

**SCHOOL DISTRICT OF UPPER FREEHOLD REGIONAL**

Allentown, New Jersey  
County of Monmouth

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**OF THE**

**UPPER FREEHOLD REGIONAL BOARD OF EDUCATION**

**ALLENTOWN, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Prepared by**

**Upper Freehold Regional School District  
Finance Department**



## OUTLINE OF CAFR - GASB #34

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**INTRODUCTORY SECTION**

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# UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

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

MARK G. GUTERL, MA  
*Assistant Superintendent for  
Curriculum and Instruction*

MARGARET HOM, M.S.B.A.  
*Business Administrator  
Board Secretary*

PATRICK LEARY, MA, M.Ed.  
*Director of Special Services*

MICHAEL B. DEAN, MS  
*Information and Technology Service  
Manager*

October 28, 2016

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

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Upper Freehold Regional School District (the "District") for the fiscal year ended June 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. 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 recommendation, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Upper Freehold Regional School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB 23 and GASB 34. All funds and account groups of the District are included in this report. The Upper Freehold Regional School District and all its schools constitute the District's reporting entity.

The District continues to maintain a high quality of education. The Upper Freehold Regional School District is a comprehensive educational organization that provides a full range of programs and services appropriate to grades pre-K through 12. These programs and services include regular, vocational as well as special education services for youngsters with a range of disabilities. The District completed the 2015-2016 school year with an enrollment of 2,296 students, compared to 2,331 students as of June 30, 2015. Enrollment is defined as students on roll and students placed out of District.

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

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u> <u>Student Enrollment</u>	<u>Percent Change</u>
2015-2016	2,296	-1.5%
2014-2015	2,331	-0.2%
2013-2014	2,336	-1.6%
2012-2013	2,373	0.8%
2011-2012	2,355	1.0%

In an effort to promote communication, the District continues to utilize its website as a source of information on a school and District-wide level. The District uses the Alert Now notices sent to the parent community by Dr. Fitzpatrick and attachments, as well as using the parent portal to enable parents and teachers to stay connected with information regarding student attendance, homework, grades, curriculum, and special projects. Information about the budget is communicated through the district's website and in local presentations throughout the community during the budget review process. The District also produces a calendar with information about all aspects of school life - support services, special events, and closing information. This calendar is available on the District web page and School web pages.

### ***Student Learning Standards***

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

### ***Staff Development***

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

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

### ***Technology***

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

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

The District has shown a minimal decline in enrollment over the past three (3) years. The District has continued to maintain programs and opportunities for its students despite the need to cut \$1.1 million dollars last year to be fully compliant with the 2% CAP restrictions. Despite these economic obstacles the District is committed to its curriculum. The District worked with our demographer to attempt to forecast future growth in the Township. That study showed that our enrollment is stable and we will not see enrollment increasing at the rate in 2011-2012 and 2012-2013. Concerns about over-crowding have been eased with the opening of the Stonebridge Middle School in 2010. The Board has agreed to honor the State of New Jersey option of a 2% tax levy cap, as noted above, which eliminates, as noted above, the requirement for a vote of the Upper Freehold and Allentown communities to approve the proposed budget.

3) MAJOR INITIATIVES: The District continues to develop and implement annual board goals, which are drawn from their 2013-2018 Strategic Plan. The following are the major goals and initiatives of the District as we move forward:

- Expand the availability of laptop Chromebooks so that by 2017-2018 all children in Grades 5 – 12 have a personal work station.
- Newell Elementary School students participated in the National Hour of Code using their programming skills to create computer generated games.
- Newell Elementary School students participated in Scholastics Summer Reading Challenge and placed 1<sup>st</sup> in New Jersey and 6<sup>th</sup> in the world.
- Newell Elementary School implemented Tools of the Mind curriculum on all of our PreK classes.
- Newell Elementary School had a goggle initiative for all staff.
- Newell Elementary School is preparing for the Implementation of Next Generation Science Standards – Committee, writing curriculum.
- Newell Elementary School participated in Read Across America Day with Author Henry Cole.
- Reduce class size in all sections Pre-K - 12 to conform to Board of Education Policy 2312.
- Enhance and support differentiated instruction at all grade levels and with all building administrators.
- Offer critical number of electives and exploratories at the middle school level to expand options for learning and to offer depth to the curriculum.
- Expand the K-12 G&T program offerings and the identification of qualified students interested in challenging themselves academically.
- Recommend enhancements in the Health/PE program that will ensure compliance with state standards and mandates and that promote a lifetime focus on wellness.
- Monitor the percentage of students successfully completing higher-level math courses at the middle and high school levels.
- Raise the level of performance in reading and writing for all students, Pre-K-12.
- Enhance support for students with individualized education plans.
- We have trained about 25 teachers over the past two years in Orton Gillingham to address dyslexia and other struggling readers.
- Maximize the introduction of technology using Google Applications for Education.
- Enhance student achievement in all subjects through the use of curriculum-driven technology, including smart boards, wikis, blogging software simulations and our Chromebook one to one computer initiative.
- Address the full range of needs identified in the Upper Freehold Regional School District 2013-2018 Strategic Plan.
- Expand the range of co-curricular, extra-curricular, and student activities for all students in grades Pre K-12.

- Provide students, teachers, and staff with a healthy and safe school environment.
- Develop a staffing plan that aligns staffing needs with student enrollment, new course development, and the expansion of programs options in all schools.
- Continue to expand the existing plan for effective communication with parents and community.
- Identify community needs and opportunities for students and families served by the Upper Freehold Regional School District.
- Create service learning projects for all grade levels and school organizations.
- Expand the number of AP Courses offered at Allentown High School.
- Continue to promote participation in the Allentown High School CHOICE Academies by resident and CHOICE students.
- Continue to expand use of volunteers from the community.
- Promote greater understanding related to our commitment to promoting diversity.
- Continue to facilitate full implementation of anti-bullying program throughout the district.
- Enhance articulation and communication about learning goals and promote curriculum connections with the Millstone School District.
- Work together as colleagues to examine data as the basis for making decisions about curriculum, instructional materials, and teaching techniques.
- Encourage elementary/middle school PTA to continue to offer numerous school activities, including educational assemblies, book fairs, family nights, as well as content based activities in the sciences, social studies, and humanities.
- Promote community members and school staff working together to advance excellence in the instruction of talented youth.
- Use Math and Writing Labs at the high school to reinforce writing and math skills.
- Provide training for teachers to infuse information literacy and career awareness into the curriculum.
- Promote Character Education Programs that develop Cooperation, Assertiveness, Respect/Responsibility and traits that build Empathy, and Self-Control.
- Support the Upper Freehold Regional School District Comprehensive Five-Year Technology Plan to include the expansion of a platform to supports the website, enables online course presentation, and maximizes the integration of Smart Board technology in all classrooms.
- Offer special education inclusion services throughout the district.
- Expand TV production electives at AHS taught by a highly trained instructor.
- Use curriculum maps for all areas of study. K-12 are in place and are revised on an ongoing basis.
- Continue to support the Child Watch program to offer an extended program for child care.
- Congratulate the AHS Student Council named first in the state for contributing to the State Student Council Charity.
- Support the Redbird Robotics team for their success in regional competitions.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2016.

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

7) DEBT ADMINISTRATION: The District retired \$1,960,000 in bond principal. At June 30, 2016, the District had \$49,410,000 of outstanding bonds payable. Detail regarding the District's outstanding bond issues is on Exhibit I-1.

8) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

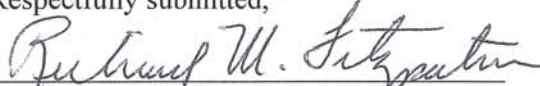
9) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found on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

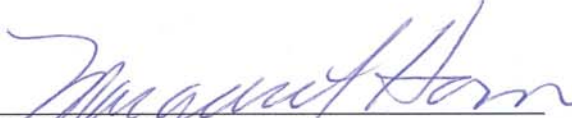
The District is a member of the School Alliance Insurance Fund (the "Fund"). The Fund is a risk-sharing public entity risk pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to its members. Additional information on the Fund is included in Note 11 to the Basic Financial Statements.

10) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman Frenia Allison, P.C., 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

