

UPPER SADDLE RIVER BOARD OF EDUCATION

UPPER SADDLE RIVER, NEW JERSEY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Upper Saddle River Board of Education

Upper Saddle River, New Jersey

For The Fiscal Year Ended June 30, 2015

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 17, 2015

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, 2015, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the 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 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 2014/2015 fiscal year with an enrollment of 1,251, which is 47 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>Average Daily Enrollment</u>	<u>Percent Change</u>
2014/2015	1,251	(3.62%)
2013/2014	1,298	(3.71%)
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%)

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:

- Review and modify the implementation of the new teacher and principal evaluation program in accordance to NJDOE recommendations. The 2014-2015 school year was the second full year of implementation of the Marshall Evaluation program for teachers and administrators. The members of the District Evaluation Advisory Committee (DEAC) worked throughout the year to prepare a waiver application to submit to the NJDOE. The waiver was approved and the DEAC continues to meet in order to collaboratively make recommendations for improvements to the process.
- Support for students in the area of language arts continued with all classroom and special education teachers participating in ongoing sessions to ensure that our curriculum and classroom practices meet the expectations of the Common Core State Standards. In addition, Basic Skills Instruction (BSI) was provided for all students in grades K - 2 who were not on track to meeting the locally developed benchmarks. Students in grades 3-8 who needed additional targeted instruction to meet the Common Core State Standards were provided with support in the form of an additional teacher for the 2014-2015 school year.

- Support for students in mathematics was provided in the form of professional development for all classroom and special education teachers in order to ensure that our programs meet the expectations of the Common Core State Standards. In addition, BSI was provided for all students in grades kindergarten - 2 who were not on track to meeting the locally developed benchmarks. Students in grades 3-8 who needed additional targeted instruction to meet the Common Core State Standards were provided with support in the form of an additional teacher for the 2014-2015 school year.
- The district maintained its commitment to small elementary class size by maintaining an average of 20 students in all classes grades K-5.
- The Quad District Office of Technology was created and housed in the Upper Saddle River School District in 2014-2015. The Executive Director worked with the superintendents from all four districts to hire and evaluate the staff, set a common vision for technological experiences for students in grades K-12, find efficiencies in our operating expenses, and provide opportunities for professional development.
- The staff and students prepared for the first successful administration of the PARCC.
- The goals of the strategic plan continued to be met through the work of four sub-committees. A new initiative during the 2014-2015 school year designed to promote general student wellness culminated in two school-wide activities. At the K-2 level, a Wellness Fair was held on a Saturday and over 300 children and parents attended. In the middle school, the 7th grade Wellness Fair included students enjoying sessions provided by volunteers from various social service agencies, as well as yoga and stress management.

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. 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, 2015.

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 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,

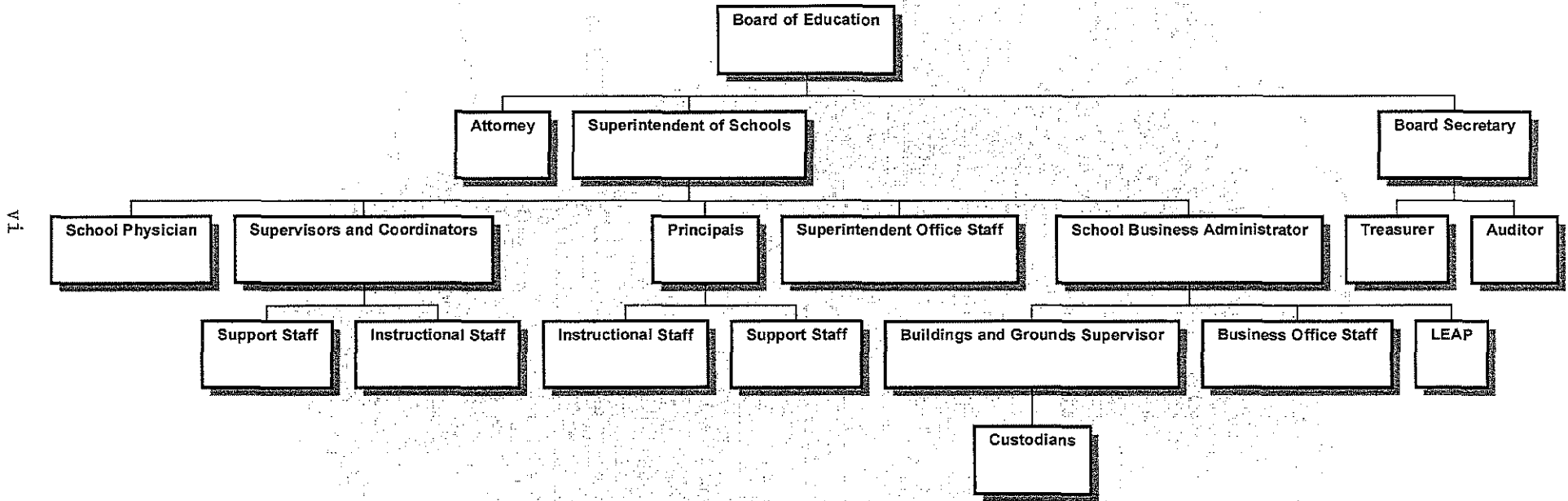


Monica M. Browne
Superintendent of Schools



Dana Imbasciani
Board Secretary/Business Administrator

Upper Saddle River Schools Organizational Chart



UPPER SADDLE RIVER BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2015

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Jennifer Johnston, President	2017
Kenneth Amano, Vice President	2017
Karen Fusaro	2015
Elizabeth Pittman	2016
Marc Prisco	2015
Catherine Smiechowski	2015
David Verducci	2016

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

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
KATHLEEN WANG, CPA
ROBERT AMPONSAH, CPA

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

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, 2015 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 above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Upper Saddle River Board of Education as of June 30, 2015, 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.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2015, the Upper Saddle River Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension 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

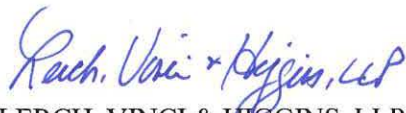
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Upper Saddle River Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, 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 17, 2015 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 17, 2015

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, 2015. 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 2014-2015 fiscal year are as follows:

- The assets and deferred outflows of resources of the Upper Saddle River Board of Education exceeded its liabilities and deferred inflows at the close of the fiscal year by \$6,572,657 (net position).
- The District's total net position increased \$806,370.
- Overall district revenues were \$27,448,103. General revenues accounted for \$21,721,955 or 79% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$5,726,148 or 21% of total revenues.
- The school district had \$26,334,515 in expenses for governmental activities; only \$5,414,770 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) 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 \$4,588,219. Of this amount, \$385,827 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, 2015 was \$787,568, which represents an increase of \$71,350 compared to the ending unassigned budgetary basis fund balance at June 30, 2014 of \$716,218.

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 Educations' 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 there after; 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, LEAP Program and Quad Tech 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, 2015 along with comparative data for June 30, 2014.

	Governmental Activities		Business-Type Activities		Total	
	2015	2014 (Restated)	2015	2014	2015	2014 (Restated)
Current and Other Assets	\$ 4,743,822	\$ 4,657,199	\$ 88,313	\$ 84,126	\$ 4,832,135	\$ 4,741,325
Capital Assets	14,753,040	14,971,317	723	1,653	14,753,763	14,972,970
Total Assets	19,496,862	19,628,516	89,036	85,779	19,585,898	19,714,295
Deferred Outflows of Resources	1,091,266	419,516	-	-	1,091,266	419,516
Total Assets and Deferred Outflows of Resources	20,588,128	20,048,032	89,036	85,779	20,677,164	20,133,811
Long-Term Liabilities	13,554,626	14,060,223			13,554,626	14,060,223
Other Liabilities	197,893	305,628	427	1,673	198,320	307,301
Total Liabilities	13,752,519	14,365,851	427	1,673	13,752,946	14,367,524
Deferred Inflows of Resources	351,561	-	-	-	351,561	-
Total Liabilities and Deferred Inflows of Resources	14,104,080	14,365,851	427	1,673	14,104,507	14,367,524
Net Position:						
Net Investment in Capital Assets	8,157,043	7,438,818	723	1,653	8,157,766	7,440,471
Restricted	1,701,918	1,500,463		-	1,701,918	1,500,463
Unrestricted	(3,374,913)	(3,257,100)	87,886	82,453	(3,287,027)	(3,174,647)
Total Net Position	\$ 6,484,048	\$ 5,682,181	\$ 88,609	\$ 84,106	\$ 6,572,657	\$ 5,766,287

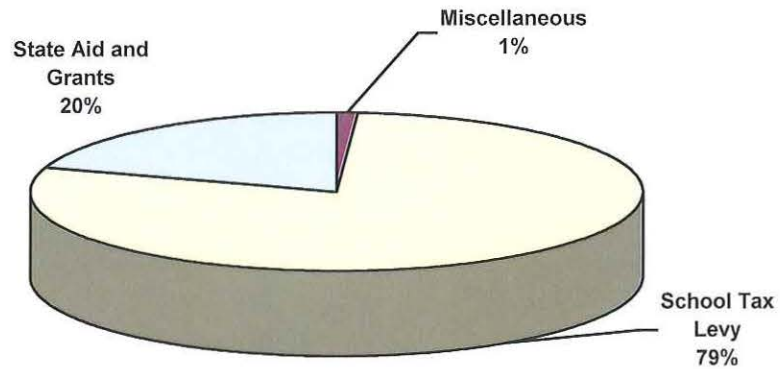
Below is a schedule of changes in net position for fiscal year ended June 30, 2015, along with comparative data for the prior fiscal year.

	Governmental		Business-Type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues						
Charges for Services	\$ 168,288	\$ 211,905	\$ 311,378	\$ 60,694	\$ 479,666	\$ 272,599
Operating Grants and Contributions	5,148,326	2,734,848			5,148,326	2,734,848
Capital Grants and Contributions	98,156				98,156	-
General Revenues						
Property Taxes	21,382,382	20,997,593			21,382,382	20,997,593
State Aid - Formula Grants	306,573	321,094			306,573	321,094
Investment Earnings	10,154	13,995	343	452	10,497	14,447
Miscellaneous	22,503	165,629			22,503	165,629
Donated Capital Assets	-	10,000	-	-	-	10,000
Total Revenues	<u>27,136,382</u>	<u>24,455,064</u>	<u>311,721</u>	<u>61,146</u>	<u>27,448,103</u>	<u>24,516,210</u>
Expenses						
Instruction						
Regular	11,680,775	10,113,325			11,680,775	10,113,325
Special Education	3,665,144	3,201,829			3,665,144	3,201,829
Other Instruction	187,415	168,694			187,415	168,694
School Sponsored Activities and Ath.	158,503	140,718			158,503	140,718
Support Services						
Student and Instruction Related Serv.	4,117,637	3,646,526			4,117,637	3,646,526
School Administrative Services	1,341,332	1,166,331			1,341,332	1,166,331
General Administrative Services	713,830	704,781			713,830	704,781
Plant Operations and Maintenance	3,116,097	2,948,702			3,116,097	2,948,702
Pupil Transportation	450,242	387,319			450,242	387,319
Business Services	582,981	544,643			582,981	544,643
Food Services			14,531	10,099	14,531	10,099
LEAP Program			43,000	37,253	43,000	37,253
QUAD Tech Program			249,687		249,687	-
Interest on Long-Term Debt	253,353	412,023	-	-	253,353	412,023
Loss on Disposal of Capital Assets	67,206	-	-	-	67,206	-
Total Expenses	<u>26,334,515</u>	<u>23,434,891</u>	<u>307,218</u>	<u>47,352</u>	<u>26,641,733</u>	<u>23,482,243</u>
Change in Net Position	801,867	1,020,173	4,503	13,794	806,370	1,033,967
Net Position, Beginning of Year	5,682,181	10,024,974	84,106	70,312	5,766,287	10,095,286
Prior Period Adjustment	-	(5,362,966)	-	-	-	(5,362,966)
Net Position, End of Year	<u>\$ 6,484,048</u>	<u>\$ 5,682,181</u>	<u>\$ 88,609</u>	<u>\$ 84,106</u>	<u>\$ 6,572,657</u>	<u>\$ 5,766,287</u>

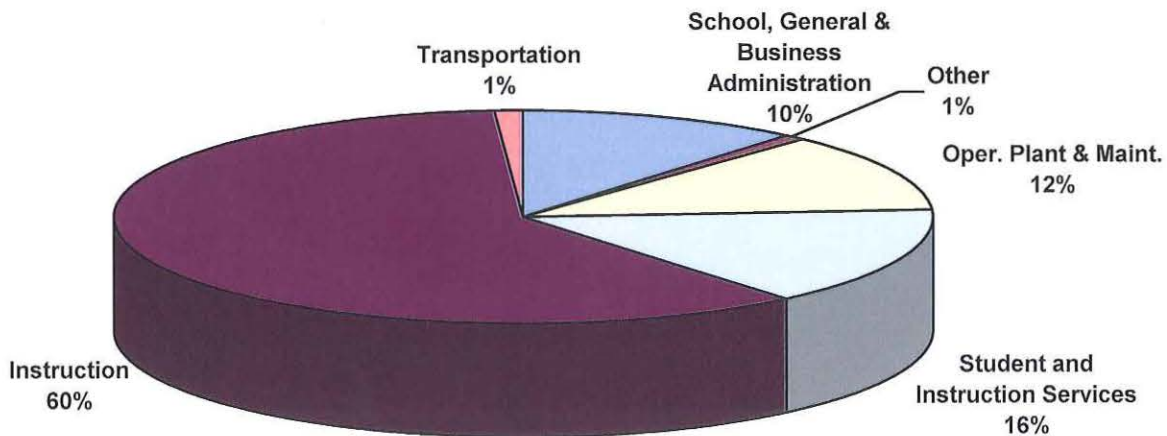
Governmental Activities. The District's total revenues were \$27,136,382. The local share of the revenues, that included property taxes, tuition, interest, and miscellaneous revenue, amounted to \$21,583,327 or 80% of total revenues. Funding from state and federal sources amounted to \$5,553,055 or 20%.

