	Budgetary Expenditures	(Accounts Receivable) Adjustments	Deferred Revenue Adjustments	Balance at June 30, 2013	
				(Accounts Receivable)	Unearned Revenue	Due to Grantor						(Accounts Receivable)	Unearned Revenue
84-410A	N/A	07/1/11-6/30/12	\$ 28,673	\$ (28,673)	\$ -	\$ -	\$ 28,673	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total General Fund			\$ 28,673	\$ (28,673)	\$ -	\$ -	\$ 28,673	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Department of Education													
Fiscal Through State Department of Education													
Special Revenue Fund													
84-367A	NCLB533012	9/1/11-8/31/12	\$ 24,146	\$ (12,096)	\$ 12,722	\$ (1,349)	\$ 12,096	\$ 11,373				\$ (21,822)	\$ 22,571
84-367A	NCLB533013	9/1/12-8/31/13	21,822			1,349		600					
84-391	ARRA Basic	9/1/09-8/31/11	278,803	(13,401)	13,401		13,401		(13,401)				
84-392	ARRA Preschool	9/1/09-8/31/11	10,093	(58)	58		58		(58)				
84-027A	IDEA553012	9/1/11-8/31/12	256,126	(26,310)			26,310						
84-027A	IDEA533013	9/1/12-8/31/13	252,103				202,851	252,103				(49,252)	
84-173A	IDEA533012	9/1/11-8/31/12	13,042	(1,306)			1,306						
84-173A	IDEA533013	9/1/12-8/31/13	12,980				10,435	12,979				(2,543)	1
Total Special Revenue Fund				\$ (53,171)	\$ 26,181	\$ -	\$ 252,998	\$ 277,055	\$ 13,459	\$ (13,459)	\$ -	\$ (73,619)	\$ 22,572
Total Federal Awards			\$ 28,673	\$ (81,844)	\$ 26,181	\$ -	\$ 281,671	\$ 277,055	\$ 13,459	\$ (13,459)	\$ -	\$ (73,619)	\$ 22,572

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

UPPER SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Received	Balance, July 1, 2012		Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Balance, June 30, 2013		GAAP Receivable	Cumulative Total Expenditures
				Unearned Revenue (Accts. Receivable)	Due to Grantor					(Accounts Receivable)	Unearned Revenue		
General Fund													
Special Education Aid	12-495-034-5120-089	7/1/11-6/30/12	\$ 402,552	\$ (29,034)	\$	\$ 29,034	\$ 452,860	\$	\$	\$ (54,668)	\$	\$ 452,860	
Special Education Aid	13-495-034-5120-089	7/1/12-6/30/13	452,860			398,192	19,302			(2,330)		19,302	
Security Aid	13-495-034-5120-084	7/1/12-6/30/13	19,302			16,972							
Extraordinary Aid	12-100-034-5120-473	7/1/11-6/30/12	281,285	(281,285)		281,285				(235,925)		235,925	
Extraordinary Aid	13-100-034-5120-473	7/1/12-6/30/13	235,925			30,282				(4,157)		34,439	
Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	34,439			9,918				(9,918)		9,918	
Non Public Transportation Reimb.	N/A	7/1/11-6/30/12	9,918	(9,918)									
Non Public Transportation Reimb.	N/A	7/1/12-6/30/13	9,918			544,437	544,437					544,437	
TPAF Pension Contributions - Normal Cost	13-495-034-5095-006	7/1/12-6/30/13	544,437			28,645	28,645					28,645	
TPAF Pension - NCGI Premiums	13-495-034-5095-007	7/1/12-6/30/13	28,645			648,010	648,010					648,010	
TPAF Pension-Post Retirement Medical Reimbursement T.P.A.F. Social Security Contributions	13-495-034-5095-001	7/1/12-6/30/13	648,010			647,093				(33,550)		680,643	
Total General Fund			680,643	(320,237)	-	2,653,868	2,654,179	-	-	(340,548)	(43,468)	2,654,179	
Special Revenue Fund													
New Jersey Nonpublic Aid													
Textbook Aid	13-100-034-5120-064	7/1/12-6/30/13	687			687							
Technology Aid	13-100-034-5120-373	7/1/12-6/30/13	254			254	225					225	
Nursing Services	13-100-034-5120-070	7/1/12-6/30/13	953			953	788					788	
Nursing Services	12-100-034-5120-070	7/1/11-6/30/12	1,187	\$ 324	\$ 324		\$ 324						
Handicapped Services													
Corrective Speech	13-100-034-5120-066	7/1/12-6/30/13	1,250			1,250							
Total Special Revenue Fund			1,250	-	-	3,144	1,013	324	-	-	-	-	1,013
Debt Service Fund													
Type II Debt Service Aid	13-495-034-5120-075	7/1/12-6/30/13	324,124			324,124	324,124					324,124	
Total Debt Service Fund			324,124			324,124	324,124					324,124	
State Financial Assistance													
Not Subject to Single Audit Determination													
TPAF Pension Contributions - Normal Cost	13-495-034-5095-006	7/1/12-6/30/13	544,437			(544,437)	(544,437)					(544,437)	
TPAF Pension - NCGI Premiums	13-495-034-5095-007	7/1/12-6/30/13	28,645			(28,645)	(28,645)					(28,645)	
TPAF Post Retirement Medical Contributions	13-495-034-5095-001	7/1/12-6/30/13	648,010			(648,010)	(648,010)					(648,010)	
Total All Funds			\$ (320,237)	\$ 324	\$ 324	\$ 1,740,044	\$ 1,758,224	\$ 324	\$ (340,548)	\$ (43,468)	\$ (43,468)	\$ 1,758,224	