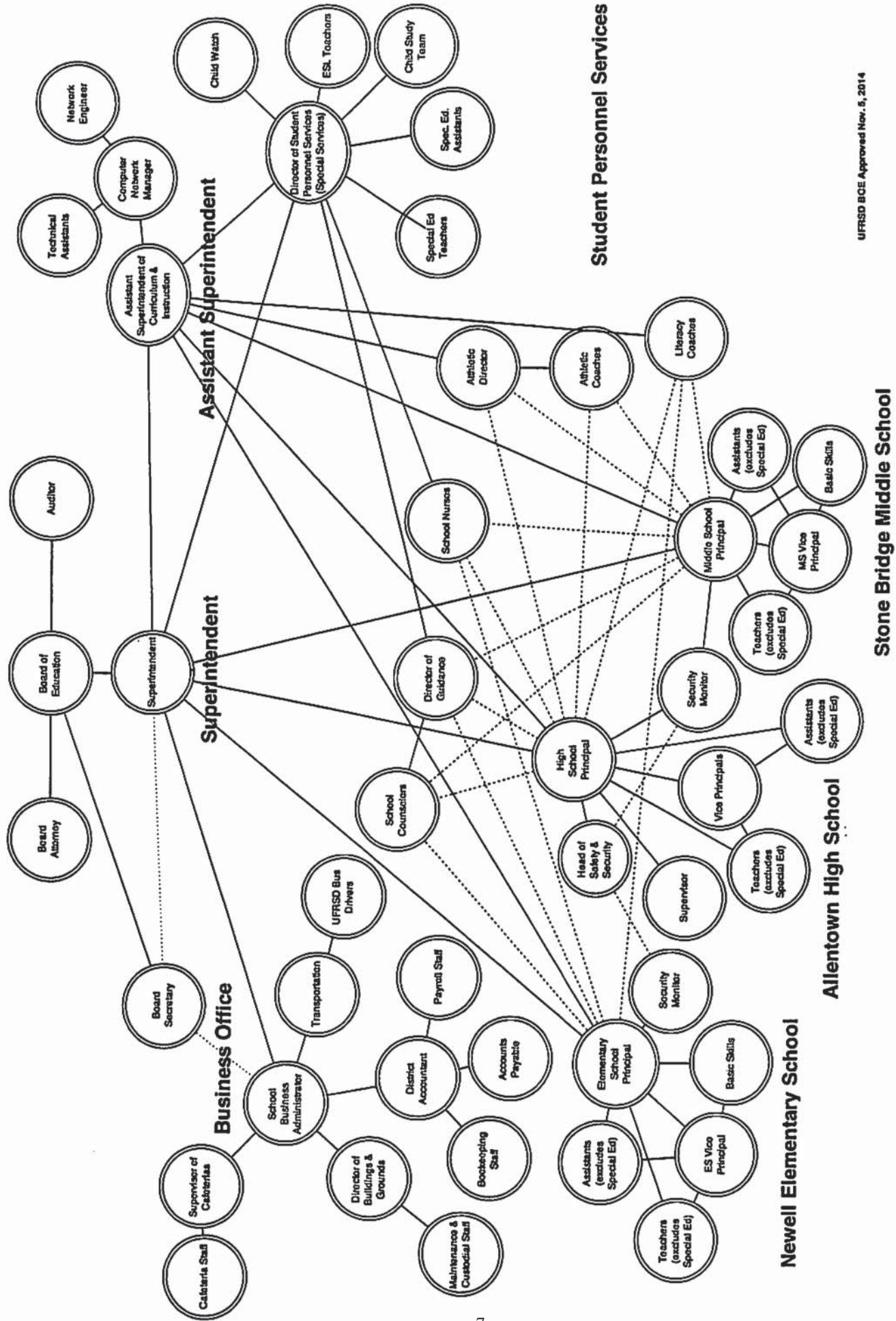
Respectfully submitted,

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

  
\_\_\_\_\_  
Mrs. Margaret Horn  
School Business Administrator/Board Secretary



# UFRSD Organizational Chart



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

**ROSTER OF OFFICIALS**

**JUNE 30, 2016**

<b>MEMBERS OF THE BOARD OF EDUCATION</b>	<b>TERM EXPIRES</b>
Patricia Hogan, President	2016
Richard Smith, Vice President	2018
Douglas Anthony	2016
Howard Krieger	2018
Tia McLaughlin	2016
Billy Hanson	2017
Patrick Nolan	2017
Timothy Stolzenberger	2017
Kurt Wayton	2017
Michele Anthony	2018

**OTHER OFFICIALS**

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

Margaret Hom, MSBA, School Business Administrator/Board Secretary

Cherie L. Adams, Esq., Board Attorney

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

**CONSULTANTS AND ADVISORS**

**AUDIT FIRM**

Rodney R. Haines, CPA, PSA, RMA  
Holman Frenia Allison, P. C.  
680 Hooper Ave, Bldg B, Suite 201  
Toms River, New Jersey 08753

**ATTORNEY**

Adams Gutierrez & Lattiboudere, LLC  
The Legal Center  
1037 Raymond Boulevard, Suite 900  
Newark, New Jersey 07102

**OFFICIAL DEPOSITORY**

TD Bank  
1701 Route 70 East  
Cherry Hill, NJ 08003



**FINANCIAL SECTION**

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## INDEPENDENT AUDITOR’S REPORT

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

### 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 Freehold Regional School District, County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

### Management’s Responsibility for the Financial Statements

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

### Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District’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 District’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 Freehold Regional School District, County of Monmouth, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Upper Freehold Regional School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and are also not a required part of the basic financial statements.

The accompanying combining statements and the Schedule of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying



combining statements and Schedule 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 and statistical section listed in the table of contents 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 October 28, 2016 on our consideration of the Upper Freehold Regional School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Upper Freehold Regional School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read 'R. Haines', with a stylized flourish at the end.

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

Toms River, New Jersey  
October 28, 2016



**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

Management's Discussion and Analysis

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## UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2016

#### UNAUDITED

This section of Upper Freehold Regional School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the District's basic financial statements, which immediately follow this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 - *Basic Financial Statements- and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2015-2016) and the prior year (2014-2015) is required to be presented in the MD&A.

#### Financial Highlights

Key financial highlights for the 2015-2016 fiscal year include the following:

- ◆ General revenues accounted for \$30,889,899 of all revenues. Specific revenues in the form of charges for services, operating grants & contributions accounted for \$18,883,002 to total revenues of \$ 49,772,901.
- ◆ The school district had \$49,947,519 in expenses; \$18,883,002 of these expenses were offset by program specific charges for services, grants or contributions.
- ◆ Total Net Position of governmental activities were \$3,876,263. Net Position decreased by \$176,862 from July 1, 2015 to June 30, 2016.
- ◆ The General Fund fund balance at June 30, 2016 is \$2,131,952, an increase of \$58,514 when compared with the beginning balance at July 1, 2015 of \$2,073,438.

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

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

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial

statements include two kinds of statements that present different views of the Upper Freehold Regional School District.

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

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

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

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

Statement of Activities		Statement of revenue, expenditures and changes in fund balance	Statement of revenue, expenses and changes in fund Net Position Statement of cash flows
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual account and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets excepted to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid.

### District Wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The District-wide statements report the School District's *Net Assets* and how they have changed. Net Assets – the difference between the District's assets and liabilities, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's Net Assets are an indicator of whether its financial position is improving or deteriorating, respectively. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

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

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

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

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

### **Fund Financial Statements**

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

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

The District has three kinds of funds:

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

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



The notes to the basic financial statements can be found immediately following the fund financial statements.

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

**Net Position** - Table A-1 provides a summary of the School District's Net Position for 2016. The District's Net Position for governmental activities was \$3,876,263 on June 30, 2016.

<b>Table A-1</b>	
<b>Upper Freehold Regional School District</b>	
<b>Net Position</b>	
<b>As of June 30, 2016</b>	
Current and Other Assets	\$ 2,458,406
Capital Assets	64,267,030
Total Assets	66,725,436
Deferred Outflow of Resources	2,345,324
Deferred Charge on Refunding of Debt	3,005,103
Total Deferred Outflow of Resources	5,350,427
Long-Term Liabilities	64,499,987
Other Liabilities	3,245,170
Total Liabilities	67,745,157
Deferred Inflows Related to Pensions	454,443
Total Deferred Inflow of Resources	454,443
Net Assets	
Net Investment in Capital Assets	11,066,234
Restricted	1,780,474
Unrestricted	(8,970,445)
Total Net Position	\$ 3,876,263

**Changes in Net Assets** - Table A-2 shows the changes in Net Position from fiscal year 2015 to fiscal year 2016.

<b>Table A-2</b>	
<b>Upper Freehold Regional School District</b>	
<b>Change in Governmental Net Assets</b>	
<b>For the year ended June 30, 2016</b>	
<b>Revenues</b>	<b><u>June 30, 2016</u></b>
Program revenues	
Charges for services	\$ 8,449,419
Operating grants and contributions	9,389,354
General revenues	
Property taxes	24,703,635
State and Federal Aid	5,831,787
Other charges	330,959
<b>Total revenues</b>	<b><u>\$ 48,705,154</u></b>
<b>Expenses</b>	
Governmental Activities:	
Instruction:	
Regular	\$ 11,072,993
Special Education	4,063,510
Other Special Instruction	300,184
Other Instruction	657,355
Support Services:	
Tuition	967,648
Attendance & Social Work Services	76,783
Health Services	277,086
Student & Instruction Related Services	3,576,920
Educational Media Services/School Library	573,133
Instruction Staff Training	59,412
School Administrative Services	1,350,947
Central Services	425,397
Administrative Information Technology	104,202
Other Administrative Services	498,276
Plant Operations and Maintenance	2,593,238
Pupil Transportation	1,925,126
Unallocated Benefits & Depreciation	15,842,812
Interest and Cost on Long-Term Debt	2,090,121
Unallocated Depreciation	2,170,480
Unallocated Adjustment to Capital Assets	256,393
Total Governmental Activities	<u>48,882,016</u>
Net Increase (Decrease) in Net Position	<u>\$ (176,862)</u>

## **Governmental Activities**

The unique nature of property taxes in New Jersey creates legal requirements to annually seek voter approval for the School District operations prior to 2016. Per legislation enacted in 2012, the Board Of Education approved the move of the school election to November. This eliminated the requirement for voter approval on the budget if the proposed tax levy increase does not exceed 2%. The District's total revenues were \$48,705,154. Property taxes made up 50.71% of revenues for governmental activities for the Upper Freehold Regional School District for fiscal year 2016. Federal, state and local grants accounted for another 11.97% of revenue, and Miscellaneous revenue was 0.68%. The total cost of all programs and services was \$48,882,016. Instruction not including allocated benefits comprises 33% of District expenses.

Total expenses exceeded revenues, decreasing Net Position by \$176,862 from the beginning balance at July 1, 2015.

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

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

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

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

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

## **Business-Type Activities**

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

- Food service expenses exceeded revenues by \$56,364.
- Charges for services, which are amounts paid by patrons for daily food services, represent \$567,442 of total revenue.

- Federal and state reimbursements for meals, including for free and reduced lunches and donated commodities were \$79,768

## The School District's Funds (Source B-2)

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$43,949,720 and expenditures were \$44,195,511. Other financing sources were \$314,909. The net change in fund balance for the year was an increase of \$69,118.

### General Fund

The General Fund includes the primary operations of the District in providing educational services to students from grade Pre-K through grade 12 including pupil transportation activities and capital outlay projects. The following table A-3 presents a summary of General Fund Revenues. The summary reflects the dollar and percent increase (decrease) from the prior year.

	Year Ended June 30, 2016	Year Ended June 30, 2015	Amount of Increase (Decrease)	Percent Increase (Decrease)
<b>REVENUES</b>				
Local sources:				
Local tax levy	\$ 20,937,139	\$ 20,045,562	\$ 891,577	4.4%
Tuition	8,386,715	8,172,799	213,916	2.6%
Transportation	62,704	103,123	(40,419)	-39.2%
Miscellaneous	251,159	368,699	(117,540)	-31.9%
Total - Local Sources	<u>29,637,717</u>	<u>28,690,183</u>	<u>(947,534)</u>	
State Sources	<u>9,831,660</u>	<u>9,241,168</u>	<u>590,492</u>	6.4%
Total - Govt Sources	<u>9,831,660</u>	<u>9,241,168</u>	<u>590,492</u>	
Other Financing Sources:				
Sale of Fixed Asset	-	-	-	
Capital Lease	256,000	248,792	7,208	2.9%
Cancellation of Prior Years				
Accounts Payable	58,909	-	58,909	100.0%
Transfers out	-	-	-	
Total Other Financing Sources	<u>314,909</u>	<u>248,792</u>	<u>66,117</u>	
<b>Total Revenues</b>	<u>\$ 39,784,286</u>	<u>\$ 38,180,143</u>	<u>\$ 1,604,143</u>	

The primary source of funding for the District is received from local tax levy that accounted for 52.63 % of total revenues. State aid accounted for 24.71 % of total revenues.