The District's expenses are predominantly related to instruction and support services. Instruction totaled \$15,691,837 (60%) and student and other support services totaled \$10,322,119 (39%) 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, 2015 and 2014**

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Governmental Activities				
Instruction				
Regular	\$ 11,680,775	\$ 10,113,325	\$ 8,966,049	\$ 8,848,367
Special Education	3,665,144	3,201,829	2,180,382	2,023,437
Other Instruction	187,415	168,694	173,701	163,138
School Sponsored Activities and Athletics	158,503	140,718	158,503	140,718
Support Services				
Student and Instruction Related Svcs.	4,117,637	3,646,526	3,459,679	3,369,442
School Administrative Services	1,341,332	1,166,331	1,112,185	1,071,861
General Administrative Services	713,830	704,781	629,654	670,772
Plant Operations and Maintenance	3,116,097	2,948,702	2,997,950	2,928,437
Pupil Transportation	450,242	387,319	404,378	342,254
Business Services	582,981	544,643	516,705	517,689
Interest on Long-Term Debt	253,353	412,023	253,353	412,023
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Governmental Activities	\$ 26,267,309	\$ 23,434,891	\$ 20,852,539	\$ 20,488,138

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2015 was \$307,218. These costs were funded by program fees, charges for services, and investment earnings of \$311,721.

General Fund

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

	<u>Fiscal Year Ended June 30, 2015</u>	<u>Fiscal Year Ended June 30, 2014</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
Local Sources:				
Property Taxes	\$ 20,483,944	\$ 20,082,298	\$ 401,646	2.0%
Tuition	168,288	211,905	(43,617)	-20.6%
Interest Earnings	10,154	13,995	(3,841)	-27.4%
Miscellaneous	22,503	165,609	(143,106)	-86.4%
Intergovernmental				
State Sources	<u>2,768,801</u>	<u>2,438,289</u>	<u>330,512</u>	<u>13.6%</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenues	\$ 23,453,690	\$ 22,912,096	\$ 541,594	2.4%

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

	<u>Fiscal Year Ended June 30, 2015</u>	<u>Fiscal Year Ended June 30, 2014</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
Instruction	\$ 13,835,506	\$ 13,239,139	\$ 596,367	4.50%
Support Services	9,030,853	8,813,652	217,201	2.46%
Debt Service	51,335	51,300	35	0.068%
Capital Outlay	<u>304,031</u>	<u>109,674</u>	<u>194,357</u>	177.21%
 Total Expenditures	 <u>\$ 23,221,725</u>	 <u>\$ 22,213,765</u>	 <u>\$ 1,007,960</u>	 <u>4.54%</u>

Capital Assets. At June 30, 2015 and 2014, the school district had invested in land, buildings, furniture, machinery and equipment as stated below:

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
Land	\$ 100,820	\$ 100,820
Buildings	20,971,918	20,971,918
Improvements Other Than Buildings	2,887,946	2,541,371
Machinery and Equipment	<u>2,339,463</u>	<u>2,284,759</u>
 Total	 26,300,147	 25,898,868
Less: Accumulated Depreciation	<u>(11,547,107)</u>	<u>(10,927,551)</u>
 Total	 <u>\$ 14,753,040</u>	 <u>\$ 14,971,317</u>

Debt Administration. As of June 30, 2015 and 2014 the school district had long-term debt and outstanding long-term liabilities as follows:

	<u>2015</u>	<u>2014</u> (Restated)
Serial Bonds Payable	\$ 6,758,753	\$ 7,806,991
Obligation Under Capital Leases	186,422	145,024
Compensated Absences Payable	710,233	745,242
Net Pension Liability	<u>5,899,218</u>	<u>5,362,966</u>
 Total	 <u>\$ 13,554,626</u>	 <u>\$ 14,060,223</u>

General Fund Budgetary Highlights

Over the course of the year, the District amended 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, 2015**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 4,412,528	\$ 109,908	\$ 4,522,436
Receivables, net	309,699		309,699
Internal Balances	21,595	(21,595)	-
Capital Assets			
Not Being Depreciated	100,820		100,820
Being Depreciated, Net	<u>14,652,220</u>	<u>723</u>	<u>14,652,943</u>
Total Assets	<u>19,496,862</u>	<u>89,036</u>	<u>19,585,898</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	349,178		349,178
Deferred Amounts on Net Pension Liability	<u>742,088</u>	<u>-</u>	<u>742,088</u>
Total Deferred Outflows of Resources	<u>1,091,266</u>	<u>-</u>	<u>1,091,266</u>
Total Assets and Deferred Outflows of Resources	<u>20,588,128</u>	<u>89,036</u>	<u>20,677,164</u>
LIABILITIES			
Accrued Interest Payable	42,290		42,290
Accounts Payable		427	427
Unearned Revenue	155,603		155,603
Noncurrent Liabilities			
Due within one year	1,392,193		1,392,193
Due beyond one year	<u>12,162,433</u>	<u>-</u>	<u>12,162,433</u>
Total Liabilities	<u>13,752,519</u>	<u>427</u>	<u>13,752,946</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>351,561</u>	<u>-</u>	<u>351,561</u>
Total Deferred Inflows of Resources	<u>351,561</u>	<u>-</u>	<u>351,561</u>
Total Liabilities and Deferred Inflows of Resources	<u>14,104,080</u>	<u>427</u>	<u>14,104,507</u>
NET POSITION			
Net Investment in Capital Assets	8,157,043	723	8,157,766
Restricted for:			
Capital Projects	1,701,918		1,701,918
Unrestricted	<u>(3,374,913)</u>	<u>87,886</u>	<u>(3,287,027)</u>
Total Net Position	<u>\$ 6,484,048</u>	<u>\$ 88,609</u>	<u>\$ 6,572,657</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, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities:							
Instruction:							
Regular	\$ 11,680,775	\$ 135,475	\$ 2,579,251		\$ (8,966,049)		\$ (8,966,049)
Special Education	3,665,144	32,813	1,451,949		(2,180,382)		(2,180,382)
Other Instruction	187,415		13,714		(173,701)		(173,701)
School Sponsored Activities and Athletics	158,503				(158,503)		(158,503)
Support Services:							
Student and Instruction Related Services	4,117,637		657,958		(3,459,679)		(3,459,679)
School Administrative Services	1,341,332		229,147		(1,112,185)		(1,112,185)
General Administrative Services	713,830		84,176		(629,654)		(629,654)
Plant Operations and Maintenance	3,116,097		19,991	\$ 98,156	(2,997,950)		(2,997,950)
Pupil Transportation	450,242		45,864		(404,378)		(404,378)
Business and Other Support Services	582,981		66,276		(516,705)		(516,705)
Interest on Long-Term Debt	253,353	-	-	-	(253,353)	-	(253,353)
Total Governmental Activities	26,267,309	168,288	5,148,326	98,156	(20,852,539)	-	(20,852,539)
Business-Type Activities:							
Food Service	14,531	10,155			-	\$ (4,376)	(4,376)
LEAP Program	43,000	51,536				8,536	8,536
Quad Tech Program	249,687	249,687	-	-	-	-	-
Total Business-Type Activities	307,218	311,378	-	-	-	4,160	4,160
Total Primary Government	\$ 26,574,527	\$ 479,666	\$ 5,148,326	\$ 98,156	(20,852,539)	4,160	(20,848,379)
General Revenues:							
Taxes:							
Property Taxes, levied for general purposes, net					20,483,944		20,483,944
Property Taxes Levied for Debt Service					898,438		898,438
State Aid Restricted for Debt Service					283,587		283,587
Unrestricted State Aid					22,986		22,986
Investment Earnings					10,154	343	10,497
Miscellaneous Income					22,503		22,503
Loss on Disposal of Capital Assets					(67,206)	-	(67,206)
Total General Revenues					21,654,406	343	21,654,749
Change in Net Position					801,867	4,503	806,370
Net Position, Beginning of Year (Restated)					5,682,181	84,106	5,766,287
Net Position, End of Year					\$ 6,484,048	\$ 88,609	\$ 6,572,657

FUND FINANCIAL STATEMENTS

**UPPER SADDLE RIVER BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 3,971,335	\$ 60,554	\$ 380,639		\$ 4,412,528
Receivables, Net	45,448	10,147	253,759		309,354
Due from Other Funds	<u>92,641</u>	<u>-</u>	<u>54,610</u>	<u>-</u>	<u>147,251</u>
Total Assets	<u>\$ 4,109,424</u>	<u>\$ 70,701</u>	<u>\$ 689,008</u>	<u>\$ -</u>	<u>\$ 4,869,133</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Due to Other Funds	\$ 54,610	\$ 70,701			\$ 125,311
Unearned Revenue	<u>-</u>	<u>-</u>	<u>\$ 155,603</u>	<u>-</u>	<u>155,603</u>
Total Liabilities	<u>54,610</u>	<u>70,701</u>	<u>155,603</u>	<u>-</u>	<u>280,914</u>
Fund Balances					
Restricted Fund Balance					
Excess Surplus - Designated for Subsequent Year's Budget	\$ 1,074,337				1,074,337
Excess Surplus	1,094,431				1,094,431
Capital Reserve	868,513				868,513
Capital Reserve - Designated for Subsequent Year's Budget	300,000				300,000
Capital Projects			533,405		533,405
Assigned Fund Balance					
Designated for Subsequent Year's Budget	259,046				259,046
Encumbrances	72,660				72,660
Unassigned Fund Balance					
General Fund	<u>385,827</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>385,827</u>
Total Fund Balances	<u>4,054,814</u>	<u>-</u>	<u>533,405</u>	<u>-</u>	<u>4,588,219</u>
Total Liabilities and Fund Balances	<u>\$ 4,109,424</u>	<u>\$ 70,701</u>	<u>\$ 689,008</u>	<u>\$ -</u>	

**UPPER SADDLE RIVER BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2015**

Total Fund Balances (Exhibit B-1)		4,588,219
<p>Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$26,300,147 and the accumulated depreciation is \$11,547,107.</p>		
	14,753,040	
<p>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.</p>		
	349,178	
<p>Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.</p>		
Deferred Outflows of Resources	\$ 742,088	
Deferred Inflows of Resources	<u>(351,561)</u>	
		390,527
<p>The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:</p>		
		(42,290)
<p>Long-term liabilities, including bonds payable, capital leases, compensated absences and net pension liability are not due and payable in the current period and therefore are not reported as liabilities in the funds (Note 2).</p>		
		<u>(13,554,626)</u>
Net position of governmental activities		<u>\$ 6,484,048</u>

**UPPER SADDLE RIVER BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 20,483,944			\$ 898,438	\$ 21,382,382
Interest	10,154				10,154
Tuition	168,288				168,288
Miscellaneous	22,503	-	-	-	22,503
Total Local Sources	<u>20,684,889</u>	<u>-</u>	<u>-</u>	<u>898,438</u>	<u>21,583,327</u>
State Sources	2,768,801		\$ 98,156	283,587	3,150,544
Federal Sources	-	\$ 282,573	-	-	282,573
Total Revenues	<u>23,453,690</u>	<u>282,573</u>	<u>98,156</u>	<u>1,182,025</u>	<u>25,016,444</u>
EXPENDITURES					
Current					
Regular Instruction	10,345,112	22,547			10,367,659
Special Education Instruction	3,157,645	260,026			3,417,671
Other Instruction	179,429				179,429
School Sponsored Activities and Athletics	153,320				153,320
Support Services :					
Student and Instruction Related Services	3,719,730				3,719,730
School Administrative Services	1,156,880				1,156,880
General Administrative Services	665,072				665,072
Plant Operations and Maintenance	2,506,379				2,506,379
Pupil Transportation	450,242				450,242
Business and Other Support Services	532,550				532,550
Debt Service:					
Principal	44,782			997,718	1,042,500
Interest and Other Charges	6,553			234,305	240,858
Capital Outlay	304,031	-	245,390	-	549,421
Total Expenditures	<u>23,221,725</u>	<u>282,573</u>	<u>245,390</u>	<u>1,232,023</u>	<u>24,981,711</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>231,965</u>	<u>-</u>	<u>(147,234)</u>	<u>(49,998)</u>	<u>34,733</u>
OTHER FINANCING SOURCES (USES)					
Capital Lease (Non-Budget)	152,302				152,302
Transfer In			300,000	28,687	328,687
Transfer Out	(328,687)	-	-	-	(328,687)
Total Other Financing Sources and Uses	<u>(176,385)</u>	<u>-</u>	<u>300,000</u>	<u>28,687</u>	<u>152,302</u>
Net Change in Fund Balances	55,580	-	152,766	(21,311)	187,035
Fund Balance, Beginning of Year	3,999,234	-	380,639	21,311	4,401,184
Fund Balance, End of Year	<u>\$ 4,054,814</u>	<u>\$ -</u>	<u>\$ 533,405</u>	<u>\$ -</u>	<u>\$ 4,588,219</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, 2015**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)	\$ 187,035	
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
Depreciation Expense	\$ (634,370)	
Capital Outlay	<u>549,421</u>	(84,949)
<p>In the Statement of activities, only the loss/gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, change in net position differs from the change in fund balance by the cost of the capital assets sold.</p>		
		(67,206)
<p>The issuance of long term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Debt Issued or Incurred		
Capital Lease Financing	(152,302)	
Principal Repayments		
Capital Leases	44,782	
General Obligation Bonds	<u>997,718</u>	890,198
<p>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.</p>		
Amortization of Deferred Charge on Refunding	(70,338)	
Amortization of Premium	<u>50,520</u>	(19,818)
<p>In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due.</p>		
		7,323
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) and pension expense are measured by the amounts earned or accrued during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).</p>		
Decrease in Compensated Absences	35,009	
Increase in Pension Expense	<u>(145,725)</u>	(110,716)
Change in Net Position of Governmental Activities (Exhibit A-2)	\$ 801,867	