The Notes to the Schedules of Federal Awards and State Financial Assistance are an Integral Part of the Statement

**UPPER SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) to the Board's basic financial statements. The information in these schedules is presented in accordance with requirements of New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$13,239 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 2,667,418	\$ 2,667,418
Special Revenue Fund	277,055	1,013	278,068
Debt Service Fund	-	324,124	324,124
	<hr/>	<hr/>	<hr/>
Total Financial Assistance	<u>\$ 277,055</u>	<u>\$ 2,992,555</u>	<u>\$ 3,269,610</u>

**UPPER SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE SCHEDULES OF EXPENDITURES OF
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 STATE LOANS OUTSTANDING

The District's state loans outstanding at June 30, 2013, which are not required to be reported on the schedule of state financial assistance, are as follows:

<u>Loan Program</u>	<u>State</u>
Safe Schools Fund	\$ 9,869
Small Projects Fund	<u>41,673</u>
	<u>\$ 51,542</u>

NOTE 6 OTHER INFORMATION

TPAF Social Security contributions in the amount of \$680,643 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2013. The amount reported as TPAF Pension System Contributions in the amount of \$573,082 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$648,010 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2013.

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

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

UPPER SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditors' report issued on financial statements Unmodified

Internal control over financial reporting:

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

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

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

Federal Awards Section Not Applicable

UPPER SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Part I – Summary of Auditor’s Results

State Awards Section

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

Auditee qualified as low-risk auditee? yes no

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

Internal Control over compliance:

1) Material weakness(es) identified? yes no

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

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

Identification of major programs:

GMIS Number(s)	Name of State Program
<u>13-495-034-5095-002</u>	<u>TPAF Social Security</u>
<u>13-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>13-495-034-5120-084</u>	<u>Security Aid</u>
<u>13-495-034-5120-075</u>	<u>Debt Service Aid</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

**UPPER SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Part 2 - Schedule of Financial Statement Findings

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

There are none.

UPPER SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

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

CURRENT YEAR FEDERAL AWARDS

There are none.

CURRENT YEAR STATE AWARDS

There are none.

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

STATUS OF PRIOR YEAR FINDINGS

There were none.