The following table A-4 presents a summary of General Fund expenditures. The summary reflects the dollar and percent increases from the prior year.

	<b>Year Ended June 30, 2016</b>	<b>Year Ended June 30, 2015</b>	<b>Amount of Increase/ (Decrease)</b>	<b>Percent Increase/ (Decrease)</b>
Current:				
Regular Instruction	\$ 11,072,993	\$ 10,922,950	\$ 150,043	1.37%
Special Education Instruction	3,844,742	3,805,747	38,995	1.02%
Other Instruction	657,355	693,370	(36,015)	-5.19%
Support Services and Undistributed Costs:				
Tuition	967,648	628,523	339,125	53.96%
Attendance	76,783	122,142	(45,359)	-37.14%
Health Services	277,086	299,459	(22,373)	-7.47%
Student & Instruction Related Services	3,496,894	3,441,549	55,345	1.61%
Educational Media Services/School Library	573,133	547,323	25,810	4.72%
Instructional Staff Training	59,412	106,757	(47,345)	-44.35%
School Administrative Services	1,350,947	1,317,802	33,145	2.52%
Central Services	425,397	448,404	(23,007)	-5.13%
Administrative Information Technology	104,202	113,251	(9,049)	-7.99%
Other Administrative Services	498,276	568,745	(70,469)	-12.39%
Plant Operations and Maintenance	3,124,092	3,033,214	90,878	3.00%
Pupil Transportation	1,925,126	1,677,027	248,099	14.79%
Employee Benefits	10,633,164	9,838,296	794,868	8.08%
Capital Outlay	638,522	525,154	113,368	21.59%
<b>Total Expenditures</b>	<b>\$ 39,725,772</b>	<b>\$ 38,089,713</b>	<b>\$ 1,636,059</b>	<b>4.30%</b>

Total General Fund expenditures increased \$ 1,616,059 or 4.30% from the previous year.

The Upper Freehold Regional School District values its fund balances as a vehicle for addressing unbudgeted and emergent needs that occur during school year. The amounts of fund balance designated to support the subsequent year's budgets were \$260,272 for the 2016-2017 school year.

### **General Fund Budgetary Highlights**

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

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

## Debt Service Fund

The current year obligations for payment of debt service principal and interest amounted to \$3,862,623. \$3,766,496 in funding was provided by from the local tax levy, \$0.00 was from miscellaneous revenue and \$106,731 was received as aid from the state. This increased the fund balance by \$10,604.

## Enterprise Funds

The Food Service Fund had Net Position of \$318,753 at June 30, 2016. This reflects a decrease of \$56,364 from the prior year's Net Position.

## Capital Asset and Debt Administration

### Capital Assets

At the end of 2016, the District had capital assets with a book value of \$64,267,030. This consists of a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices. (See Table A-5.) Total depreciation expense for the year was \$ 2,255,354.

	<u>2016</u>	<u>2015</u>
Building & Bldg Improvements	\$ 78,926,696	\$ 78,608,310
Machinery and Equipment	4,204,618	3,883,137
Land	5,419,448	5,419,448
Total Capital Assets	<u>88,550,762</u>	<u>87,910,895</u>
Less: Accumulated Depreciation	<u>(24,283,732)</u>	<u>(22,028,378)</u>
<b>Net Capital Assets</b>	<b><u>\$ 64,267,030</u></b>	<b><u>\$ 65,882,517</u></b>

### Long-Term Obligations

At June 30, 2016, the School District had \$66,663,129 in outstanding debt. Of this amount, \$49,410,000 is for bonds and \$561,386 is for capital leases.

At year-end, the District had \$49,410,000 in general obligation bonds, a decrease of \$1,960,000 from last year – as shown in Table A-6.

The District also has a \$477,580 liability for compensated absences. This liability represents the District's contractual obligation to compensation employees for accumulated unused sick leave entitlements upon retirement.

**Table A-6**  
**Upper Freehold Regional School District**  
**Long Term Debt Schedule**

<b>Governmental Activity</b>	<b>Balance at June 30, 2016</b>	<b>Balance at June 30, 2015</b>	<b>Increase/ (Decrease)</b>	<b>% Chg</b>
General Obligation Bonds Payable	\$ 49,410,000	\$ 51,370,000	\$ (1,960,000.00)	-3.8%
Capital Lease Payable	561,386	506,572	-	0.0%
Compensated Absences	477,580	399,872	-	0.0%
Bond premium	3,098,277	3,322,585	-	0.0%
Net Pension Liability	13,115,886	10,203,933	2,911,953	28.5%
<b>TOTAL</b>	<b>\$ 66,663,129</b>	<b>\$ 65,802,962</b>	<b>\$ 951,953</b>	<b>1.45%</b>

### **For the Future**

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

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

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

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Margaret Hom, Secretary to the Board of Education and School Business Administrator at Upper Freehold Regional School District, 27 High Street, Allentown, NJ 08501 or e-mail [homp@ufrsd.net](mailto:homp@ufrsd.net).





**BASIC FINANCIAL STATEMENTS**

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## A. Government-Wide Financial Statements

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

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**June 30, 2016**

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
Cash & Cash Equivalents	\$ 2,042,273	\$ 286,684	\$ 2,328,957
Receivables, Net	416,133	22,206	438,339
Inventory	-	18,637	18,637
Capital Assets, Net (Note 8)	64,267,030	365,113	64,632,143
<b>Total Assets</b>	<b>66,725,436</b>	<b>692,640</b>	<b>67,418,076</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred Outflows Related to Pensions	2,345,324	-	2,345,324
Deferred Charge on Refunding of Debt	3,005,103	-	3,005,103
<b>Total Deferred Outflow of Resources</b>	<b>5,350,427</b>	<b>-</b>	<b>5,350,427</b>
<b>Total Assets and Deferred Outflow of Resources</b>	<b>72,075,863</b>	<b>692,640</b>	<b>72,768,503</b>
<b>LIABILITIES</b>			
Accounts Payable	192,100	8,742	200,842
Accrued Interest Expense	821,763	51	821,814
Intergovernmental Payable	8,854	-	8,854
Unearned Revenue	59,311	33,140	92,451
Noncurrent Liabilities (Note 9):			
Due Within One Year	2,163,142	25,660	2,188,802
Due Beyond One Year	64,499,987	43,621	64,543,608
<b>Total Liabilities</b>	<b>67,745,157</b>	<b>111,214</b>	<b>67,856,371</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred Inflows Related to Pensions	454,443	-	454,443
<b>Total Deferred Inflow of Resources</b>	<b>454,443</b>	<b>-</b>	<b>454,443</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>68,199,600</b>	<b>111,214</b>	<b>68,310,814</b>
<b>NET POSITION</b>			
Net Investment in			
Capital Assets	11,066,234	295,832	11,362,066
Restricted For:			
Other Purposes	1,780,474	-	1,780,474
Unrestricted	(8,970,445)	285,594	(8,684,851)
<b>Total Net Position</b>	<b>\$ 3,876,263</b>	<b>\$ 581,426</b>	<b>\$ 4,457,689</b>

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

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	
Governmental Activities:					
Instruction:					
Regular	\$ 11,072,993	\$ 8,386,715	-	\$ (2,686,278)	\$ (2,686,278)
Special Education	4,063,510	-	518,952	(3,544,558)	(3,544,558)
Other Special Instruction	300,184	-	-	(300,184)	(300,184)
Other Instruction	657,355	-	-	(657,355)	(657,355)
Support Services & Undistributed Costs:					
Tuition	967,648	-	-	(967,648)	(967,648)
Attendance & Social Work Services	76,783	-	-	(76,783)	(76,783)
Health Services	277,086	-	-	(277,086)	(277,086)
Student & Instruction Related Services	3,576,920	-	80,026	(3,496,894)	(3,496,894)
Educational Media Services/School Library	573,133	-	-	(573,133)	(573,133)
Instructional Staff Training	59,412	-	-	(59,412)	(59,412)
School Administrative Services	1,350,947	-	-	(1,350,947)	(1,350,947)
Central Services	425,397	-	-	(425,397)	(425,397)
Administrative Information Technology	104,202	-	-	(104,202)	(104,202)
Other Administrative Services	498,276	-	-	(498,276)	(498,276)
Plant Operations & Maintenance	2,593,238	-	-	(2,593,238)	(2,593,238)
Pupil Transportation	1,925,126	62,704	-	(1,862,422)	(1,862,422)
Unallocated Benefits	15,842,812	-	8,683,645	(7,159,167)	(7,159,167)
Interest and cost on Long-Term Debt	2,090,121	-	106,731	(1,983,390)	(1,983,390)
Unallocated Depreciation	2,170,480	-	-	(2,170,480)	(2,170,480)
Unallocated Adjustment to Capital Assets	256,393	-	-	(256,393)	(256,393)
<b>Total Governmental Activities</b>	<b>48,882,016</b>	<b>8,449,419</b>	<b>9,389,354</b>	<b>(31,043,243)</b>	<b>(31,043,243)</b>
Business-Type Activities:					
Food Service	703,574	543,924	79,768	-	(79,882)
Child Watch Program	190,116	224,223	-	-	34,107
Kindergarten Complement	161,603	171,580	-	-	9,977
AHS Summer Programs	10,210	24,734	-	-	14,524
<b>Total Business-Type Activities</b>	<b>1,065,503</b>	<b>964,461</b>	<b>79,768</b>	<b>-</b>	<b>(21,274)</b>
<b>Total Primary Government</b>	<b>\$ 49,947,519</b>	<b>\$ 9,413,880</b>	<b>\$ 9,469,122</b>	<b>(31,043,243)</b>	<b>(31,064,517)</b>