**UPPER SADDLE RIVER BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2015**

	Business-Type Activities Other Nonmajor Enterprise Funds
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 109,908
Capital Assets	
Furniture, Machinery, and Equipment	4,650
Less: Accumulated Depreciation	(3,927)
Total Capital Assets	723
Total Assets	110,631
LIABILITIES	
Current Liabilities	
Due to Other Funds	21,595
Accounts Payable	427
Total Current Liabilities	22,022
NET POSITION	
Net Investment in Capital Assets	723
Unrestricted	87,886
Total Net Position	\$ 88,609

**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, 2015**

	Business-Type Activities
	Other Nonmajor Enterprise Funds
OPERATING REVENUES	
Charges for Services	
Daily Sales	\$ 10,155
Program Fees	301,223
	311,378
Total Operating Revenues	311,378
OPERATING EXPENSES	
Salaries and Wages	257,871
Personnel Services - Employee Benefits	21,595
Cost of Sales	6,601
Other Purchase Services	14,826
Supplies and Materials	4,964
Miscellaneous	431
Depreciation Expense	930
	307,218
Total Operating Expenses	307,218
Operating Income	4,160
NONOPERATING REVENUES	
Interest Revenue	343
	343
Total Nonoperating Revenues	343
Change in Net Position	4,503
Net Position, Beginning of Year	84,106
Net Position, End of Year	\$ 88,609

**UPPER SADDLE RIVER BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Business-Type Activities
	<u>Other Nonmajor Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 311,378
Cash Payments to Employees	(250,871)
Cash Payments to Suppliers for Goods and Services	<u>(35,068)</u>
Net Cash Provided by Operating Activities	<u>25,439</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	<u>343</u>
Net Cash Provided by Investing Activities	<u>343</u>
Net Change in Cash and Cash Equivalents	25,782
Cash and Cash Equivalents, Beginning of Year	<u>84,126</u>
Cash and Cash Equivalents, End of Year	<u>\$ 109,908</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	<u>\$ 4,160</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	930
Increase/(Decrease) in Due to Other Funds	21,595
Increase/(Decrease) in Accounts Payable	<u>(1,246)</u>
Total Adjustments	<u>21,279</u>
Net Cash Provided by Operating Activities	<u>\$ 25,439</u>

**UPPER SADDLE RIVER BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2015**

	Unemployment Compensation <u>Trust Fund</u>	Private Purpose Trust Fund	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 99,355	\$ 33,325	\$ 548,716
Total Assets	<u>99,355</u>	<u>33,325</u>	<u>\$ 548,716</u>
LIABILITIES			
Payroll Deductions and Withholdings			\$ 41,672
Accrued Salaries and Wages			450,692
Other Liabilities			6,606
Due to Student Groups			49,401
Due to Other Funds			345
Due to State of New Jersey	<u>3,034</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>3,034</u>	<u>-</u>	<u>\$ 548,716</u>
NET POSITION			
Held In Trust For Unemployment Compensation Claims and Other Purposes	<u>\$ 96,321</u>	<u>\$ 33,325</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, 2015**

	Unemployment Compensation <u>Trust Fund</u>	Private Purpose <u>Trust Fund</u>
ADDITIONS		
Contributions		
Board Contribution	\$ 46,524	
Employee Contribution	29,062	
Investment Earnings		
Interest	<u>293</u>	<u>\$ 115</u>
Total Additions	<u>75,879</u>	<u>115</u>
DEDUCTIONS		
Unemployment Compensation Claims	<u>49,307</u>	<u>-</u>
Total Deductions	<u>49,307</u>	<u>-</u>
Change in Net Position	26,572	115
Net Position, Beginning of Year	<u>69,749</u>	<u>33,210</u>
Net Position, End of Year	<u>\$ 96,321</u>	<u>\$ 33,325</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, 2015**

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, quad technology 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 fiscal year 2015, the District adopted the following GASB statements:

- GASB 68, *Accounting and Financial Reporting for Pensions*. 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.
- GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, should be applied simultaneously with the provisions of Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

UPPER SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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 72, *Fair Value Measurement and Application*, will be effective beginning with the fiscal year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will be effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

C. Basis of Presentation - Financial Statements

The 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. Fiduciary funds are excluded from the district-wide financial statements.

UPPER SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

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.

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 funds, each reported as separate columns in the fund financial statements. All remaining enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental 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 *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

UPPER SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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.

The *quad technology program* accounts for the activities of the District's Quad Technology Program which provides technology services to the Northern Highlands High School, Ho-Ho-Kus, Allendale and Upper Saddle River School Districts.

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".

Reclassifications

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

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.

UPPER SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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.

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.

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.

UPPER SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. *Inventories*

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories are valued at cost using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

4. *Capital Assets*

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

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

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>
Site Improvements	20
Buildings	20-50
Building Improvements	20
Machinery and Equipment	5-10
Computer Equipment	5

UPPER SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. 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 Board has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amounts on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board only has one item that qualifies for reporting in this category. It is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

6. 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.

7. Pensions

In the district-wide financial statements, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

UPPER SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. *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. Gains resulting from debt refundings are classified as deferred inflows of resources and losses are reported as deferred outflows or resources. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

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

9. *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.

UPPER SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

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, 2014 audited excess surplus that was appropriated in the 2015/2016 original budget certified for taxes.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2015 audited excess surplus that is required to be appropriated in the 2016/2017 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.

Capital Reserve - Designated for Subsequent Year's Budget – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2015/2016 District budget certified for taxes.

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

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 2015/2016 District budget certified for taxes.

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.

UPPER SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

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 revenues are 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 2013-2014 and 2014-2015 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 Enterprise Fund, of the LEAP Program Enterprise Fund and Quad Technology Program Enterprise Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**UPPER SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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	\$ 6,509,467
Issuance Premium (to be amortized as interest expense)	249,286
Capital Leases Payable	186,422
Compensated Absences	710,233
Net Pension Liability	<u>5,899,218</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 13,554,626</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.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption.

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.

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 2014/2015. Also, during 2014/2015 the Board increased the original budget by \$248,583. The increase was funded by additional surplus appropriated, grant awards and the reappropriation of prior year general fund encumbrances.

**UPPER SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and 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. 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.

The activity of the capital reserve for the fiscal year ended June 30, 2015 is as follows:

Balance, July 1, 2014		\$ 1,098,513
Increases by		
Transfer Authorized by Board Resolution		<u>398,687</u>
		1,497,200
Withdrawals		
Approved in District Budget	\$ 300,000	
Approved by Board Resolution	<u>28,687</u>	
		<u>328,687</u>
Balance, June 30, 2015		<u>\$ 1,168,513</u>

**UPPER SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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, 2015 is \$2,168,768. Of this amount, \$1,074,337 was designated and appropriated in the 2015/2016 original budget certified for taxes and the remaining amount of \$1,094,431 will be appropriated in the 2016/2017 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.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2015, the book value of the Board's deposits were \$5,203,832 and bank and brokerage firm balances of the Board's deposits amounted to \$5,866,046. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ <u>5,866,046</u>
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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. The Board had no deposits at June 30, 2015 exposed to custodial credit risk.

Investments

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

As of June 30, 2015, the Board had no outstanding investments.

**UPPER SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2015 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>Capital Projects</u>	<u>Total</u>
Receivables:				
Intergovernmental				
State	\$ 45,448		\$ 253,759	\$ 299,207
Federal	<u> -</u>	<u>\$ 10,147</u>	<u> -</u>	<u> 10,147</u>
Gross Receivables	45,448	10,147	253,759	309,354
Less: Allowance for Uncollectibles	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>
Net Total Receivables	<u>\$ 45,448</u>	<u>\$ 10,147</u>	<u>\$ 253,759</u>	<u>\$ 309,354</u>

C. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

Capital Projects Fund	
Unrealized School Facilities Grants	<u>\$155,603</u>
Total Unearned Revenue for Governmental Funds	<u>\$155,603</u>

UPPER SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
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	2,541,371	\$ 346,575		2,887,946
Machinery and Equipment	2,284,759	202,846	\$ (148,142)	2,339,463
Total Capital Assets Being Depreciated	<u>25,798,048</u>	<u>549,421</u>	<u>(148,142)</u>	<u>26,199,327</u>
Less Accumulated Depreciation for:				
Buildings	(8,388,951)	(287,838)		(8,676,789)
Improvements Other Than Buildings	(1,006,556)	(239,790)		(1,246,346)
Machinery and Equipment	(1,532,044)	(106,742)	14,814	(1,623,972)
Total Accumulated Depreciation	<u>(10,927,551)</u>	<u>(634,370)</u>	<u>14,814</u>	<u>(11,547,107)</u>
Total Capital Assets, Being Depreciated, Net	<u>14,870,497</u>	<u>(84,949)</u>	<u>(133,328)</u>	<u>14,652,220</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,971,317</u>	<u>\$ (84,949)</u>	<u>\$ (133,328)</u>	<u>\$ 14,753,040</u>

UPPER SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance July 1, 2014	<u>Increases</u>	<u>Decreases</u>	Balance June 30, 2015
Business-Type Activities:				
Food Service Enterprise Fund				
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	<u>(2,997)</u>	\$ (930)	-	<u>(3,927)</u>
Total Accumulated Depreciation	<u>(2,997)</u>	<u>(930)</u>	<u>-</u>	<u>(3,927)</u>
Total Capital Assets, Being Depreciated, Net	<u>2,583</u>	<u>(930)</u>	<u>-</u>	<u>723</u>
Business-Type Activities Capital Assets, Net	<u>\$ 2,583</u>	<u>\$ (930)</u>	<u>\$ -</u>	<u>\$ 723</u>

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

Governmental Activities:

Instruction	
Regular	\$ 20,325
Support Services	
Support Services-Students	27,700
School Administration	46,030
Operations and Maintenance of Plant	<u>540,315</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 634,370</u>

Business-Type Activities

Food Service Fund	<u>\$ 930</u>
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UPPER SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2015:

<u>Project</u>	<u>Remaining Commitment</u>
Partial Window Replacement at Cavallini Middle School - Phase II	<u>\$ 286,500</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2015, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue	\$ 70,701
General Fund	Agency Fund	345
General Fund	Other Nonmajor Enterprise Fund - QUAD Tech Program	21,595
Capital Projects Fund	General Fund	<u>54,610</u>
Total		<u>\$ 147,251</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, 2015

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

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

Interfund Transfers

	Transfer In:		
	Capital Projects	Debt Service	Total
Transfer Out:			
General Fund	\$ 300,000	\$ 28,687	\$ 328,687

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

F. Leases

Capital Leases

The District is leasing copiers totaling \$381,168 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, 2015 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2016	\$ 51,360
2017	51,360
2018	51,360
2019	33,420
2020	13,925
Total minimum lease payments	201,425
Less: amount representing interest	(15,003)
Present value of minimum lease payments	<u>\$ 186,422</u>

**UPPER SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

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, 2015 are comprised of the following issues:

\$6,480,000, 2004 Refunding Bonds, due in annual installments of \$630,000 to \$690,000 through December 15, 2019, interest at 3.75% to 4.00%	\$3,310,000
\$715,775, 2009 School Bonds, due in annual installments of \$47,718 to \$47,719 through December 15, 2023 interest at 1.21%	429,467
\$3,255,000, 2012 Refunding Bonds, due in annual installments of \$225,000 to \$380,000 through July 15, 2023 interest at 2.00% to 4.00%	<u>2,770,000</u>
Total	<u>\$ 6,509,467</u>

Governmental Activities:

<u>Fiscal Year</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
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	1,107,718	81,901	1,189,619
2020	1,117,718	42,948	1,160,666
2021-2024	<u>1,120,877</u>	<u>43,444</u>	<u>1,164,321</u>
	<u>\$ 6,509,467</u>	<u>\$ 640,135</u>	<u>\$ 7,149,602</u>

UPPER SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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, 2015 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 83,375,789
Less: Net Debt	<u>6,509,467</u>
Remaining Borrowing Power	<u>\$ 76,866,322</u>

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2015, was as follows:

	Balance July 1, 2014 (Restated)	<u>Additions</u>	<u>Reductions</u>	<u>Cancellations</u>	Balance June 30, 2015	Due Within One Year
Governmental Activities:						
Serial Bonds Payable	\$ 7,507,185		\$ 997,718		\$ 6,509,467	\$ 1,022,718
Add:						
Unamortized Premium	299,806	-	50,520	-	249,286	-
	<u>7,806,991</u>	-	1,048,238		6,758,753	1,022,718
Capital Leases Payable	145,024	\$ 152,302	44,782	\$ 66,122	186,422	45,002
Compensated Absences	745,242	-	35,009	-	710,233	28,473
Net Pension Liability	<u>5,362,966</u>	<u>536,252</u>	-	-	<u>5,899,218</u>	<u>296,000</u>
Governmental Activity Long-Term Liabilities	<u>\$ 14,060,223</u>	<u>\$ 688,554</u>	<u>\$ 1,128,029</u>	<u>\$ 66,122</u>	<u>\$ 13,554,626</u>	<u>\$ 1,392,193</u>

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.

**UPPER SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

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>
2015	\$ 46,524	\$ 29,062	\$ 49,307	\$ 96,321
2014	38,531	28,317	53,784	69,749
2013	68,245	27,815	76,688	56,364

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2015, 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.