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS	BUSINESS- TYPE ACTIVITIES	TOTAL
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purposes, Net			20,937,139	-	20,937,139
Taxes Levied for Debt Service			3,766,496	-	3,766,496
Federal & State Aid Not Restricted			5,831,787	-	5,831,787
Miscellaneous Income			330,959	23,518	354,477
			30,866,381	23,518	30,889,899
Total General Revenues, Special Items, Extraordinary Items & Transfers					
Change In Net Position			(176,862)	2,244	(174,618)
Net Position - Beginning			4,053,125	579,182	4,632,307
Net Position - Ending			\$ 3,876,263	\$ 581,426	\$ 4,457,689

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





## B. Fund Financial Statements

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

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Governmental Funds

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
June 30, 2016**

ASSETS & OTHER DEBITS	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Cash & Cash Equivalents	\$ 2,050,507	\$ -	\$ 66,189	\$ 2,116,696
Accounts Receivable:				
Federal Aid	-	105,991	-	105,991
State Aid	291,037	-	-	291,037
Other	12,063	7,042	-	19,105
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 2,353,607</u>	<u>\$ 113,033</u>	<u>\$ 66,189</u>	<u>\$ 2,532,829</u>
LIABILITIES & FUND BALANCES				
Liabilities:				
Cash Deficit	\$ -	\$ 74,423	\$ -	\$ 74,423
Accounts Payable	187,081	5,019	-	192,100
Intergovernmental Payable:				
State	-	8,854	-	8,854
Unearned Revenue	34,574	24,737	-	59,311
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>221,655</u>	<u>113,033</u>	<u>-</u>	<u>334,688</u>
Fund Balances:				
Restricted for:				
Capital Reserve Account	543,360	-	-	543,360
Maintenance Reserve Account	250,000	-	-	250,000
Emergency Reserve Account	300,000	-	-	300,000
Tuition Reserve Account	100,000	-	-	100,000
Excess Surplus	160,000	-	-	160,000
Excess Surplus - Designated for Subsequent Year's Expenditures	97,692	-	-	97,692
Debt Service Fund	-	-	66,189	66,189
Committed to:				
Other Purposes	263,233	-	-	263,233
Assigned to:				
Designated for Subsequent Year's Expenditures	162,580	-	-	162,580
Unassigned Fund Balance	255,087	-	-	255,087
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>2,131,952</u>	<u>-</u>	<u>66,189</u>	<u>2,198,141</u>
Total Liabilities & Fund Balances	<u>\$ 2,353,607</u>	<u>\$ 113,033</u>	<u>\$ 66,189</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$88,550,762 and the accumulated depreciation is \$24,283,732.	64,267,030
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.	1,890,881
Deferred charges on refunding of debt is not recorded in the fund financials but is recorded on the district-wide financials.	3,005,103
Accrued interest payable is not recorded in the fund financial Statements due to the fact that the payables are not due in the period.	(821,763)
Long-term liabilities, including net pension liability, bonds payable, compensated absences payable, bond premium and capital leases are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Illustrative Note 9)	<u>(66,663,129)</u>
Net Position of Governmental Activities	<u>\$ 3,876,263</u>

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

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Revenues:				
Local Sources:				
Local Tax Levy	\$ 20,937,139	\$ -	\$ 3,766,496	\$ 24,703,635
Tuition	8,386,715	-	-	8,386,715
Transportation	62,704	-	-	62,704
Rents and Royalties	11,018	-	-	11,018
Miscellaneous	240,141	20,891	-	261,032
<b>Total Local Sources</b>	<b>29,637,717</b>	<b>20,891</b>	<b>3,766,496</b>	<b>33,425,104</b>
State Sources	9,831,660	28,035	106,731	9,966,426
Federal Sources	-	558,190	-	558,190
<b>Total Revenues</b>	<b>39,469,377</b>	<b>607,116</b>	<b>3,873,227</b>	<b>43,949,720</b>
Expenditures:				
Current Expense:				
Regular Instruction	11,072,993	-	-	11,072,993
Special Education Instruction	3,544,558	518,952	-	4,063,510
Other Special Instruction	300,184	-	-	300,184
Other Instruction	657,355	-	-	657,355
Support Services:				
Tuition	967,648	-	-	967,648
Attendance	76,783	-	-	76,783
Health Services	277,086	-	-	277,086
Student & Instruction Related Services	3,496,894	80,026	-	3,576,920
Educational Media Services/School Library	573,133	-	-	573,133
Instructional Staff Training	59,412	-	-	59,412
School Administrative Services	1,350,947	-	-	1,350,947
Central Services	425,397	-	-	425,397
Administrative Information Technology	104,202	-	-	104,202
Other Administrative Services	498,276	-	-	498,276
Plant Operations & Maintenance	3,124,092	-	-	3,124,092
Pupil Transportation	1,925,126	-	-	1,925,126
Employee Benefits	10,633,164	-	-	10,633,164
Capital Outlay	638,522	8,138	-	646,660
Debt Service:				
Principal	-	-	1,960,000	1,960,000
Interest & Other Charges	-	-	1,902,623	1,902,623
<b>Total Expenditures</b>	<b>39,725,772</b>	<b>607,116</b>	<b>3,862,623</b>	<b>44,195,511</b>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(256,395)	-	10,604	(245,791)
Other Financing Sources:				
Capital Lease Proceeds (Nonbudgeted)	256,000	-	-	256,000
Cancellation of prior year accounts payable	58,909	-	-	58,909
<b>Total Other Financing Sources</b>	<b>314,909</b>	<b>-</b>	<b>-</b>	<b>314,909</b>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	58,514	-	10,604	69,118
Fund Balances July 1,	2,073,438	-	55,585	2,129,023
<b>Fund Balances June 30,</b>	<b>\$ 2,131,952</b>	<b>\$ -</b>	<b>\$ 66,189</b>	<b>\$ 2,198,141</b>

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

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ 69,118

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

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

Depreciation Expense	(\$2,170,480)	
Adjustments due to revaluation of capital assets	(256,393)	
Capital Outlays	<u>811,386</u>	(1,615,487)

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

Pension Expense - PERS Contribution - 2016	502,323	
Unfunded TPAF Pension Expense	4,696,525	
State Share of Unfunded TPAF Pension Expense	(4,696,525)	
Pension Expense	<u>(937,738)</u>	(435,415)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 1,960,000

Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 201,186

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position.

Capital Lease Proceeds		(256,000)
------------------------	--	-----------

Deferred Charge on Retirement of Debt, cost of issuance on refunding, and original issue premiums are recorded when incurred in the governmental funds but are deferred and recognized in the statement of activities over the life of the refunding:

Amortization of Loss on Early Retirement of Debt	(205,424)	
Amortization of Bond Premiums	<u>224,307</u>	18,883

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

Prior Year	780,324	
Current Year	<u>(821,763)</u>	(41,439)

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

Prior Year	399,872	
Current Year	<u>(477,580)</u>	(77,708)

Change in Net Position of Governmental Activities \$ (176,862)

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





## Proprietary Funds

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

ASSETS	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				TOTAL BUSINESS-TYPE ACTIVITIES
	FOOD SERVICE FUND	CHILD WATCH	KINDERGARTEN COMPLEMENT	AHS SUMMER PROGRAMS	
Current Assets:					
Cash & Cash Equivalents	\$ 9,788	\$ 188,819	\$ 53,670	\$ 34,407	\$ 286,684
Cash with Fiscal Agent					
Accounts Receivable:					
State	116	-	-	-	116
Federal	2,400	-	-	-	2,400
Miscellaneous	100	-	19,590	-	19,690
Inventories	18,637	-	-	-	18,637
<b>Total Current Assets</b>	<b>31,041</b>	<b>188,819</b>	<b>73,260</b>	<b>34,407</b>	<b>327,527</b>
Capital Assets:					
Equipment	714,115	-	-	-	714,115
Accumulated Depreciation	(349,002)	-	-	-	(349,002)
<b>Total Capital Assets</b>	<b>365,113</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>365,113</b>
<b>Total Assets</b>	<b>396,154</b>	<b>188,819</b>	<b>73,260</b>	<b>34,407</b>	<b>692,640</b>
Current Liabilities:					
Accounts Payable	8,069	-	490	183	8,742
Unearned Revenue	-	-	13,440	19,700	33,140
Capital Lease Payable	69,281	-	-	-	69,281
Accrued interest payable	51	-	-	-	51
<b>Total Current Liabilities</b>	<b>77,401</b>	<b>-</b>	<b>13,930</b>	<b>19,883</b>	<b>111,214</b>
<b>NET POSITION</b>					
Investment in Capital Assets	295,832	-	-	-	295,832
Unreserved	22,921	188,819	59,330	14,524	285,594
<b>Total Net Position</b>	<b>\$ 318,753</b>	<b>\$ 188,819</b>	<b>\$ 59,330</b>	<b>\$ 14,524</b>	<b>\$ 581,426</b>

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

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				TOTAL BUSINESS-TYPE ACTIVITIES
	FOOD SERVICE FUND	CHILD WATCH	KINDERGARTEN COMPLEMENT	AHS SUMMER PROGRAMS	
Operating Revenue:					
Daily Sales - Reimbursable Programs:					
School Lunch Program	\$ 100,647	\$ -	\$ -	\$ -	\$ 100,647
Total - Daily Sales - Reimbursable Programs	100,647	-	-	-	100,647
Daily Sales Nonreimbursable Programs	443,277	-	-	-	443,277
Fees	-	223,080	171,580	24,734	419,394
Miscellaneous Income	23,518	1,143	-	-	24,661
Total Operating Revenue	567,442	224,223	171,580	24,734	987,979
Operating Expenses:					
Salaries	288,894	177,294	129,993	9,747	605,928
Employee Benefits	-	-	31,352	-	31,352
Purchased Prof./Tech. Services	47,002	1,254	-	-	48,256
Purchased Property Services	1,825	-	-	-	1,825
Supplies and Materials	3,342	9,073	258	463	13,136
Depreciation	42,684	-	-	-	42,684
Miscellaneous	1,783	2,495	-	-	4,278
Cost of Sales	318,044	-	-	-	318,044
Total Operating Expenses	703,574	190,116	161,603	10,210	1,065,503
Operating (Loss)/Gain	(136,132)	34,107	9,977	14,524	(77,524)
Nonoperating Revenues:					
State Sources:					
State School Lunch Program	2,067	-	-	-	2,067
Federal Sources:					
National School Lunch Program	42,765	-	-	-	42,765
Food Distribution Program	34,936	-	-	-	34,936
Total Nonoperating Revenues	79,768	-	-	-	79,768
Change in Net Position	(56,364)	34,107	9,977	14,524	2,244
Net Position - July 1	375,117	154,712	49,353	-	579,182
Net Position - June 30	\$ 318,753	\$ 188,819	\$ 59,330	\$ 14,524	\$ 581,426