**UPPER SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2015, 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.

D. Employee Retirement Systems and Pension Plans

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

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

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. TPAF is a cost sharing plan with special funding situations.

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, certain appointed officials, and certain Board employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

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.

**UPPER SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds (Continued)

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

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.

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. 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 or at www.state.nj.us/treasury/doinvest.

Funding Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 54.2 percent and \$37.3 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 75.4 percent and \$13.7 billion, respectively.

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.

**UPPER SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress (Continued)

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 funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2013 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) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 4.24 percent for the PERS and 3.33 percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.9% for PERS, 6.9% 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 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2015 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 fiscal years ended June 30, 2015, 2014 and 2013 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 June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2015	\$ 248,869	\$ 482,374	\$ 8,700
2014	222,312	382,792	7,261
2013	221,628	573,082	4,155

**UPPER SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

For fiscal years 2014/2015 and 2012/2013, the state contributed \$482,374 and \$573,082, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$382,792 for normal cost pension and NCGI premium.

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 24. The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$691,129 during the fiscal year ended June 30, 2015 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees Retirement System (PERS)

At June 30, 2015, the District reported in the statement of net position (accrual basis) a liability of \$5,899,218 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2014, the District's proportionate share was .03150 percent, which was an increase of .00344 percent from its proportionate share measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$394,594 for PERS. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience Changes of Assumptions	\$ 185,503	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 351,561
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>556,585</u>	<u>-</u>
Total	<u>\$ 742,088</u>	<u>\$ 351,561</u>

UPPER SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>		
2016	\$	48,523
2017		48,523
2018		48,523
2019		48,523
2020		136,413
Thereafter		<u>60,022</u>
	\$	<u>390,527</u>

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15-4.40%
Thereafter	Based on Age 3.15-5.40%
Investment Rate of Return	Based on Age 7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

UPPER SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
PERS	5.39%

**UPPER SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF)

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$2,602,312 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2015 the State's proportionate share of the net pension liability attributable to the District is \$48,361,663. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2014.

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2009 -
Study Upon Which Actuarial Assumptions were Based	June 30, 2012

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

UPPER SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

**UPPER SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

The discount rate used to measure the total pension liabilities of the TPAF plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.68%

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

TPAF

Period of Projected Benefit

Payments for which the Following
 Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

* The municipal bond return rate used is 4.29%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.68%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.68 percent) or 1-percentage-point higher (5.68 percent) than the current rate:

	1% Decrease <u>(4.39%)</u>	Current Discount Rate <u>(5.39%)</u>	1% Increase <u>(6.39%)</u>
District's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 58,166,507</u>	<u>\$ 48,361,663</u>	<u>\$ 40,206,919</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2014. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2014 was not provided by the pension system.

UPPER SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

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, 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-Local 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 590 state and local participating employers and contributing entities for Fiscal Year 2014.

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 paid 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 paid 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 state 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.

**UPPER SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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.

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, 2013, the most recent actuarial valuation date, the State had a \$53.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$19.7 billion for state active and retired members and \$33.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB includes 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 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 or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

**UPPER SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the July 1, 2013, OPEB 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, 2014, there were 103,432, retirees receiving post-retirement medical benefits and the State contributed \$1.04 billion 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 employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

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 fiscal years ended June 30, 2015, 2014 and 2013 were \$765,770, \$627,635 and \$648,010, 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, 2014, the Upper Saddle River Board of Education implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions. The Upper Saddle River Board of Education has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended June 30, 2014 was to recognize the District's proportionate share of the Public Employees' Retirement System's (PERS) net pension liability, deferred outflows of resources and deferred inflows of resources with a corresponding reduction in the unrestricted component of net position in the amount of \$5,362,966. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2014 from \$11,045,147 as originally reported to \$5,682,181 as adjusted for the effects of the change in accounting principle.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

UPPER SADDLE RIVER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
REVENUES					
Local Sources					
Property Tax Levy	\$ 20,483,944		\$ 20,483,944	\$ 20,483,944	
Tuition	162,500		162,500	168,288	\$ 5,788
Interest on Investments				10,154	10,154
Miscellaneous	97,000	-	97,000	22,503	(74,497)
Total Local Sources	<u>20,743,444</u>	<u>-</u>	<u>20,743,444</u>	<u>20,684,889</u>	<u>(58,555)</u>
State Sources					
Special Education Aid	451,270		451,270	451,270	
Security Aid	19,961		19,961	19,961	
Transportation Aid	35,371		35,371	35,371	
PARCC Readiness Aid	12,770		12,770	12,770	
Per Pupil Growth Aid	12,770		12,770	12,770	
Nonpublic School Transportation				10,440	10,440
Extraordinary Aid				348,525	348,525
On-behalf TPAF (Non-Budget)					
Pension Contribution - Normal Cost				449,999	449,999
NCGI Premium				32,375	32,375
Post Retirement Medical Benefits				765,770	765,770
Social Security Contribution	-	-	-	691,129	691,129
Total State Sources	<u>532,142</u>	<u>-</u>	<u>532,142</u>	<u>2,830,380</u>	<u>2,298,238</u>
Total Revenues	<u>21,275,586</u>	<u>-</u>	<u>21,275,586</u>	<u>23,515,269</u>	<u>2,239,683</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	558,300		558,300	557,496	804
Grades 1-5	3,237,329	\$ (38,936)	3,198,393	3,150,899	47,494
Grades 6-8	2,454,670	37,432	2,492,102	2,479,839	12,263
Regular Programs - Home Instruction					
Salaries of Teachers					
Purchased Prof. - Ed. Services	5,000		5,000	3,308	1,692
Purchased Prof. - Ed. Services	6,450	(3,996)	2,454	752	1,702
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction					
Other Purchased Services	203,000	-	203,000	156,599	46,401
General Supplies	792,201	38,078	830,279	798,690	31,589
Textbooks	7,200	8,697	15,897	12,371	3,526
Total Instruction Regular Programs	<u>7,264,150</u>	<u>42,010</u>	<u>7,306,160</u>	<u>7,160,689</u>	<u>145,471</u>
Learning and/or Language Disabilities					
Salaries of Teachers					
General Supplies	185,000	-	185,000	123,451	61,549
General Supplies	5,750	-	5,750	5,472	278
Total Learning and/or Language Disabilities	<u>190,750</u>	<u>-</u>	<u>190,750</u>	<u>128,923</u>	<u>61,827</u>
Resource Room					
Salaries of Teachers					
Other Salaries for Instruction	741,000		741,000	727,652	13,348
General Supplies	349,900	-	349,900	252,072	97,828
Textbooks	16,000	5,174	21,174	21,113	61
Textbooks	1,275	(189)	1,086	627	459
Total Resource Room	<u>1,108,175</u>	<u>4,985</u>	<u>1,113,160</u>	<u>1,001,464</u>	<u>111,696</u>
Preschool Disabilities - Part Time					
Salaries of Teachers					
General Supplies	105,692		105,692	103,250	2,442
General Supplies	1,000	-	1,000	933	67
Total Preschool Disabilities - Part Time	<u>106,692</u>	<u>-</u>	<u>106,692</u>	<u>104,183</u>	<u>2,509</u>

UPPER SADDLE RIVER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Home Instruction					
Salaries of Teachers	\$ 10,000	\$ 5,652	\$ 15,652	\$ 15,652	
Purchased Professional - Educational Services	143,280	(9,937)	133,343	52,525	\$ 80,818
Total Home Instruction	153,280	(4,285)	148,995	68,177	80,818
Total Special Education	1,558,897	700	1,559,597	1,302,747	256,850
Basic Skills / Remedial - Instruction:					
Salaries of Teachers	183,700	(4,949)	178,751	122,750	56,001
General Supplies	1,300	4,949	6,249	6,249	-
Total Basic Skills/Remedial	185,000	-	185,000	128,999	56,001
Bilingual Education					
Salaries of Teachers	33,000	213	33,213	33,212	1
General Supplies	1,000	(213)	787	560	227
Total Bilingual Education	34,000	-	34,000	33,772	228
School Sponsored Co/Extra Curricular Activities					
Salaries	53,100		53,100	47,069	6,031
Supplies and Materials	11,200	-	11,200	9,214	1,986
Total School Sponsored Co/Extra Curricular Activities	64,300	-	64,300	56,283	8,017
School Sponsored Athletics - Instruction					
Salaries	41,400		41,400	40,050	1,350
Purchased Services	6,270		6,270	4,636	1,634
Supplies and Materials	8,950	-	8,950	8,391	559
Total School Sponsored Athletics	56,620	-	56,620	53,077	3,543
Total - Instruction	9,162,967	42,710	9,205,677	8,735,567	470,110
Undistributed Expenditures					
Instruction					
Tuition to Other LEA's Within the State	508,750	178,425	687,175	687,175	-
Tuition to CSSD & Reg Day School		-			-
Tuition to Priv. Sch. For Disabled Within the State	757,831	(219,018)	538,813	492,450	46,363
Total Undistributed Expenditures - Instruction	1,266,581	(40,593)	1,225,988	1,179,625	46,363
Health Services					
Salaries	217,700	937	218,637	215,713	2,924
Purchased Professional and Technical Services	1,800	-	1,800	1,800	
Supplies and Materials	10,942	2,853	13,795	13,750	45
Total Health Services	230,442	3,790	234,232	231,263	2,969
Speech, OT, PT & Related Services					
Salaries	343,800	(1,677)	342,123	342,123	-
Purchased Prof. - Ed. Services	138,900	86,735	225,635	176,068	49,567
Supplies and Materials	1,000	17	1,017	1,017	-
Total Speech, OT, PT & Related Services	483,700	85,075	568,775	519,208	49,567
Other Support Services - Students - Extraordinary Svcs					
Salaries	163,000	(767)	162,233	161,640	593
Total Other Support Services - Students - Extraordinary Services	163,000	(767)	162,233	161,640	593

UPPER SADDLE RIVER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Guidance					
Salaries of Other Professional Staff	\$ 277,600	\$ (2,424)	\$ 275,176	\$ 274,001	\$ 1,175
Salaries of Secretarial and Clerical Assistants	106,880	-	106,880	87,947	18,933
Supplies and Materials	6,350	3,800	10,150	10,141	9
Total Guidance	390,830	1,376	392,206	372,089	20,117
Child Study Team					
Salaries of Other Professional Staff	653,100	-	653,100	592,897	60,203
Salaries of Secretarial and Clerical Assistants	50,000	-	50,000	48,515	1,485
Purchased Prof. - Ed. Services	27,000	(9,310)	17,690	13,395	4,295
Other Purchased Prof. and Technical Services	30,000	3,929	33,929	21,167	12,762
Other Purchased Services		1,171	1,171	1,171	-
Supplies and Materials	21,800	(358)	21,442	13,756	7,686
Other Objects	3,350	-	3,350	2,769	581
Total Child Study Team	785,250	(4,568)	780,682	693,670	87,012
Improvement of Instructional Services					
Salaries of Other Professional Staff	84,100	1,162	85,262	85,262	-
Purchased Prof. - Ed. Services	72,000	(1,162)	70,838	70,649	189
Supplies and Materials	5,000	-	5,000	4,200	800
Total Improvement of Instructional Services	161,100	-	161,100	160,111	989
Educational Media Services/School Library					
Salaries	219,700	-	219,700	162,202	57,498
Salaries of Technology Coordinators	137,400	(7,000)	130,400	126,290	4,110
Supplies and Materials	39,394	1,000	40,394	35,537	4,857
Total Educational Media Services/School Library	396,494	(6,000)	390,494	324,029	66,465
Instructional Staff Training Services					
Salaries of Other Professional Staff	19,992	15,015	35,007	35,007	-
Purchased Prof. - Ed. Services	133,900	(25,378)	108,522	79,737	28,785
Other Purchased Professional and Tech Services	82,200	(12,745)	69,455	48,338	21,117
Other Purchased Services	7,950	1,685	9,635	6,952	2,683
Supplies and Materials	4,425	11,488	15,913	15,810	103
Other Objects	1,000	124	1,124	1,124	-
Total Instructional Staff Training Services	249,467	(9,811)	239,656	186,968	52,688
Support Services General Administration					
Salaries	285,400	-	285,400	284,473	927
Legal Services	50,000	(15,633)	34,367	19,099	15,268
Audit Services	30,000	20,435	50,435	21,345	29,090
Other Purchased Professional Service	9,500	28,447	37,947	28,947	9,000
Purchased Technical Services	54,943	5,211	60,154	57,963	2,191
Communications/Telephone	105,779	(10,871)	94,908	69,218	25,690
BOE Other Purchased Services	12,000	-	12,000	6,476	5,524
Miscellaneous Purchased Services	28,000	(4,483)	23,517	14,500	9,017
General Supplies	22,600	712	23,312	9,127	14,185
Miscellaneous Expenditures	33,950	-	33,950	26,773	7,177
Total Support Services General Administration	632,172	23,818	655,990	537,921	118,069
Support Services School Administration					
Salaries of Principals/Asst. Principals	550,100	4,821	554,921	554,921	-
Salaries of Secretarial and Clerical Assistants	180,700	(4,821)	175,879	171,277	4,602
Lease Agreements	53,000	-	53,000	51,335	1,665
Other Purchased Services	4,750	-	4,750	2,947	1,803
Supplies and Materials	53,900	5,014	58,914	56,820	2,094
Other Objects	5,500	1,040	6,540	6,165	375
Total Support Services School Administration	847,950	6,054	854,004	843,465	10,539

UPPER SADDLE RIVER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Central Services					
Salaries	\$ 341,800		\$ 341,800	\$ 341,262	\$ 538
Purchased Technical Services	10,500		10,500	9,900	600
Miscellaneous Purchased Services		\$ 830	830	830	-
General Supplies	10,000	(231)	9,769	6,730	3,039
Miscellaneous Expenditures	6,550	(600)	5,950	2,116	3,834
Total Central Services	368,850	(1)	368,849	360,838	8,011
Required Maintenance for School Facilities					
Salaries	83,600	3,800	87,400	87,400	
Cleaning, Repair, and Maint. Services	455,300	(27,144)	428,156	391,336	36,820
General Supplies	6,500	52,332	58,832	21,673	37,159
Total Required Maintenance of School Facilities	545,400	28,988	574,388	500,409	73,979
Custodial Services					
Salaries	976,200	(17,685)	958,515	895,134	63,381
Cleaning, Repair, and Maintenance Services	47,500	(5,993)	41,507	29,962	11,545
Other Purchase Property Services	1,000		1,000	486	514
Insurance	130,000	(4,151)	125,849	121,743	4,106
General Supplies	128,900	28,996	157,896	157,711	185
Energy (Natural Gas)	130,000	-	130,000	105,414	24,586
Energy (Electricity)	235,000	-	235,000	194,336	40,664
Energy (Oil)	4,000	-	4,000	701	3,299
Other Objects	8,275	-	8,275	4,698	3,577
Total Custodial Services	1,660,875	1,167	1,662,042	1,510,185	151,857
Student Transportation Services					
Contracted Services - Aid in Lieu Payments - Non Public Schools	50,000	6,134	56,134	48,880	7,254
Contracted Services (Than Between Home & School) - Vendors	131,000	(6,134)	124,866	112,991	11,875
Contracted Services (Other Than Between Home & School) - Vendors	32,000		32,000	28,603	3,397
Contracted Services (Special Education) - Joint Agreement	299,042	-	299,042	259,768	39,274
Total Student Transportation Services	512,042	-	512,042	450,242	61,800
Unallocated Benefits - Employee Benefits					
Social Security Contributions	260,000	-	260,000	247,981	12,019
Other Retirement Contributions	300,000	-	300,000	257,569	42,431
Unemployment Compensation	75,000	-	75,000	46,524	28,476
Workmen's Compensation	140,100	-	140,100	110,055	30,045
Health Benefits	3,789,871	(46,490)	3,743,381	3,504,948	238,433
Tuition Reimbursement	80,000	-	80,000	59,887	20,113
Total Unallocated Benefits-Employee Benefits	4,644,971	(46,490)	4,598,481	4,226,964	371,517
On-behalf TPAF (Non-Budget)					
Pension Contribution - Normal Cost				449,999	(449,999)
NCGI Premium				32,375	(32,375)
Post Retirement Medical Benefits				765,770	(765,770)
Social Security Contr.	-	-	-	691,129	(691,129)
Total TPAF - On-Behalf	-	-	-	1,939,273	(1,939,273)
Total Undistributed Expenditures	13,339,124	42,038	13,381,162	14,197,900	(816,738)
Total Current Expenditures	22,502,091	84,748	22,586,839	22,933,467	(346,628)

UPPER SADDLE RIVER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures - Instruction	\$ 35,000	-	\$ 35,000	\$ 31,881	\$ 3,119
Undistributed Expenditures - Support Services - Students - Reg.	21,500	\$ 16,658	38,158	38,158	-
Total Undistributed Expenditures	56,500	16,658	73,158	70,039	3,119
Facilities Acquisition and Construction Services					
Construction Services	-	65,917	65,917	65,917	-
Total Facilities Acquisition and Construction Services	-	65,917	65,917	65,917	-
Assets Acquired under Capital Leases (Non-Budgeted)					
Support Services - Copiers	-	-	-	152,302	(152,302)
Total Assets Acquired Under Capital Leases (Non-Budgeted)	-	-	-	152,302	(152,302)
Total Capital Outlay	56,500	82,575	139,075	288,258	(149,183)
Total General Fund Expenditures	22,558,591	167,323	22,725,914	23,221,725	(495,811)
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(1,283,005)	(167,323)	(1,450,328)	293,544	1,743,872
Other Financing Sources and (Uses)					
Capital Leases (Non-Budget)	-	-	-	152,302	152,302
Transfers Out	(300,000)	(28,687)	(328,687)	(328,687)	-
Total Other Financing Sources	(300,000)	(28,687)	(328,687)	(176,385)	152,302
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(1,583,005)	(196,010)	(1,779,015)	117,159	1,896,174
Fund Balances, Beginning of Year	4,339,396	-	4,339,396	4,339,396	-
Fund Balances, End of Year	\$ 2,756,391	\$ (196,010)	\$ 2,560,381	\$ 4,456,555	\$ 1,896,174
Recapitulation					
Restricted Fund Balance:					
Excess Surplus - Designated for Subsequent Year's Budget				\$ 1,074,337	
Excess Surplus				1,094,431	
Capital Reserve				868,513	
Capital Reserve - Designated for Subsequent Year's Budget				300,000	
Assigned Fund Balance:					
Designated for Subsequent Year's Budget				259,046	
Encumbrances				72,660	
Unassigned Fund Balance				787,568	
				4,456,555	
Reconciliation to Governmental Fund Statements (GAAP)					
2014/2015 State Aid Payments Not Recognized on a GAAP Basis				401,741	
Fund Balance per Governmental Funds (GAAP)				\$ 4,054,814	

UPPER SADDLE RIVER BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Intergovernmental					
Federal	\$ 230,000	\$ 52,573	\$ 282,573	\$ 282,573	-
Total Revenues	<u>230,000</u>	<u>52,573</u>	<u>282,573</u>	<u>282,573</u>	<u>-</u>
EXPENDITURES					
Instruction					
Other Salaries for Instruction	215,000	45,026	260,026	260,026	-
Purchased Professional/Educational Services	<u>15,000</u>	<u>7,547</u>	<u>22,547</u>	<u>22,547</u>	<u>-</u>
Total Support Services	<u>230,000</u>	<u>52,573</u>	<u>282,573</u>	<u>282,573</u>	<u>-</u>
Total Expenditures	<u>230,000</u>	<u>52,573</u>	<u>282,573</u>	<u>282,573</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE SUPPLEMENTARY INFORMATION - PART II

**UPPER SADDLE RIVER BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual revenues (budgetary basis)		
budgetary comparison schedule	\$ 23,515,269	\$ 282,573
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements - Current Year	(401,741)	
State Aid payment recognized for GAAP statements, not recognized for budgetary purposes - Prior Year	340,162	-
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	\$ 23,453,690	\$ 282,573
Uses/Outflows of Resources		
Actual expenditures (budgetary basis)		
(Exhibits C-1 and C-2)	\$ 23,221,725	\$ 282,573
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	\$ 23,221,725	\$ 282,573

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**UPPER SADDLE RIVER BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

**PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Two Fiscal Years ***

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.03150 %	0.02806 %
District's Proportionate Share of the Net Pension Liability (Asset)	5,899,218	5,362,966
District's Covered-Employee Payroll	2,026,624	1,990,254
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	291%	269%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%

* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**UPPER SADDLE RIVER BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**

PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Two Fiscal Years

	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 248,869	\$ 222,312
Contributions in Relation to the Contractually Required Contributions	<u>248,869</u>	<u>222,312</u>
Contribution Deficiency (Excess)	-	-
District's Covered- Employee Payroll	2,026,624	1,990,254
Contributions as a Percentage of Covered-Employee Payroll	12.28%	11.17%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**UPPER SADDLE RIVER BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

**TEACHERS PENSION AND ANNUITY FUND
Last Two Fiscal Years ***

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0 %	0 %
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>48,361,663</u>	<u>44,823,719</u>
Total	<u>\$ 48,361,663</u>	<u>\$ 44,823,719</u>
District's Covered-Employee Payroll	9,006,986	9,071,340
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	33.76%

* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**UPPER SADDLE RIVER BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Change of Benefit Terms:

None.

Change of Assumptions:

The discount rate changed from the District's rate as of June 30, 2014 to the District's rate as of June 30, 2015, in accordance with GASB Statement No. 67.

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, 2015

	<u>N.C.L.B.</u>	<u>I.D.E.I.A. Part B</u>		
	<u>Title II</u>			
	<u>Part A</u>	<u>Basic</u>	<u>Preschool</u>	<u>Total</u>
REVENUES				
Intergovernmental				
Federal	\$ 22,547	\$ 247,714	\$ 12,312	\$ 282,573
Total Revenues	<u>22,547</u>	<u>247,714</u>	<u>12,312</u>	<u>282,573</u>
EXPENDITURES				
Support Services				
Other Salaries for Instruction		247,714	12,312	260,026
Purchased Prof. Ed. Services	<u>22,547</u>	<u>-</u>	<u>-</u>	<u>22,547</u>
Total Support Services	<u>22,547</u>	<u>247,714</u>	<u>12,312</u>	<u>282,573</u>
Total Expenditures	<u>22,547</u>	<u>247,714</u>	<u>12,312</u>	<u>282,573</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CAPITAL PROJECTS FUND

**UPPER SADDLE RIVER BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Project Title</u>	<u>Appropriation</u>	<u>Expended</u>		<u>Balance June 30, 2015</u>
		<u>Prior Year</u>	<u>Current Year</u>	
Replace Curtain Wall and Partial Window Replacement at Cavallini Middle School	\$ 634,398		\$ 245,390	\$ 389,008
Partial Window Replacement at Cavallini Middle School - Phase II	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
	<u>\$ 934,398</u>	<u>\$ -</u>	<u>\$ 245,390</u>	<u>689,008</u>
<u>Reconciliation to GAAP</u>				
Less:				
				<u>155,603</u>
				<u>Fund Balance, June 30, 2015-GAAP Basis</u>
				<u>\$ 533,405</u>
<u>Recapitulation of Fund Balance</u>				
Restricted for Capital Projects:				
				\$ 292,927
				<u>396,081</u>
				<u>Total Fund Balance - Restricted for Capital Projects</u>
				<u>\$ 689,008</u>

**UPPER SADDLE RIVER BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Revenues and Other Financing Sources

Other Financing Sources

Transfer from Capital Reserve

\$ 300,000

Total Revenues and Other Financing Sources

300,000**Expenditures**

Construction Services

245,390

Total Expenditures

245,390

Excess Revenues Over Expenditures

54,610

Fund Balance, Beginning of Year

634,398

Fund Balance, End of Year

\$ 689,008

Fund Balance Budgetary Basis

\$ 689,008

Less: Unearned Revenue

155,603

Fund Balance GAAP Basis

\$ 533,405

**UPPER SADDLE RIVER BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
REPLACE CURTAIN WALL AND PARTIAL WINDOW REPLACEMENT AT CAVALLINI MIDDLE SCHOOL
FROM INCEPTION AND THROUGH THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Period</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
SDA Grant	\$ 253,759		\$ 253,759	\$ 253,759
Transfer from Capital Outlay	225,000		225,000	225,000
Transfer from Capital Reserve	155,639	-	155,639	155,639
	<u>634,398</u>	<u>-</u>	<u>634,398</u>	<u>634,398</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Construction Services	-	\$ 245,390	245,390	634,398
	<u>-</u>	<u>245,390</u>	<u>245,390</u>	<u>634,398</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 634,398</u>	<u>\$ (245,390)</u>	<u>\$ 389,008</u>	<u>\$ -</u>

Additional Project Information:

Project Number	#5330-050-14-1001
Grant Date	May 21, 2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
SDA Grant Authorized	\$ 253,759
Capital Outlay	225,000
Capital Reserve	155,639
Original Authorized Cost	634,398
Increase/(Decrease)	
Revised Authorized Cost	634,398

Percentage Increase Over Original

Authorized Cost	0.00%
Percentage Completion	38.68%
Original Target Completion Date	June 30, 2015
Revised Completion Date	June 30, 2016

**UPPER SADDLE RIVER BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
PARTIAL WINDOW REPLACEMENT AT CAVALLINI MIDDLE SCHOOL - Phase II
FROM INCEPTION AND THROUGH THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Period</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Reserve	-	\$ 300,000	\$ 300,000	\$ 300,000
 Total Revenues	 -	 300,000	 300,000	 300,000
EXPENDITURES AND OTHER FINANCING SOURCES				
Architect and Engineering Fees				6,437
Construction Services	-	-	-	293,563
 Total Expenditures and Other Financing Uses	 -	 -	 -	 300,000
 Excess (deficiency) of Revenues over (under) Expenditures	 \$ -	 \$ 300,000	 \$ 300,000	 \$ -

Additional Project Information:

Project Number	N/A
SDA Grant Authorized	N/A
Capital Outlay	
Capital Reserve	\$ 300,000
Original Authorized Cost	300,000
Increase/(Decrease)	
Revised Authorized Cost	300,000
 Percentage Increase Over Original	
Authorized Cost	0.00%
Percentage Completion	0.00%
Original Target Completion Date	June 30, 2016
Revised Completion Date	June 30, 2016

ENTERPRISE FUNDS

**UPPER SADDLE RIVER BOARD OF EDUCATION
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2015**

	<u>Food Service</u>	<u>LEAP Program</u>	<u>QUAD Tech Program</u>	<u>Total NonMajor Enterprise Funds</u>
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 2,093	\$ 86,220	\$ 21,595	\$ 109,908
Capital Assets				
Furniture, Machinery, and Equipment	4,650			4,650
Less: Accumulated Depreciation	<u>(3,927)</u>	<u>-</u>	<u>-</u>	<u>(3,927)</u>
Total Capital Assets	<u>723</u>	<u>-</u>	<u>-</u>	<u>723</u>
Total Assets	<u>2,816</u>	<u>86,220</u>	<u>21,595</u>	<u>110,631</u>
LIABILITIES				
Current Liabilities				
Due to Other Funds			21,595	21,595
Accounts Payable	<u>427</u>	<u>-</u>	<u>-</u>	<u>427</u>
Total Current Assets	<u>427</u>	<u>-</u>	<u>21,595</u>	<u>22,022</u>
NET POSITION				
Investment in Capital Assets	723			723
Unrestricted	<u>1,666</u>	<u>86,220</u>	<u>-</u>	<u>87,886</u>
Total Net Position	<u>\$ 2,389</u>	<u>\$ 86,220</u>	<u>\$ -</u>	<u>\$ 88,609</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, 2015**