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

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				
	FOOD SERVICE FUND	CHILD WATCH	KINDERGARTEN COMPLEMENT	AHS SUMMER PROGRAMS	TOTAL BUSINESS-TYPE ACTIVITIES
Cash Flows From Operating Activities:					
Receipts from Customers	\$ 577,912	\$ 224,223	\$ 162,460	\$ 24,734	\$ 989,329
Payments to Employees	(288,894)	(177,294)	(129,993)	(9,747)	(605,928)
Payments to Suppliers	(343,158)	(14,672)	(18,480)	19,420	(356,890)
Net Cash Provided/(Used) by Operating Activities	(54,140)	32,257	13,987	34,407	26,511
Cash Flows From Capital & Related Financing Activities:					
(In)/Decrease In Capital Assets	-	-	-	-	-
Payment of Capital Lease	(23,445)	-	-	-	(23,445)
Net Cash Provided/(Used) by Capital & Related Financing Activities	(23,445)	-	-	-	(23,445)
Cash Flows From Noncapital Financing Activities:					
Cash Received From State & Federal Reimbursements	48,225	-	-	-	48,225
Net Cash Provided by Noncapital Financing Activities	48,225	-	-	-	48,225
Net Increase/(Decrease) in Cash & Cash Equivalents	(29,360)	32,257	13,987	34,407	51,291
Cash and Cash Equivalents, July 1	39,148	156,562	39,683	-	235,393
Cash & Cash Equivalents, June 30	\$ 9,788	\$ 188,819	\$ 53,670	\$ 34,407	\$ 286,684

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

Cash Provided/(Used) by Operating Activities:					
Operating Income/(Loss)	\$ (136,132)	\$ 34,107	\$ 9,977	\$ 14,524	\$ (77,524)
Adjustments to Reconcile Operating to Cash Provided/(Used) by Operating Activities:					
Depreciation Expense	42,684	-	-	-	42,684
Food Distribution Program	34,936	-	-	-	34,936
Change in Assets & Liabilities:					
Decrease/(Increase) in Accounts Receivable	10,470	-	(9,120)	-	1,350
(Increase)/Decrease in Inventory	2,402	-	-	-	2,402
Increase/(Decrease) in Accounts Payable	(7,700)	(1,850)	490	183	(8,877)
Increase/(Decrease) in Unearned Revenue	(800)	-	12,640	19,700	31,540
Total Adjustments	81,992	(1,850)	4,010	19,883	104,035
Net Cash Provided/(Used) by Operating Activities	\$ (54,140)	\$ 32,257	\$ 13,987	\$ 34,407	\$ 26,511

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



## Fiduciary Fund

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

ASSETS	PRIVATE PURPOSE		AGENCY		JUNE 30, TOTALS
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP TRUST	PAYROLL FUND	STUDENT ACTIVITY	
Cash & Cash Equivalents	\$ 219,433	\$ 52,708	\$ 168,790	\$ 174,246	\$ 615,177
Total Assets	219,433	52,708	168,790	174,246	615,177
LIABILITIES					
Payroll Deductions & Withholdings	-	-	168,790	-	168,790
Due to Student Groups	-	-	-	174,246	174,246
Total Liabilities	-	-	168,790	174,246	343,036
NET POSITION					
Reserved:					
Unemployment Claims	219,433	-	-	-	219,433
Scholarship Awards	-	52,708	-	-	52,708
Total Net Position	\$ 219,433	\$ 52,708	\$ -	\$ -	\$ 272,141

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

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
FIDUCIARY FUND  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

ADDITIONS:	PRIVATE PURPOSE		TOTALS
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP TRUST	
Contributions:			
Deductions From Employees'			
Salaries	\$ 51,483	\$ -	\$ 51,483
Donor Contributions	-	23,731	23,731
Total Contributions	51,483	23,731	75,214
Investment Earnings:			
Interest on Investments	-	-	-
Total Investment Earnings	-	-	-
Total Additions	51,483	23,731	75,214
DEDUCTIONS:			
Unemployment Claims	99,431	-	99,431
Scholarships Awarded	-	18,405	18,405
Total Deductions	99,431	18,405	117,836
Change in Net Position	(47,948)	5,326	(42,622)
Net Position - Beginning of Year	267,381	47,382	314,763
Net Position - End of Year	\$ 219,433	\$ 52,708	\$ 272,141

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

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2016**

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 1: Summary of Significant Accounting Policies**

The financial statements of the Upper Freehold Regional School District (the ‘District’) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of more significant accounting policies.

**Reporting Entity**

The Upper Freehold Regional School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The operations of the District include three schools which comprise the Upper Freehold Regional School District. The Upper Freehold Regional School District has an approximate enrollment at June 30, 2016 of 2,296 students.

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

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

**Component Units**

GASB Statement No.14. The Financial Reporting Entity, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units and GASB Statement No. 61, The Financial Reporting Entity: Omnis - an amendment of GASB Statements No. 14 and No. 34. The District had no component units as of for the year ended June 30, 2016.

**Government-Wide Financial Statements**

The District’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. report information of all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these government-wide statements. District activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

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

Taxes and other items not properly included among program revenues are reported instead as general revenues. The District does not allocate general government (indirect) expenses to other functions.

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

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

**Governmental Fund Financial Statements**

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

**Proprietary Fund Financial Statements**

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service funds balances and activities have been combined with the governmental activities in the Government-Wide financial statements.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

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

**Fiduciary Fund Financial Statements**

Fiduciary fund financial statements include a Statement of Net Position. The District's fiduciary funds are Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

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

The government-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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in 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.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges 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 taxes.

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. However, data from the fiduciary funds is not incorporated in the government-wide financial statements

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

Property taxes, charges for services, licenses, and interest on notes receivable associated with the current fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as revenues of the current fiscal period. Entitlements 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 (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available when cash is received.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

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

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 Fund program are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, employee salaries and benefits, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Internal service funds are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component unit. Although internal service funds are reported as a proprietary fund in the fund financial statements, it is incorporated into governmental activities in the government-wide financial statements. The District does not maintain any internal service funds.

The District reports the following major governmental funds:

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

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

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

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

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



**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

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

The District reports the following major proprietary funds:

**Food Service Fund** – This fund accounts for the revenues and expenses pertaining to the District’s cafeteria operations.

Additionally, the District reports the following major fiduciary funds:

**Private Purpose Trust Funds** - Private-purpose trust funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The district currently maintains the following private purpose trust funds:

Unemployment Trust Fund – Revenues consist of employee payroll withholdings, interest income, and contributions through the annual budget process of the District. Expenditures consist of unemployment reimbursement claims.

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

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

**Budgets/Budgetary Control**

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

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Effective January 17, 2012, P.L.2011 c.202 eliminated the annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

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

accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in *N.J.A.C.6:20-2A(m)1*. All budget amendments must be approved by School Board resolution.

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

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

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

Exhibit C-3 presents a reconciliation of the special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – General, Special Revenues and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.

**Encumbrances**

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as 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.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue at fiscal year-end.

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

**Cash and Cash Equivalents**

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

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

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

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

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

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

**Tuition Payable/Receivable**

Tuition rates for the fiscal year end June 30, 2016 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

**Inventories and Prepaid Expenses**

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

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

Prepaid expenses, which benefit future periods, other than those recorded in the enterprise funds, are recorded as expenditure during the year of purchase. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

**Short-Term Interfund Receivables/Payables**

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances. Balances with fiduciary funds are not considered Internal Balances; therefore those balances are reported on the Statement of Net Position.

**Capital Assets**

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation. The District has established a threshold of \$2,000 for capitalization of depreciable assets.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated or amortized using the straight-line method over the following estimated lives:

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

**Accrued Salaries and Wages**

District employees, who provide services to the District over the ten-month academic year and extended eleven-month calendar, do not have the option to have their salaries disbursed during the entire twelve-month year. Therefore, there is no accrual as of June 30, 2016 for such salaries.

**Compensated Absences**

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

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

**Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measureable and the District is eligible to realize the revenue.

**Long-Term Obligations**

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

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

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

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Fund Balance**

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

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

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available, unless prohibited by law or regulation. Additionally, the District would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

**Net Position**

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified in the following three components:

- Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

**Impact of Recently Issued Accounting Principles**

Adopted Accounting Pronouncements

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

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

For the year ended June 30, 2016, the District implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the District is required to measure certain investments at fair value for financial reporting purposes. In addition, the District is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the District's financial statements.

The District implemented GASB Statement No. 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*. Implementation of this Statement did not impact the District's financial statements.

The District implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the District's financial statements.

Recently Issued and Adopted Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. 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. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57,

Recently Issued and Adopted Accounting Pronouncements (continued)

*OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the District's financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

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

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the District's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the District's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 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*. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the District's financial statements.

**Bond Premiums, Discounts and Issuance Costs**

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

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

**Deferred Loss on Refunding Debt**

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

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

**Deferred Outflows and Deferred Inflows of Resources**

In addition to assets, the statement of net 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.

In addition to liabilities, the statement of net 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 periods and so will not be recognized as an inflow of resources (revenue) until that time.

**Subsequent Events**

The District has evaluated subsequent events occurring after June 30, 2016 through the date of October 28, 2016, which is the date the financial statements were available to be issued.

**Pensions Section**

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 pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

**Note 2: Cash and Cash Equivalents**

The District is governed by the deposit limitations of New Jersey state law. The Deposits held at June 30, 2016 and reported at fair value are as follows:

<b>Type</b>	<b>Carrying Value</b>
<b>Deposits:</b>	
Demand Deposits	\$ 2,944,134
Total Deposits	<u>\$ 2,944,134</u>
<b>The District's Cash &amp; Cash Equivalents are Reported as Follows:</b>	
Governmental Fund	\$ 2,042,273
Business-Type Activities	286,684
Fiduciary Funds	<u>615,177</u>
Total Cash & Cash Equivalents	<u>\$ 2,944,134</u>

**Custodial Credit Risk** – Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public



**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

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

depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA.