	<u>Food Service</u>	<u>LEAP Program</u>	<u>QUAD Tech Program</u>	<u>Total NonMajor Enterprise Funds</u>
OPERATING REVENUES				
Charges for Services				
Daily Sales	\$ 10,155			\$ 10,155
Program Fees	-	\$ 51,536	\$ 249,687	301,223
	<u>10,155</u>	<u>51,536</u>	<u>249,687</u>	<u>311,378</u>
Total Operating Revenues				
OPERATING EXPENSES				
Salaries and Wages	7,000	24,405	226,466	257,871
Personnel Services - Employee Benefits			21,595	21,595
Cost of Sales	6,601			6,601
Other Purchase Services		13,631	1,195	14,826
Supplies and Materials		4,964		4,964
Miscellaneous			431	431
Depreciation Expense	930	-	-	930
	<u>14,531</u>	<u>43,000</u>	<u>249,687</u>	<u>307,218</u>
Total Operating Expenses				
Operating Income (Loss)	<u>(4,376)</u>	<u>8,536</u>	<u>-</u>	<u>4,160</u>
NONOPERATING REVENUES				
Interest Revenue	27	316	-	343
	<u>27</u>	<u>316</u>	<u>-</u>	<u>343</u>
Total Nonoperating Revenues				
Change in Net Position	(4,349)	8,852	-	4,503
Net Position, Beginning of Year	6,738	77,368	-	84,106
Net Position, End of Year	<u>\$ 2,389</u>	<u>\$ 86,220</u>	<u>\$ -</u>	<u>\$ 88,609</u>

**UPPER SADDLE RIVER BOARD OF EDUCATION
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Food Service</u>	<u>LEAP Program</u>	<u>QUAD Tech Program</u>	<u>Total NonMajor Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 10,155	\$ 51,536	\$ 249,687	\$ 311,378
Cash Payments for Employees Salaries		(24,405)	(226,466)	(250,871)
Cash Payments to Suppliers for Goods and Services	(14,847)	(18,595)	(1,626)	(35,068)
Net Cash Provided by (Used for) Operating Activities	<u>(4,692)</u>	<u>8,536</u>	<u>21,595</u>	<u>25,439</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES				
Interest on Investments	<u>27</u>	<u>316</u>	<u>-</u>	<u>343</u>
Net Cash Provided by Noncapital Financing Activities	<u>27</u>	<u>316</u>	<u>-</u>	<u>343</u>
Net Change in Cash and Cash Equivalents	(4,665)	8,852	21,595	25,782
Cash and Cash Equivalents, Beginning of Year	<u>6,758</u>	<u>77,368</u>	<u>-</u>	<u>84,126</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,093</u>	<u>\$ 86,220</u>	<u>\$ 21,595</u>	<u>\$ 109,908</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (4,376)	\$ 8,536	\$ -	\$ 4,160
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Change in Assets and Liabilities				
Depreciation	930			930
Increase/(Decrease) in Due to Other Funds			21,595	21,595
Increase/(Decrease) in Accounts Payable	(1,246)	-	-	(1,246)
Total Adjustments	<u>(316)</u>	<u>-</u>	<u>21,595</u>	<u>21,279</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (4,692)</u>	<u>\$ 8,536</u>	<u>\$ 21,595</u>	<u>\$ 25,439</u>

FIDUCIARY FUNDS

**UPPER SADDLE RIVER BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2015**

	<u>Student</u>	<u>Agency</u>	
	<u>Activity</u>	<u>Payroll</u>	<u>Total</u>
ASSETS			
Cash	\$ 49,401	\$ 499,315	\$ 548,716
Total Assets	<u>\$ 49,401</u>	<u>\$ 499,315</u>	<u>\$ 548,716</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 41,672	\$ 41,672
Accrued Salaries and Wages		450,692	450,692
Other Liabilities		6,606	6,606
Due to Other Funds		345	345
Due to Student Groups	\$ 49,401	-	49,401
Total Liabilities	<u>\$ 49,401</u>	<u>\$ 499,315</u>	<u>\$ 548,716</u>

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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, 2015**

<u>School</u>	<u>Balance July 1, 2014</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2015</u>
Bogert	\$ 16,516	\$ 31,290	\$ 34,518	\$ 13,288
Reynolds	12,028	14,301	10,357	15,972
Cavallini	<u>26,744</u>	<u>43,105</u>	<u>49,708</u>	<u>20,141</u>
Total	<u>\$ 55,288</u>	<u>\$ 88,696</u>	<u>\$ 94,583</u>	<u>\$ 49,401</u>

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

	<u>Balance, July 1, 2014</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2015</u>
ASSETS				
Cash	<u>\$ 609,087</u>	<u>\$ 15,177,898</u>	<u>\$ 15,287,670</u>	<u>\$ 499,315</u>
Totals	<u>\$ 609,087</u>	<u>\$ 15,177,898</u>	<u>\$ 15,287,670</u>	<u>\$ 499,315</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 119,388	\$ 6,760,616	\$ 6,838,332	\$ 41,672
Accrued Salaries and Wages	481,392	8,416,307	8,447,007	450,692
Due to Other Funds	1,724	952	2,331	345
Other Liabilities	<u>6,583</u>	<u>23</u>	<u>-</u>	<u>6,606</u>
Totals	<u>\$ 609,087</u>	<u>\$ 15,177,898</u>	<u>\$ 15,287,670</u>	<u>\$ 499,315</u>

LONG-TERM DEBT

**UPPER SADDLE RIVER BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 898,438		\$ 898,438	\$ 898,438	
State Sources					
Type II Debt Service Aid	<u>283,587</u>	-	<u>283,587</u>	<u>283,587</u>	-
Total Revenues	<u>1,182,025</u>	-	<u>1,182,025</u>	<u>1,182,025</u>	-
EXPENDITURES					
Regular Debt Service					
Principal	997,719		997,719	997,718	\$ 1
Interest	<u>234,306</u>	-	<u>234,306</u>	<u>234,305</u>	<u>1</u>
Total Expenditures	<u>1,232,025</u>	-	<u>1,232,025</u>	<u>1,232,023</u>	<u>2</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(50,000)	-	(50,000)	(49,998)	2
Other Financing Sources					
Transfer In	-	\$ 28,687	28,687	28,687	-
Total Other Financing Sources	<u>-</u>	<u>28,687</u>	<u>28,687</u>	<u>28,687</u>	<u>-</u>
Net Change in Fund Balance	(50,000)	28,687	(21,313)	(21,311)	2
Fund Balance, Beginning of Year	<u>21,311</u>	-	<u>21,311</u>	<u>21,311</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (28,689)</u>	<u>\$ 28,687</u>	<u>\$ (2)</u>	<u>\$ -</u>	<u>\$ 2</u>

**UPPER SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Series</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Cancellation</u>	<u>Balance, June 30, 2015</u>
2011- Copiers	Various	\$ 12,320	\$ 2,784		\$ 1,139	\$ 1,645	
2012-Copiers	Various	135,822	76,327		11,850	64,477	
2013- Copiers	Various	80,724	65,913		15,450		\$ 50,463
2014-Copiers	Various	152,302	-	\$ 152,302	16,343	-	135,959
			<u>\$ 145,024</u>	<u>\$ 152,302</u>	<u>\$ 44,782</u>	<u>\$ 66,122</u>	<u>\$ 186,422</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,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities						(1)				
Net Investment in Capital Assets	\$ 3,185,721	\$ 3,684,903	\$ 3,916,045	\$ 4,595,911	\$ 4,749,158	\$ 5,005,659	\$ 5,440,930	\$ 6,875,092	\$ 7,438,818	\$ 8,157,043
Restricted	388,179	339,147	339,755	240,942	248,520	894,298	1,688,399	1,090,083	1,500,463	1,701,918
Unrestricted	709,754	539,766	486,551	458,871	1,100,250	1,236,119	1,852,310	2,059,799	2,105,866	(3,374,913)
Total Governmental Activities Net Position	<u>\$ 4,283,654</u>	<u>\$ 4,563,816</u>	<u>\$ 4,742,351</u>	<u>\$ 5,295,724</u>	<u>\$ 6,097,928</u>	<u>\$ 7,136,076</u>	<u>\$ 8,981,639</u>	<u>\$ 10,024,974</u>	<u>\$ 11,045,147</u>	<u>\$ 6,484,048</u>
Business-Type Activities										
Investment in Capital Assets	\$ 3,962	\$ 3,645	\$ 3,328	\$ 3,011	\$ 2,694	\$ 4,443	\$ 3,513	\$ 2,583	\$ 1,653	\$ 723
Unrestricted	906	1,159	833	5,438	41,754	43,003	52,656	67,729	82,453	87,886
Total Business-Type Activities Net Assets	<u>\$ 4,868</u>	<u>\$ 4,804</u>	<u>\$ 4,161</u>	<u>\$ 8,449</u>	<u>\$ 44,448</u>	<u>\$ 47,446</u>	<u>\$ 56,169</u>	<u>\$ 70,312</u>	<u>\$ 84,106</u>	<u>\$ 88,609</u>
District-Wide										
Net Investment in Capital Assets	\$ 3,189,683	\$ 3,688,548	\$ 3,919,373	\$ 4,598,922	\$ 4,751,852	\$ 5,010,102	\$ 5,444,443	\$ 6,877,675	\$ 7,440,471	\$ 8,157,766
Restricted	388,179	339,147	339,755	240,942	248,520	894,298	1,688,399	1,090,083	1,500,463	1,701,918
Unrestricted	710,660	540,925	487,384	464,309	1,142,004	1,279,122	1,904,966	2,127,528	2,188,319	(3,287,027)
Total District Net Position	<u>\$ 4,288,522</u>	<u>\$ 4,568,620</u>	<u>\$ 4,746,512</u>	<u>\$ 5,304,173</u>	<u>\$ 6,142,376</u>	<u>\$ 7,183,522</u>	<u>\$ 9,037,808</u>	<u>\$ 10,095,286</u>	<u>\$ 11,129,253</u>	<u>\$ 6,572,657</u>

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,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 8,743,084	\$ 9,056,227	\$ 9,637,823	\$ 9,086,495	\$ 9,399,908	\$ 9,271,906	\$ 8,964,853	\$ 9,881,525	\$ 10,113,325	\$ 11,680,775
Special Education	2,309,344	3,151,899	3,388,312	3,413,326	3,628,533	3,409,545	3,346,003	3,368,583	3,201,829	3,665,144
Other Instruction	287,113	229,509	212,034	249,749	247,671	131,803	124,623	137,514	168,694	187,415
School Sponsored Activities And Athletics	98,836	93,854	110,284	107,340	112,202	124,692	139,724	110,029	140,718	158,503
Support Services:										
Student And Instruction Related Services	2,761,407	2,763,917	2,883,730	2,903,425	3,016,212	2,972,735	3,206,907	3,490,179	3,646,526	4,117,637
School Administrative Services	924,818	1,020,128	1,023,266	1,027,017	1,071,839	1,127,290	1,163,359	1,217,660	1,166,331	1,341,332
General Administration	576,709	614,799	692,752	614,368	562,959	684,539	550,256	728,332	704,781	713,830
Plant Operations And Maintenance	2,353,748	2,512,371	2,478,070	2,492,157	2,660,729	2,800,157	2,852,597	2,936,625	2,948,702	3,116,097
Pupil Transportation	448,280	479,721	551,772	588,412	545,657	462,360	462,418	416,143	387,319	450,242
Business And Other Support Services	344,079	392,728	408,931	438,273	481,288	490,719	512,838	523,520	544,643	582,981
Interest On Long-Term Debt	519,538	495,927	449,997	417,104	549,943	501,379	475,877	416,959	412,923	253,353
Total Governmental Activities Expenses	19,366,956	20,811,080	21,836,971	21,337,666	22,276,941	21,977,125	21,799,455	23,227,069	23,434,891	26,267,309
Business-Type Activities:										
Food Service	8,778	9,329	10,113	17,223	8,677	17,269	12,512	12,630	10,099	14,531
LEAP Program					48,840	44,208	35,264	41,843	37,253	43,000
QUAD Tech Program										249,687
Total Business-Type Activities Expense	8,778	9,329	10,113	17,223	57,517	61,477	47,776	54,473	47,352	307,218
Total District Expenses	\$ 19,375,734	\$ 20,820,409	\$ 21,847,084	\$ 21,354,889	\$ 22,334,458	\$ 22,038,602	\$ 21,847,231	\$ 23,281,542	\$ 23,482,243	\$ 26,574,527
Program Revenues										
Governmental Activities:										
Charges For Services:										
Regular Education		\$ 56,929	\$ 69,920	\$ 59,475	\$ 69,807	\$ 141,746	\$ 214,800	\$ 206,385	\$ 174,405	\$ 135,475
Special Education	\$ 187,661	55,856	43,985	14,013	3,346	2,640	40,352	-	37,500	32,813
Operating Grants And Contributions	2,373,338	2,962,612	3,017,293	2,404,328	2,884,663	1,911,075	2,529,151	2,945,486	2,734,848	5,148,326
Capital Grants And Contributions	-	-	37,384	-	-	-	-	-	-	98,156
Total Governmental Activities Program Revenues	2,560,999	3,075,397	3,168,582	2,477,816	2,957,816	2,055,461	2,784,303	3,151,871	2,946,753	5,414,770
Business-Type Activities:										
Charges For Services										
Food Service	2,884	2,926	3,020	13,980	13,879	12,973	11,692	12,203	11,079	10,155
LEAP Program					59,793	53,737	44,515	56,030	49,615	51,536
QUAD Tech Program										249,687
Operating Grants And Contributions	4,236	5,267	6,397	7,426						
Total Business Type Activities Program Revenues	7,120	8,193	9,417	21,406	73,672	66,710	56,207	68,233	60,694	311,378
Total District Program Revenues	\$ 2,568,119	\$ 3,083,590	\$ 3,177,999	\$ 2,499,222	\$ 3,031,488	\$ 2,122,171	\$ 2,840,510	\$ 3,220,104	\$ 3,007,447	\$ 5,726,148