However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity funds or funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2016, the District's bank balance of \$3,376,319 was exposed to custodial credit risk as follows:

FDIC Insured Funds	\$	250,000
Uninsured Fund		522,800
Collateralized in the District's Name Under GUDPA		2,603,519
 Total	 \$	 <u><u>3,376,319</u></u>

**Note 3: Capital Reserve Account**

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

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

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$	392,398
Withdrawal per Budget		(99,038)
Plus:		
Resolution dated June 22, 2016		250,000
 Ending Balance, June 30, 2016	 \$	 <u><u>543,360</u></u>

The June 30, 2016 LRFP balance of local support costs of uncompleted capital projects at June 30, 2016 is \$9,489,125.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 4: Maintenance Reserve Account**

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

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

The activity of the maintenance reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$	496,980
Less:		
Budgeted withdrawal		(196,980)
Withdrawal approved January 6, 2016		(300,000)
Plus:		
Resolution date June 22, 2016		<u>250,000</u>
Ending Balance, June 30, 2016	\$	<u><u>250,000</u></u>

**Note 5: Emergency Reserve Account**

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

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 5: Emergency Reserve Account (continued)**

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

The activity of the emergency reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$	300,000
Ending Balance, June 30, 2016	\$	300,000

**Note 6: Tuition Reserve Account**

A tuition reserve is restricted to be used to accumulate funds in accordance with *N.J.A.C. 6A:23A-14.4(a)(3)* for anticipated tuition adjustments. According to *N.J.A.C. 6A:23A-14.4(a)(3)* permits the district to establish a tuition reserve in the general fund at June 30 by board resolution for up to 10 percent of the estimated tuition cost in the contract year for an anticipated tuition adjustment in the second year following the contract year. The code also requires that the district transfer to the general fund, by board resolution, any interest earned on the investments in a tuition reserve account on no less than an annual basis.

The District deposited \$100,000 into a tuition reserve account during June 2016 pursuant to a Board resolution for use in subsequent fiscal years to finance unanticipated tuition expenditures. The tuition reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Beginning Balance, July 1, 2015	\$	-
Withdrawal per Budget		-
Plus:		
Resolution date June 22, 2016		100,000
Ending Balance, June 30, 2016	\$	100,000

**Note 7: Accounts Receivable**

Accounts receivable at June 30, 2016 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
Intergovernmental	\$ 291,037	\$ 105,991	\$ 2,516	\$ 399,544
Other	12,063	7,042	100	19,205
Total	\$ 303,100	\$ 113,033	\$ 2,616	\$ 418,749

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 8: Capital Assets**

Capital asset balances and activity for the year ended June 30, 2016 were as follows:

<b>Governmental Activities:</b>	<b>June 30,</b> <b><u>2015</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Adjustment</u></b>	<b>June 30,</b> <b><u>2016</u></b>
Sites (Land)	\$ 5,419,448	\$ -	\$ -	\$ -	\$ 5,419,448
Buildings & Building Improvements	78,608,310	318,386		-	78,926,696
Construction in Progress	-	-	-		-
Machinery & Equipment	<u>3,883,137</u>	<u>493,000</u>	<u>-</u>	<u>(171,519)</u>	<u>4,204,618</u>
Subtotal	87,910,895	811,386	-	(171,519)	88,550,762
Accumulated Depreciation - Building & Improvements	(19,495,244)	(1,982,573)	-	(84,874)	(21,562,691)
Accumulated Depreciation - Machinery & Equipment	<u>(2,533,134)</u>	<u>(187,907)</u>	<u>-</u>	<u>-</u>	<u>(2,721,041)</u>
Total	<u>\$ 65,882,517</u>	<u>\$ (1,359,094)</u>	<u>\$ -</u>	<u>\$ (256,393)</u>	<u>\$ 64,267,030</u>
<b>Business Type Activities:</b>					
Machinery & Equipment	\$ 714,115	\$ -	\$ -	\$ -	\$ 714,115
Accumulated Depreciation	<u>(306,318)</u>	<u>(42,684)</u>	<u>-</u>	<u>-</u>	<u>(349,002)</u>
Total	<u>\$ 407,797</u>	<u>\$ (42,684)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 365,113</u>

Depreciation expense was charged to governmental and business-type functions/programs as follows:

<b>Governmental Activities:</b>	
Unallocated	<u>\$ 2,170,480</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,170,480</u>
<b>Business-Type Activities:</b>	
Food Service Fund	<u>\$ 42,684</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 42,684</u>

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 9: Long-Term Obligations**

Changes in Long-Term Obligations for the year ended June 30, 2016, are as follows:

	6/30/2015					6/30/2016	Due Within
	Balance	Additions	Reductions	Adjustments	Amortization	Balance	One year
<u>Governmental Activities:</u>							
Bonds	\$ 51,370,000	\$ -	\$ 1,960,000	\$ -	\$ -	\$ 49,410,000	\$ 1,775,000
Capital							
leases payable	506,572	256,000	201,186	-	-	561,386	229,092
Compensated							
absences payable	399,872	77,708	-	-	-	477,580	-
Bond premium	3,322,585	-	-	-	(224,308)	3,098,277	159,050
Net Pension Liability	10,203,933	2,911,953	-	-	-	13,115,886	-
	<u>\$ 65,802,962</u>	<u>\$ 3,245,661</u>	<u>\$ 2,161,186</u>	<u>\$ -</u>	<u>\$ (224,308)</u>	<u>\$ 66,663,129</u>	<u>\$ 2,163,142</u>

**A. Bonds Payable:**

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

The District had bonds outstanding as of June 30, 2016 as follows:

<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
2/24/2004	11/1/2016	3.35% - 3.60%	\$ 495,000
2/1/2005	2/15/2032	4.00% - 4.50%	110,000
11/2/2006	2/15/2035	4.00% - 4.375%	9,560,000
7/15/2007	7/11/2017	4.375% - 4.50%	400,000
5/4/2010	7/15/2023	4.00% - 4.50%	6,490,000
7/23/2014	7/15/2032	2.00% - 5.00%	9,565,000
4/22/2015	2/15/2032	4.00% - 4.50%	22,790,000
			<u>Total \$ 49,410,000</u>

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

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 9: Long-Term Obligations (continued)**

**A. Bonds Payable: (continued)**

Year Ended <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	1,775,000	2,002,364	3,777,364
2018	1,830,000	1,942,804	3,772,804
2019	1,915,000	1,867,019	3,782,019
2020	2,000,000	1,783,544	3,783,544
2021	2,090,000	1,696,344	3,786,344
2022-2026	11,970,000	7,099,613	19,069,613
2027-2031	14,945,000	4,436,281	19,381,281
2032-2035	12,885,000	1,308,100	14,193,100
	<u>\$ 49,410,000</u>	<u>\$ 22,136,069</u>	<u>\$ 71,546,069</u>

On May 4, 2010, the District issued \$9,175,000 refunding bonds with interest rates ranging from 3.00% to 5.00% to advance refund \$9,348,000 school bonds with interest rates ranging from 4.00% to 4.75%. The refunding bonds mature on July 15, 2010 through 2023. The net proceeds from the issuance of the refunding bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the school bonds were called on July 15, 2011. The advance refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the District's financial statements.

On July 23, 2014, the District issued \$9,595,000 refunding bonds with interest rates ranging from 2.00% to 5.00% to advance refund \$9,458,000 school bonds with interest rates ranging from 4.375% to 4.50%. The refunding bonds mature on July 15, 2015 through 2032. The net proceeds from the issuance of the refunding bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the school bonds were called on July 15, 2016. The advance refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the District's financial statements.

On April 22, 2015, the District issued \$23,025,000 refunding bonds with interest rates ranging from 4.00% to 4.50% to advance refund \$23,090,000 school bonds with interest rates ranging from 4.00% to 4.50%. The refunding bonds mature on July 15, 2010 through 2023. The net proceeds from the issuance of the refunding bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the school bonds were called on February 15, 2017. The advance refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the District's financial statements.

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

As of June 30, 2016, the Board had no bonds authorized but not issued.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 9: Long-Term Obligations (continued)**

**C. Capital Leases Payable:**

The District has purchased buses, computer, audiovisual, athletic and other equipment, and musical instruments, collectively valued at \$1,142,422 under active lease agreements and has retired \$581,036 of the lease principal leaving a balance of \$561,386 at June 30, 2016. All of the capital leases are for terms of five years.

The schedule of the future minimum lease payments under the District's capital leases and the present value of the net minimum lease payments at June 30, 2016 is as follows:

	Year	Government <u>Activities</u>	Business Type <u>Activities</u>
	2017	\$239,405	\$31,529
	2018	156,379	31,529
	2019	106,900	-
	2020	54,459	-
	2021	<u>27,406</u>	<u>-</u>
Subtotal		584,549	63,058
Less: Amount representing interest		<u>(23,164)</u>	<u>(749)</u>
Present value of net minimum lease payments		<u>\$561,385</u>	<u>\$ 62,309</u>

The Government Activities and Business Type Activities present value of capital leases payable at June 30, 2016 is \$229,092 and \$30,917 and the long-term portion is \$332,293 and \$31,392, respectively. The General Fund will be used to liquidate capital leases payable.

**D. Compensated Absences:**

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The liability at June 30, 2016 is \$477,580 all of which is a long-term liability.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2016 no liability existed for compensated absences in the Proprietary Funds.

**Note 10: Pension Obligations**

**A. Public Employees' Retirement System (PERS)**

**Plan Description** - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 10: Pension Obligations (continued):**

**A. Public Employees' Retirement System (PERS) (continued):**

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Basis of Presentation** - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014 and 2013, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual



**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 10: Pension Obligations (continued):**

**A. Public Employees' Retirement System (PERS) (continued):**

payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

<u>Year</u> <u>Funding</u>	<u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2016	\$ 502,323	100%	\$ 13,115,886
6/30/2015	\$ 449,292	100%	\$ 10,203,933
6/30/2014	\$ 424,576	100%	\$ 10,769,358

**Components of Pension Liability** - At June 30, 2016, the District reported a liability of \$13,115,886 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2014, to the measurement date of June 30, 2015. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2015. The District's proportion measured as of June 30, 2015, was 0.05843% percent, which was an increase of 0.00393% from its proportion measured as of June 30, 2014.