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (Expense)/Revenue										
Governmental Activities	\$ (16,805,957)	\$ (17,735,683)	\$ (18,668,389)	\$ (18,859,850)	\$ (19,319,125)	\$ (19,921,664)	\$ (19,015,152)	\$ (20,075,198)	\$ (20,488,138)	\$ (20,852,539)
Business-Type Activities	(1,658)	(1,136)	(696)	4,183	16,155	5,233	8,431	13,760	13,342	4,160
Total District-Wide Net Expense	\$ (16,807,615)	\$ (17,736,819)	\$ (18,669,085)	\$ (18,855,667)	\$ (19,302,970)	\$ (19,916,431)	\$ (19,006,721)	\$ (20,061,438)	\$ (20,474,796)	\$ (20,848,379)
General Revenues And Other Changes In Net Position										
Governmental Activities:										
Property Taxes										
Levied For General Purposes	\$ 15,633,399	\$ 16,723,037	\$ 17,560,199	\$ 18,262,609	\$ 18,670,605	\$ 19,378,221	\$ 19,422,319	\$ 19,713,654	\$ 20,082,298	\$ 20,483,944
Levied For Debt Service	736,241	737,134	755,836	752,059	1,078,388	952,599	1,060,039	980,396	915,295	898,438
Unrestricted Grants And Contributions	101,868	104,502	127,106	42,448					32	22,986
Restricted Grants And Contributions										
State Aid Restricted For Debt Service	295,251	293,149	292,640	291,741	290,479	415,494	293,733	324,124	321,062	283,587
Donations Of Capital Assets									10,000	
Investment Earnings	91,699	155,911	98,659	29,130	24,375	23,168	8,672	12,321	13,995	10,154
Miscellaneous Income	34,711	2,112	12,484	35,236	57,482	190,330	75,952	88,038	165,629	22,503
Loss on Disposal of Capital Assets										(67,206)
Total Governmental Activities	16,893,169	18,015,845	18,846,924	19,413,223	20,121,329	20,959,812	20,860,715	21,118,533	21,508,311	21,654,406
Business-Type Activities:										
Miscellaneous Income		1,000								
Investment Earnings	68	72	53	105	373	459	292	383	452	343
Loss on Disposal of Asset						(2,694)				
Total Business-Type Activities	-	1,072	53	105	373	(2,235)	292	383	452	343
Total District-Wide	\$ 16,893,169	\$ 18,016,917	\$ 18,846,977	\$ 19,413,328	\$ 20,121,702	\$ 20,957,577	\$ 20,861,007	\$ 21,118,916	\$ 21,508,763	\$ 21,654,749
Change In Net Position										
Governmental Activities	\$ 87,212	\$ 280,162	\$ 178,535	\$ 553,373	\$ 802,204	\$ 1,038,148	\$ 1,845,563	\$ 1,043,335	\$ 1,020,173	\$ 801,867
Business-Type Activities	(1,658)	(64)	(643)	4,288	16,528	2,998	8,723	14,143	13,794	4,503
Total District	\$ 85,554	\$ 280,098	\$ 177,892	\$ 557,661	\$ 818,732	\$ 1,041,146	\$ 1,854,286	\$ 1,057,478	\$ 1,033,967	\$ 806,370

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,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 1,268,811	\$ 994,438	\$ 918,278	\$ 1,103,287	\$ 1,255,044					
Unreserved	398,926	417,472	441,122	460,211	684,482					
Restricted						\$ 1,780,231	\$ 3,087,116	\$ 3,009,269	\$ 3,229,617	\$ 3,337,281
Committed						83,317	47,949	54,900	98,877	
Assigned						280,897	492,484	246,750	294,684	331,706
Unassigned						398,410	360,900	370,623	376,056	385,827
Total General Fund	<u>\$ 1,667,737</u>	<u>\$ 1,411,910</u>	<u>\$ 1,359,400</u>	<u>\$ 1,563,498</u>	<u>\$ 1,939,526</u>	<u>\$ 2,542,855</u>	<u>\$ 3,988,449</u>	<u>\$ 3,681,542</u>	<u>\$ 3,999,234</u>	<u>\$ 4,054,814</u>
All Other Governmental Funds										
Reserved	\$ 1,000	\$ 18,000	\$ 1,182	\$ 1,681,435	\$ 26,945					
Unreserved	133,955	95,780	102,190	(2,000,116)	245,212					
Restricted						\$ 239,658	\$ 189,660	\$ 135,931	\$ 401,950	\$ 533,405
Assigned	-	-	-	-	-	5,901	50,000	50,000	-	-
Total All Other Governmental Funds	<u>\$ 134,955</u>	<u>\$ 113,780</u>	<u>\$ 103,372</u>	<u>\$ (318,681)</u>	<u>\$ 272,157</u>	<u>\$ 245,559</u>	<u>\$ 239,660</u>	<u>\$ 185,931</u>	<u>\$ 401,950</u>	<u>\$ 533,405</u>

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,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Property Tax Levy	\$ 16,369,640	\$ 17,460,171	\$ 18,316,035	\$ 19,014,668	\$ 19,748,993	\$ 20,330,820	\$ 20,482,358	\$ 20,694,050	\$ 20,997,593	\$ 21,382,382
Tuition Charges	187,661	112,785	113,905	73,488	73,153	144,386	255,152	206,385	211,905	168,288
Interest Earnings	91,699	155,911	98,659	29,130	24,375	23,168	8,672	12,321	13,995	10,154
Miscellaneous	34,711	2,112	12,484	35,236	57,482	190,330	75,952	88,038	165,629	22,303
State Sources	2,476,696	3,098,164	3,158,517	2,445,501	2,654,958	2,012,287	2,497,619	2,992,555	2,759,351	3,150,544
Federal Sources	291,778	262,099	278,522	293,016	520,184	314,282	325,265	277,055	296,591	282,573
Total Revenue	19,452,185	21,091,242	21,978,122	21,891,039	23,079,145	23,015,273	23,645,018	24,270,404	24,445,064	25,016,444
Expenditures										
Instruction										
Regular Instruction	8,651,138	9,035,154	9,471,914	9,109,569	9,397,296	9,179,194	8,924,721	9,857,895	10,034,942	10,367,659
Special Education Instruction	2,307,777	3,149,779	3,368,015	3,421,222	3,640,286	3,387,021	3,338,815	3,370,370	3,192,598	3,417,671
Other Instruction	285,918	229,509	212,034	249,749	247,671	131,803	124,623	137,514	167,472	179,429
School Sponsored Activities And Athletics	98,836	109,704	110,284	107,340	112,202	124,692	139,724	110,029	140,718	153,320
Support Services:										
Student And Inst. Related Services	2,742,425	2,748,195	2,869,296	2,897,483	2,991,137	2,971,734	3,186,664	3,467,674	3,620,140	3,719,730
General Administration	576,709	614,799	692,752	607,102	562,959	555,877	561,769	659,707	712,047	665,072
School Administrative Services	876,769	1,094,480	1,004,384	994,366	1,040,713	1,083,194	1,127,850	1,178,980	1,158,298	1,156,880
Plant Operations And Maintenance	2,014,443	2,163,889	2,122,342	2,114,466	2,171,496	2,334,303	2,364,146	2,355,724	2,401,832	2,506,379
Pupil Transportation	448,280	479,721	551,772	588,412	545,657	462,360	462,418	416,143	387,319	450,242
Business And Other Support Services	344,375	392,758	408,517	438,332	467,745	489,713	512,351	526,007	534,016	532,550
Capital Outlay	99,578	373,711	62,674	605,117	3,064,992	309,920	185,821	1,221,990	109,674	549,421
Debt Service:										
Principal	784,172	610,943	747,757	698,237	913,518	943,036	972,656	1,006,400	1,051,032	1,042,500
Bond Issuance Costs					93,909			68,625		
Advance Refunding Escrow										
Interest And Other Charges	486,064	440,843	419,299	386,265	506,703	478,015	439,587	373,330	401,265	240,858
Total Expenditures	19,716,484	21,443,485	22,041,040	22,217,660	25,756,284	22,450,862	22,341,145	24,750,388	23,911,353	24,981,711
Excess (Deficiency) Of Revenues										
Over (Under) Expenditures	(264,299)	(352,243)	(62,918)	(326,621)	(2,677,139)	564,411	1,303,873	(479,984)	533,711	34,733
Other Financing Sources (Uses)										
Original Issue Premium								284,828	-	-
Capital Leases (Non-Budgeted)	79,938	75,241	-	108,666	80,575	12,320	135,822	80,724	-	152,302
Premium On Capital Lease										
Bond Proceeds					3,563,430					
Proceeds From Refunding								3,255,000	-	-
Payments To Escrow Agent								(3,501,204)	-	-
Transfers In					7,653	239,646			380,639	328,687
Transfers Out					(7,653)	(239,646)			(380,639)	(328,687)
Total Other Financing Sources (Uses)	79,938	75,241	-	108,666	3,644,005	12,320	135,822	119,348	-	152,302
Net Change In Fund Balances	\$ (184,361)	\$ (277,002)	\$ (62,918)	\$ (217,955)	\$ 966,866	\$ 576,731	\$ 1,439,695	\$ (360,636)	\$ 533,711	\$ 187,035
Debt Service As A Percentage Of										
Noncapital Expenditures	6.48%	4.99%	5.31%	5.02%	6.26%	6.42%	6.37%	5.86%	6.10%	5.25%

* 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>Interlocal Payroll Service</u>	<u>Energy Rebate</u>	<u>Rental</u>	<u>Misc.</u>	<u>Total</u>
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
2014	211,905	13,995		23,100	-	142,529	391,529
2015	168,288	10,154			465	22,038	200,945

**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
2006	\$ 22,899,600	\$ 1,837,003,300	\$ 205,007,100	\$ 6,217,700	\$ 26,745,400	\$ 2,097,873,100	\$ 1,293,223	\$ 2,099,166,323	\$ 2,649,164,162	\$ 0.806
2007	17,674,000	1,891,001,200	192,842,800	6,217,700	18,551,000	2,126,286,700	1,559,008	2,127,845,708	2,988,054,255	0.841
2008	18,827,700	1,935,156,800	195,207,300	6,217,700	18,551,000	2,173,960,500	1,599,169	2,175,559,669	3,155,404,809	0.858
2009	16,559,700	1,959,049,800	194,907,300	6,217,700	18,551,000	2,195,285,500	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	2,827,191,218	0.948
2014	15,437,400	1,996,173,700	171,223,500	6,217,700	18,551,000	2,207,603,300	100,000	2,207,703,300	2,794,042,727	0.960
2015	15,472,600	2,002,788,500	171,123,500	6,217,700	18,551,000	2,214,153,300	100,000	2,214,253,300	2,757,653,408	0.975

Source: County Abstract of Ratables

^a Tax rates are per \$100

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

Calendar Year	Overlapping Rates				Total Direct and Overlapping Tax Rate
	Local School	Regional High School	Municipality	County	
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
2014	0.960	0.567	0.375	0.296	2.198
2015	0.975	0.590	0.374	0.299	2.238

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	2015	
	Taxable Assessed Value	% of Total District Net Assessed Value
Mack-Cali Realty, LP	\$ 42,367,500	1.91%
Mountainview Realty, LLC	16,000,000	0.72%
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%
GAGA Realty	7,500,000	0.34%
Pentek Management Corp.	6,421,500	0.29%
Upper Saddle River Project LLC	6,071,000	0.27%
Birdie Investments, LLC	5,580,300	0.25%
2 Park Way Assoc., LLC	4,200,000	0.19%
	<u>\$ 115,045,100</u>	<u>5.20%</u>

	2006	
	Taxable Assessed Value	% of Total District Net Assessed Value
Mack-Cali Realty, LP	\$ 65,000,000	3.10%
Mountainview Realty, LLC	26,159,000	1.25%
Upper Saddle River Developers, LLC	15,400,000	0.73%
USR Developers, LLC % Pinnacle	11,550,000	0.55%
Pentek Management Corp.	10,137,500	0.48%
Whitney Associates	8,353,800	0.40%
Clinton D. Carlough Properties, LP	7,536,000	0.36%
Storage Assets	6,229,500	0.30%
2 Parkway Assoc., LLC	5,273,000	0.25%
Rag Realty, LLC	3,948,000	0.19%
	<u>\$ 159,586,800</u>	<u>7.60%</u>

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	
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
2014	20,997,593	20,997,593	100.00%	N/A
2015	21,382,382	21,382,382	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,	<u>Governmental Activities</u>			Total School District	Population	Per Capita
	General Obligation Bonds	Capital Leases	Loans			
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	8,220	1,404
2011	10,286,319	148,937	149,372	10,584,628	8,279	1,278
2012	9,406,406	179,919	101,305	9,687,630	8,315	1,165
2013	8,462,965	188,734	51,542	8,703,241	8,350	1,042
2014	7,507,185	145,024	-	7,652,209	8,356	916
2015	6,509,467	186,422	-	6,695,889	8,356 (Est.)	801