Collective Balances at June 30, 2016 and June 30, 2015

	<u>6/30/2016</u>	<u>6/30/2015</u>
Actuarial valuation date (including roll forward)	June 30, 2015	June 30, 2014
Deferred Outflows of Resources	\$ 2,345,324	\$ 770,158
Deferred Inflows of Resources	\$ 454,443	\$ 906,523
Net Pension Liability	\$ 13,115,886	\$ 10,203,933
District's portion of the Plan's total net pension Liability	0.05843%	0.05450%

**Pension Expense and Deferred Outflows/Inflows of Resources** - For the year ended June 30, 2016, the District recognized pension expense of \$973,723. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 10: Pension Obligations (continued):**

**A. Public Employees' Retirement System (PERS) (continued):**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 1,408,541	\$ -
Net difference between expected and actual experience	312,899	-
Net difference between projected and actual earnings on pension plan investments	-	210,878
Changes in proportion and differences between District contributions and proportionate share of contributions	623,884	243,565
Total	\$ 2,345,324	\$ 454,443

The \$2,345,324 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	<u>PERS</u>
2017	\$ 354,318
2018	354,318
2019	354,318
2020	506,343
2021	321,584
Thereafter	-

**Actuarial Assumptions** - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 10: Pension Obligations (continued):**

**A. Public Employees' Retirement System (PERS) (continued):**

	<u>PERS</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Interest rate	7.90%
Salary scale	2012-2021 - 2.15-4.40% Based on Age Thereafter - 3.15-5.40%
Inflation rate	Based on Age 3.01%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 10: Pension Obligations (continued):**

**A. Public Employees' Retirement System (PERS) (continued):**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.21%
Total	100.00%	

**Discount Rate** - The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the District's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the District's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90) or 1-percentage-point higher (5.90%) than the current rate:

	1% <u>Decrease</u> <u>(3.90%)</u>	Current <u>Discount</u> <u>Rate (4.90%)</u>	1% <u>Increase</u> <u>(5.90%)</u>
District's proportionate share of the net pension liability	\$ 16,301,442	\$ 13,115,886	\$ 10,445,140

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 10: Pension Obligations (continued):**

**B. Teachers' Pension and Annuity Fund (TPAF)**

**Plan Description** - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Basis of Presentation** - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of TPAF and the State as an employer/nonemployer entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of TPAF or the State. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 10: Pension Obligations (continued):**

**B. Teachers' Pension and Annuity Fund (TPAF)**

Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount.

**Special Funding Situation** - The employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A 18:66-33*. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

**Three-Year Trend Information for TPAF & Post Retirement Medical Contributions  
(Paid on behalf of the District)**

<u>Year Funding</u>	<u>Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2016	\$ 2,805,325	100%	\$ -
6/30/2015	\$ 2,156,756	100%	\$ -
6/30/2014	\$ 1,787,581	100%	\$ -

**Teachers Pensions and Annuity Fund (TPAF)** - 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 Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. 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.

	<u>TPAF</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Interest rate	7.90%
Salary scale	Varies Based On Experience
Inflation rate	2.50%

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 10: Pension Obligations (continued):**

**B. Teachers' Pension and Annuity Fund (TPAF)**

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Market Equities	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%
Total	100%	

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 10: Pension Obligations (continued):**

**B. Teachers' Pension and Annuity Fund (TPAF)**

**Discount Rate** - The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of employers' contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Pension plan fiduciary net position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS & TPAF financial report.

**Note 11: Post-Retirement Benefits**

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State Employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 100,134 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$241.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 20154.

**Note 12: Risk Management**

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

**Property and Liability Insurance**

The Upper Freehold Regional School District is a member of the School Alliance Insurance Fund (the "Fund"). The Fund provides general liability, workers' compensation, property and automobile coverage for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Fund is a risk-sharing public entity risk pool that is an



**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 12: Risk Management (continued)**

insured and self-administered group of school boards established for the purpose of providing low-cost insurance for their respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

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

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

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

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

<b>Fiscal Year</b>	<b>District Contributions</b>	<b>Employee Contributions</b>	<b>Amount Reimbursed</b>	<b>Ending Balance</b>
2015-2016	\$ -	\$ 51,483	\$ 99,431	\$ 219,433
2014-2015	-	51,523	51,458	267,381
2013-2014	-	94,801	59,920	267,316

**Note 13: Contingent Liabilities**

**Litigation**

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

**Grant Programs**

The District participates in federally and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management of the

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 13: Contingent Liabilities (continued)**

District is not aware of any material items of noncompliance which would result in the disallowance of grant program expenditures.

**Note 14: Economic Dependency**

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

**Note 15: Deferred Compensation**

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

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

**Note 16: Compensated Absences**

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for specified dollar amount per sick day accumulated and begin vesting with the employee after one year of service.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net position under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2016 is \$477,580.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2016 no liability existed for compensated absences in the proprietary fund types.

**Note 17: Fund Balance**

**General Fund** – [Exhibit B-1] - Of the \$2,131,952 General Fund fund balance at June 30, 2016, \$263,233 is reserved for encumbrances; \$100,000 has been legally reserved for tuition adjustment in accordance with N.J.A.C. 6A:23A-3.1(f)(8); \$160,000 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; \$97,692 is reserved as excess surplus designated for subsequent year's expenditures; \$162,580 has been assigned to designated for subsequent year's expenditures; \$543,360 has been reserved in the Capital Reserve Account; \$250,000 has been reserved in the Maintenance Reserve Account;

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 17: Fund Balance (continued)**

\$300,000 has been reserved in the Emergency Reserve Account; and \$255,087 is unreserved and undesignated.

**Debt Service Fund** – Of the Debt Service Fund fund balance at June 30, 2016, all of the \$66,189 was reserved in accordance with N.J.S.A. 7F-41c(2).

**Note 18: Deficit Unrestricted Net Position**

As reflected on Exhibit A-1, Statement of Net position, a deficit in unrestricted net position of \$(8,970,445) existed as of June 30, 2016 for governmental activities. The primary causes of this deficit is the District not recognizing the receivable for the last two state aid payments and the recording of the long-term liability for compensated absences and net pension. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net position, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 1), compensated absences and pension liabilities that relate to future services, or that are contingent on a specific event outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events take place. Therefore, this deficit in unrestricted net position for governmental activities does not indicate that the District is facing financial difficulties.

**Note 19: Calculation of Excess Surplus**

In accordance with *N.J.S.A.18A:7F-7*, as amended by *P.L. 2004, c.73 (S1701)*, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016 is \$160,000. This represents a \$62,308 increase from the prior year.

**Note 20: Subsequent Event**

On October 19, 2016 the district adopted a resolution approving the refunding of the 2006 bonds, in amount not to exceed \$9,860,000.



**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

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### C. Budgetary Comparison Schedules

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:						
Local Sources:						
Local Tax Levy	10-1210	\$ 20,937,139	\$ -	\$ 20,937,139	\$ 20,937,139	\$ -
Tuition from Individuals	10-1310	64,450	-	64,450	95,730	31,280
Tuition	10-1320	8,290,444	-	8,290,444	8,290,985	541
Transportation from Individuals	10-1410	60,930	-	60,930	53,992	(6,938)
Transportation	10-1420-1440	-	-	-	8,712	8,712
Rents and Royalties	10-1910	-	5,000	5,000	11,018	6,018
Miscellaneous Revenues	10-1XXX	191,230	(5,000)	186,230	240,141	53,911
Total Local Sources		29,544,193	-	29,544,193	29,637,717	93,524
State Sources:						
School Choice Aid	10-3116	1,151,850	-	1,151,850	1,151,850	-
Extraordinary Aid	10-3131	150,000	-	150,000	226,659	76,659
Categorical Special Education Aid	10-3132	976,240	-	976,240	976,240	-
Equalization Aid	10-3176	2,954,308	-	2,954,308	2,954,308	-
Categorical Security Aid	10-3177	122,431	-	122,431	122,431	-
Categorical Transportation Aid	10-3121	383,459	-	383,459	383,459	-
Non-Public Transportation Aid	10-3XXX	-	-	-	6,264	6,264
PARCC Readiness Aid	10-3XXX	17,005	-	17,005	17,005	-
Per Pupil Growth Aid	10-3XXX	17,005	-	17,005	17,005	-
Nonbudgeted:						
Reimbursed TPAF Social Security			-		1,181,795	1,181,795
On-Behalf TPAF Pension Contribution			-		1,253,399	1,253,399
On-Behalf TPAF Pension Contribution - Post Retirement Medical			-		1,492,452	1,492,452
On-Behalf TPAF Pension Contribution- NCGI			-		59,474	59,474
Total State Sources		5,772,298	-	5,772,298	9,842,341	4,070,043
Total Revenues		35,316,491	-	35,316,491	39,480,058	4,163,567
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Kindergarten	11-110-100-101	154,512	(24,496)	130,016	129,993	23
Grades 1-5	11-120-100-101	2,127,553	17,802	2,145,355	2,145,097	258
Grades 6 - 8	11-130-100-101	1,940,958	262,561	2,203,519	2,203,519	-
Grades 9 - 12	11-140-100-101	5,786,033	(44,064)	5,741,969	5,741,963	6
Home Instruction:						
Salaries of Teachers	11-150-100-101	13,000	1,176	14,176	14,176	-
Purchased Professional - Educational Services	11-150-100-320	18,000	(12,726)	5,274	3,924	1,350
Regular Programs - Undistributed Instruction:						
Other Salaries for Instruction	11-190-100-106	28,960	(17,276)	11,684	11,684	-
Other Purchased Services	11-190-100-500	400,163	(66,802)	333,361	312,683	20,678
General Supplies	11-190-100-610	410,882	26,858	437,740	416,551	21,189
Textbooks	11-190-100-640	57,316	19,044	76,360	74,499	1,861
Other Objects	11-190-100-800	26,300	(2,442)	23,858	18,904	4,954
Total Regular Programs		10,963,677	159,635	11,123,312	11,072,993	50,319