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

General Bonded Debt Outstanding						
Fiscal Year Ended June 30,	General Obligation Bonds	Intergovernmental Loan	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
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%	1,261
2012	9,406,406	101,305		9,507,711	0.43%	1,143
2013	8,462,965	51,542		8,514,507	0.39%	1,020
2014	7,507,185	-		7,507,185	0.34%	898
2015	6,509,467	-		6,509,467	0.29%	779

**UPPER SADDLE RIVER BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2014
(Unaudited)**

	<u>Gross Debt</u>
Municipal Debt:	
Upper Saddle River Board of Education	\$ 6,509,467
Northern Highlands Regional High School - Upper Saddle River's Share (1)	7,047,297
Borough of Upper Saddle River (1)	<u>13,854,161</u>
	27,410,925
Overlapping Debt Apportioned to the Municipality:	
Bergen County:	
County of Bergen (2)	<u>16,069,036</u>
 Total Direct and Overlapping Debt	 <u>\$ 43,479,961</u>

Source:

- (1) Borough of Upper Saddle River's 2014 Annual Debt Statement
(2) Bergen County's 2014 Annual Debt Statement

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 70,468,430	\$ 78,676,965	\$ 86,030,642	\$ 91,873,015	\$ 93,268,506	\$ 91,944,079	\$ 89,331,539	\$ 86,686,851	\$ 85,012,947	\$ 83,375,789
Total net debt applicable to limit	<u>10,549,642</u>	<u>9,938,699</u>	<u>9,301,464</u>	<u>12,201,290</u>	<u>11,334,771</u>	<u>10,435,691</u>	<u>9,507,711</u>	<u>8,514,507</u>	<u>7,507,185</u>	<u>6,509,467</u>
Legal debt margin	<u>\$ 59,918,788</u>	<u>\$ 68,738,266</u>	<u>\$ 76,729,178</u>	<u>\$ 79,671,725</u>	<u>\$ 81,933,735</u>	<u>\$ 81,508,388</u>	<u>\$ 79,823,828</u>	<u>\$ 78,172,344</u>	<u>\$ 77,505,762</u>	<u>\$ 76,866,322</u>
Total net debt applicable to the limit as a percentage of debt limit	14.97%	12.63%	10.81%	13.28%	12.15%	11.35%	10.64%	9.82%	8.83%	7.81%

Legal Debt Margin Calculation June 30, 2015

Equalized Valuation Basis	
2014	\$ 2,744,068,738
2013	2,778,173,298
2012	<u>2,815,336,839</u>
	<u>\$ 8,337,578,875</u>
Average equalized valuation of taxable property	\$ 2,779,192,958
Debt limit (3 % of average equalization value)	83,375,789
Total Net Debt Applicable to Limit	<u>6,509,467</u>
Legal debt margin	<u>\$ 76,866,322</u>

Source: Municipal Annual Debt Statements

**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>
2006	8,348	\$ 63,103	4.3%
2007	8,388	67,544	3.9%
2008	8,412	67,331	5.0%
2009	8,480	63,874	9.0%
2010	8,220	63,885	9.2%
2011	8,279	67,248	9.0%
2012	8,315	69,281	9.2%
2013	8,350	69,495	6.0%
2014	8,356	69,495 (Est.)	4.1%
2015	8,356 (Est.)	69,496 (Est.)	4.1% (Est.)

Source: New Jersey State Department of Education

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

Employer	2015		2006	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
	INFORMATION 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>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction										
Regular	91	92	91	92	90	88	88	88	89	89
Special Education	41	43	43	44	44	44	44	44	45	45
Other Special Education	3	3	2	4	4	4	4	4	4	4
Support Services:										
Student & Instruction Related Services	24	21	21	23	22	29	30	30	33	34
General Administration	2	2	2	2	2	2	2	2	2	2
School Administrative Services	9	9	9	9	9	9	9	9	9	9
Other Administrative Services										
Central Services	4	4	4	4	4	4	4	4	4	4
Plant Operations And Maintenance	18	19	19	19	19	18	18	18	22	22
Total	<u>192</u>	<u>193</u>	<u>191</u>	<u>197</u>	<u>194</u>	<u>198</u>	<u>199</u>	<u>199</u>	<u>208</u>	<u>209</u>

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				
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	9.60%	139	19.3/1	25.7/1	1,348	1,293	-0.44%	95.92%
2014	1,308	22,349,382	17,087	10.30%	139.5	19/1	24.6/1	1,298	1,244	-3.71%	95.84%
2015	1,248	23,148,932	18,549	12.23%	140.5	18/1	24/1	1,249	1,201	-3.78%	96.16%

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)

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	443	436	436	447	461	461	426	399	369	369
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	458	448	448	449	462	462	453	458	453	426
<u>Middle School</u>										
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	443	463	463	475	468	468	473	490	468	479
<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, 2015										
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 FISCAL YEARS
(Unaudited)

	Fiscal Year Ended June 30,									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
School Facilities										
Cavallini School	\$ 116,279	\$ 157,968	\$ 109,155	\$ 125,318	\$ 127,810	\$ 153,307	\$ 170,798	\$ 158,731	\$ 135,966	\$ 214,002
Bogert School	119,791	162,740	119,015	112,224	99,361	169,777	93,681	171,686	147,403	139,909
Reynolds School	121,723	165,364	130,963	129,144	107,860	167,823	174,306	177,755	155,164	117,756
Administration	<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>	<u>22,016</u>	<u>28,742</u>
Grand Total	<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>	<u>\$ 460,549</u>	<u>\$ 500,409</u>

Source: District Records

**UPPER SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2015
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
<u>School Package Policy - Selective Insurance Group</u>		
Property Blanket Building & Contents	\$47,190,831	\$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)	
Each Impairment:	2,000,000	15,000
Aggregate Per Impairment:	4,000,000	
<u>School Board Legal Liability - Darwin National</u>	1,000,000	5,000
Employment Related Practices Liability	1,000,000	15,000
<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

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
KATHLEEN WANG, CPA
ROBERT AMPONSAH, CPA

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

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, 2015 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 17, 2015.

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.

However, we noted certain matters that are not required to be reported under Government Auditing Standards 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 17, 2015.

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 17, 2015



LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
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DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

**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 15-08**

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 15-08 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, 2015. 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 federal and 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 15-08, 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, 2015.

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 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 U.S. OMB Circular A-133 and New Jersey OMB Circular 15-08. 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 15-08

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, 2015 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 17, 2015, 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 15-08 are presented for purposes of additional analysis and are 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 federal awards and schedule of expenditures of state financial assistance are 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 17, 2015

UPPER SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Balance at July 1, 2014				Def. Rev. Carryover Amount	Cash Received	Budgetary Expenditures	Balance at June 30, 2015		
				Award Amount	(Accounts Receivable)	Unearned Revenue	(A/R) Carryover Amount				(Accounts Receivable)	Unearned Revenue	Due to Grantor
U.S. Department of Education Passed-Through State Department of Education Special Revenue Fund													
N.C.L.B. Title II	84.367A	NCLB533014	7/1/13-6/30/14	\$ 22,012	\$ (16,759)			\$ 16,759					
N.C.L.B. Title II	84.367A	NCLB533015	7/1/14-6/30/15	22,547				12,400	\$ 22,547	\$ (10,147)			
I.D.E.I.A Part B, Basic	84.027A	IDEA533014	7/1/13-6/30/14	240,982	(49,997)			49,997					
I.D.E.I.A Part B, Basic	84.027A	IDEA533015	7/1/14-6/30/15	247,714				247,714	247,714				
I.D.E.I.A. Part B, Preschool	84.173A	IDEA533014	7/1/13-6/30/14	12,375	(2,515)			2,515					
I.D.E.I.A. Part B, Preschool	84.173A	IDEA533015	7/1/14-6/30/15	12,312	-	-	-	12,312	12,312	-	-	-	
Total Special Revenue Fund				(69,271)	-	\$ -	\$ -	\$ 341,697	\$ 282,573	\$ (10,147)	\$ -	\$ -	
Total Federal Awards				\$ (69,271)	\$ -	\$ -	\$ -	\$ 341,697	\$ 282,573	\$ (10,147)	\$ -	\$ -	

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, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Received	Balance, July 1, 2014					Balance, June 30, 2015					MEMO	
				(Accounts Receivable)	Unearned Revenue	Due to Grantor	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education															
General Fund															
Special Education Aid	14-495-034-5120-089	7/1/13-6/30/14	\$ 451,270	\$ (45,806)				\$ 45,806						*	
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	451,270					406,141	\$ 451,270		\$ (45,129)			*	\$ 451,270
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	19,961	(2,026)				2,026						*	
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	19,961					17,965	19,961		(1,996)			*	19,961
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	12,770					11,493	12,770		(1,277)			*	12,770
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	12,770					11,493	12,770		(1,277)			*	12,770
Extraordinary Aid	14-100-034-5120-473	7/1/13-6/30/14	288,740	(288,740)				288,740						*	
Extraordinary Aid	15-100-034-5120-473	7/1/14-6/30/15	348,525						348,525		(348,525)			*	348,525
Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	35,371	(3,590)				3,590						*	
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	35,371					31,834	35,371		(3,537)			*	35,371
Non Public Transportation Reimb.	N/A	7/1/13-6/30/14	9,127	(9,127)				9,127						*	
Non Public Transportation Reimb.	N/A	7/1/14-6/30/15	10,440						10,440		(10,440)			*	\$ (10,440)
TPAF Pension														*	
Normal Cost	15-495-034-5094-006	7/1/14-6/30/15	449,999					449,999	449,999					*	449,999
NCGI Premium	15-495-034-5094-007	7/1/14-6/30/15	32,375					32,375	32,375					*	32,375
Post Retirement Medical	15-495-034-5094-001	7/1/14-6/30/15	765,770					765,770	765,770					*	765,770
Social Security Contributions	15-495-034-5094-003	7/1/14-6/30/15	691,129	-	-	-	-	656,121	691,129	-	(35,008)	-	-	*	(35,008)
Total General Fund				(349,289)	-	-	-	2,732,480	2,830,380	-	(447,189)	-	-	*	(45,448)
Special Revenue Fund															
New Jersey Nonpublic Aid															
Handicapped Services															
Corrective Speech	14-100-034-5120-066	7/1/13-6/30/14	1,562			\$ 1,562				\$ 1,562				*	
Supplementary Instruction	14-100-034-5120-066	7/1/13-6/30/14	694	-	-	694	-	-	-	694	-	-	-	*	-
Total Special Revenue Fund				-	-	2,256	-	-	-	2,256	-	-	-	*	-
Debt Service Fund															
Type II Debt Service Aid	15-495-034-5120-075	7/1/14-6/30/15	283,587	-	-	-	-	283,587	283,587	-	-	-	-	*	283,587
Total Debt Service Fund				-	-	-	-	283,587	283,587	-	-	-	-	*	283,587
State Economic Development Authority															
Educational Facilities Construction and Financing Act															
Capital Projects Fund															
Replace Curtain Wall and Partial Window Replacement at Cavallini Middle School	5330-050-14-1001	N/A	253,759	(253,759)	\$ 253,759	-	-	-	98,156	-	(253,759)	\$ 155,603	-	*	(253,759)
Total Capital Projects Fund				(253,759)	253,759	-	-	-	98,156	-	(253,759)	155,603	-	*	(253,759)
State Financial Assistance															
Not Subject to Single Audit Determination															
TPAF Pension Contributions - Normal Cost	15-495-034-5094-006	7/1/14-6/30/15	449,999					(449,999)	(449,999)					*	(449,999)
TPAF Pension - NCGI Premiums	15-495-034-5094-007	7/1/14-6/30/15	32,375					(32,375)	(32,375)					*	(32,375)
TPAF Post Retirement Medical Contributions	15-495-034-5094-001	7/1/14-6/30/15	765,770					(765,770)	(765,770)					*	(765,770)
Total All Funds				\$ (603,048)	\$ 253,759	\$ 2,256	\$ -	\$ 1,484,336	\$ 1,680,392	\$ 2,256	\$ (700,948)	\$ 155,603	\$ -	*	\$ (299,207)

**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, 2015**

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 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 basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 15-08, "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 financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

The 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 a decrease of \$61,579 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 financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,768,801	\$ 2,768,801
Special Revenue Fund	\$ 282,573		282,573
Capital Projects Fund		98,156	98,156
Debt Service Fund	-	283,587	283,587
	<u>282,573</u>	<u>3,150,544</u>	<u>3,433,117</u>
Total Financial Assistance	<u>\$ 282,573</u>	<u>\$ 3,150,544</u>	<u>\$ 3,433,117</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, 2015**

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 OTHER INFORMATION

TPAF Social Security contributions in the amount of \$691,729 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, 2015. The amount reported as TPAF Pension System Contributions in the amount of \$482,374 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$765,770 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2015.

NOTE 6 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 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, 2015

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, 2015**

Part I – Summary of Auditor’s Results

State Awards Section

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

Auditee qualified as low-risk auditee? X yes no

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

Internal Control over compliance:

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

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

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

Identification of major programs:

GMIS Number(s)	Name of State Program
<u>15-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>15-495-034-5120-084</u>	<u>Security Aid</u>
<u>15-495-034-5120-098</u>	<u>PARCC Readiness Aid</u>
<u>15-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>15-100-034-5120-473</u>	<u>Extraordinary Aid</u>
<u>15-495-034-5094-003</u>	<u>Reimbursed TPAF Social Security</u>

UPPER SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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, 2015

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 15-08.

CURRENT YEAR FEDERAL AWARDS

Not Applicable

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, 2015**

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 15-08.

STATUS OF PRIOR YEAR FINDINGS

There were none.