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
<b>Resource Room:</b>						
Salaries of Teachers	11-213-100-101	2,950,454	(177,740)	2,772,714	2,736,952	35,762
Other Salaries for Instruction	11-213-100-106	326,334	16,947	343,281	320,555	22,726
Purchased Prof - Ed Services	11-213-100-320	2,000	709	2,709	2,701	8
General Supplies	11-213-100-610	19,656	(3,335)	16,321	16,198	123
Textbooks	11-213-100-640	1,500	(250)	1,250	1,249	1
Other Objects	11-213-100-800	1,000	(600)	400	320	80
<b>Total Resource Room</b>		<b>3,300,944</b>	<b>(164,269)</b>	<b>3,136,675</b>	<b>3,077,975</b>	<b>58,700</b>
<b>Preschool Disabilities - Full Time:</b>						
Salaries of Teachers	11-216-100-101	265,930	50,759	316,689	316,688	1
Other Purchased Services	11-216-100-106	114,858	25,906	140,764	137,428	3,336
General Supplies	11-216-100-600	-	2,902	2,902	2,553	349
<b>Total Preschool Disabilities - Full-Time</b>		<b>380,788</b>	<b>79,567</b>	<b>460,355</b>	<b>456,669</b>	<b>3,686</b>
<b>Home Instruction:</b>						
Salaries of Teachers	11-219-100-101	-	9,914	9,914	9,914	-
<b>Total Home Instruction</b>		<b>-</b>	<b>9,914</b>	<b>9,914</b>	<b>9,914</b>	<b>-</b>
<b>Total Special Education</b>		<b>3,681,732</b>	<b>(74,788)</b>	<b>3,606,944</b>	<b>3,544,558</b>	<b>62,386</b>
<b>Basic Skills/Remedial:</b>						
Salaries of Teachers	11-230-100-101	244,357	127	244,484	244,483	1
General Supplies	11-230-100-610	7,856	(1,620)	6,236	6,181	55
<b>Total Basic Skills/Remedial</b>		<b>252,213</b>	<b>(1,493)</b>	<b>250,720</b>	<b>250,664</b>	<b>56</b>
<b>Bilingual Education:</b>						
Salaries of Teachers	11-240-100-101	36,837	12,122	48,959	48,958	1
General Supplies	11-240-100-610	950	(387)	563	562	1
<b>Total Bilingual Education</b>		<b>37,787</b>	<b>11,735</b>	<b>49,522</b>	<b>49,520</b>	<b>2</b>
<b>School Sponsored Cocurricular Activities- Instruction:</b>						
Salaries	11-401-100-100	197,074	(1,484)	195,590	172,188	23,402
Purchased Services	11-401-100-500	8,600	(309)	8,291	4,511	3,780
Supplies and Materials	11-401-100-600	12,647	1,435	14,082	13,055	1,027
Other Objects	11-401-100-800	-	-	-	-	-
<b>Total School Sponsored Cocurricular Activities</b>		<b>218,321</b>	<b>(358)</b>	<b>217,963</b>	<b>189,754</b>	<b>28,209</b>

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
School Sponsored Athletics - Instruction:						
Salaries	11-402-100-100	380,978	(5,152)	375,826	349,987	25,839
Purchased Services	11-402-100-500	73,400	(6,193)	67,207	57,724	9,483
Supplies and Materials	11-402-100-600	49,972	(3,010)	46,962	35,658	11,304
Other Objects	11-402-100-800	26,614	1,627	28,241	24,232	4,009
Total School Sponsored Athletics Instruction		530,964	(12,728)	518,236	467,601	50,635
Total Instruction		15,684,694	82,003	15,766,697	15,575,090	191,607
Undistributed Expenditures:						
Instruction :						
Tuition to Other LEAs	11-000-100-562		20,900	20,900	20,900	-
Tuition to County Vocational School District - Regular	11-000-100-563	108,330	57,595	165,925	165,925	-
Tuition to County Vocational School District - Special	11-000-100-564	89,000	(14,300)	74,700	72,315	2,385
Tuition to CSSD & Regional Day School	11-000-100-565	190,096	(33,866)	156,230	151,841	4,389
Tuition to Private School for the Handicapped - State	11-000-100-566	648,135	(82,210)	565,925	556,667	9,258
Tuition - State Facilities	11-000-100-568		-			-
Total Undistributed Expenditures - Instruction		1,035,561	(51,881)	983,680	967,648	16,032
Attendance & Social Work Services:						
Salaries	11-000-211-100	95,765	(18,801)	76,964	76,423	541
Other Purchased Services	11-000-211-500	5,156	(5,006)	150	123	27
Supplies and Materials	11-000-211-600	237	-	237	237	-
Total Attendance & Social Work Services		101,158	(23,807)	77,351	76,783	568
Health Services:						
Salaries	11-000-213-100	180,664	61,335	241,999	240,115	1,884
Purchased Professional & Technical Services	11-000-213-300	81,682	(51,325)	30,357	30,356	1
Supplies and Materials	11-000-213-600	5,415	1,292	6,707	6,615	92
Total Health Services		267,761	11,302	279,063	277,086	1,977

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Speech, OT, PT & Related Services:						
Salaries	11-000-216-100	568,622	16,329	584,951	580,514	4,437
Purchased Services	11-000-216-320	97,320	29,141	126,461	126,294	167
Supplies and Materials	11-000-216-600	3,515	(9)	3,506	2,956	550
Total Speech, OT, PT & Related Services		669,457	45,461	714,918	709,764	5,154
Other Support Services - Students - Extra Services:						
Salaries	11-000-217-100	436,338	54,776	491,114	472,711	18,403
Purchased Professional Ed. Services	11-000-217-320	68,000	(2,145)	65,855	40,187	25,668
Supplies and Materials	11-000-217-600	-	341	341	321	20
Total Other Support Services-Students-Extra Services		504,338	52,972	557,310	513,219	44,091
Guidance:						
Salaries of Other Professional Staff	11-000-218-104	717,605	664	718,269	718,193	76
Salaries of Secretarial & Clerical Assistants	11-000-218-105	98,998	(880)	98,118	98,116	2
Purchased Professional - Educational Services	11-000-218-320	11,500	2,753	14,253	11,778	2,475
Other Purchased Professional & Technical Services	11-000-218-390	5,950	-	5,950	5,950	-
Other Purchased Services	11-000-218-500	16,337	(11,012)	5,325	5,178	147
Supplies and Materials	11-000-218-600	3,325	-	3,325	3,325	-
Total Guidance		853,715	(8,475)	845,240	842,540	2,700
Child Study Teams:						
Salaries of Other Professional Staff	11-000-219-104	815,355	95,355	910,710	857,853	52,857
Salaries of Secretarial & Clerical Assistants	11-000-219-105	154,587	(11,425)	143,162	143,162	-
Purchased Professional - Educational Services	11-000-219-320	26,000	10,706	36,706	32,813	3,893
Other Purchased Services (400-500 series)	11-000-219-500	700	-	700	627	73
Miscellaneous Purchased Services	11-000-219-592	10,089	(10,089)	-	-	-
Supplies and Materials	11-000-219-600	10,600	-	10,600	10,564	36
Other Objects	11-000-219-800	1,100	(280)	820	820	-
Total Child Study Teams		1,018,431	84,267	1,102,698	1,045,839	56,859

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
<b>Improvement of Instruction Services/Other</b>						
<b>Support Services - Instruction Staff:</b>						
<b>Salaries of Supervisors of</b>						
Instruction	11-000-221-102	218,589	1	218,590	218,589	1
<b>Salaries of Other Professional</b>						
Staff	11-000-221-104	39,167	(9,778)	29,389	27,826	1,563
<b>Salaries of Secretarial &amp; Clerical</b>						
Assistants	11-000-221-105	46,496	-	46,496	46,495	1
<b>Salaries of Facilitators, Math</b>						
Literacy Coaches	11-000-221-176	80,869	-	80,869	80,869	-
<b>Other Purchased Services</b>						
Supplies and Materials	11-000-221-500	-	2,500	2,500	2,500	-
Other Objects	11-000-221-600	11,500	(2,800)	8,700	7,673	1,027
Other Objects	11-000-221-800	2,200	-	2,200	1,580	620
<b>Total Improvement of Instruction Services/Other</b>		<b>398,821</b>	<b>(10,077)</b>	<b>388,744</b>	<b>385,532</b>	<b>3,212</b>
<b>Educational Media Services/School Library:</b>						
Salaries	11-000-222-100	408,505	337	408,842	408,841	1
Salaries of Tech Coordinators	11-000-222-177	109,188	7,008	116,196	116,196	-
Other Purchased Services	11-000-222-500	-	1,000	1,000	980	20
Supplies and Materials	11-000-222-600	45,980	2,350	48,330	47,116	1,214
<b>Total Educational Media Services/School Library</b>		<b>563,673</b>	<b>10,695</b>	<b>574,368</b>	<b>573,133</b>	<b>1,235</b>
<b>Support Services Instructional Staff Training Service:</b>						
Salaries of Other Professional	11-000-223-104	59,196	(24,933)	34,263	25,336	8,927
<b>Purchased Professional -</b>						
Educational Services	11-000-223-320	2,000	(400)	1,600	1,600	-
Other Purchased Services	11-000-223-500	23,600	(1,790)	21,810	19,066	2,744
Supplies and Materials	11-000-223-600	6,235	7,148	13,383	12,801	582
Other Objects	11-000-223-800	3,300	(2,201)	1,099	609	490
<b>Total Support Services Instructional</b>		<b>94,331</b>	<b>(22,176)</b>	<b>72,155</b>	<b>59,412</b>	<b>12,743</b>
<b>Support Services General Administration:</b>						
Salaries	11-000-230-100	221,500	(19,408)	202,092	202,091	1
Legal Services	11-000-230-331	44,000	(3,476)	40,524	40,522	2
Audit Services	11-000-230-332	36,300	(1,885)	34,415	34,415	-
Architectural/Engineering Services	11-000-230-334	5,000	30,384	35,384	35,384	-
<b>Other Purchased Professional</b>						
Services	11-000-230-339	17,480	(11,350)	6,130	6,130	-
Communications/Telephone	11-000-230-530	59,700	15,146	74,846	73,344	1,502
Other Purchased Services	11-000-230-590	82,312	(164)	82,148	72,577	9,571
General Supplies	11-000-230-610	14,074	(7,352)	6,722	6,579	143
<b>BOE In-House Training/Meeting</b>						
Supplies	11-000-230-630	500	(500)	-	-	-
<b>Judgments Against the School</b>						
District	11-000-230-820	-	8,005	8,005	8,004	1
Miscellaneous Expenditures	11-000-230-890	6,231	(1,998)	4,233	4,232	1
BOE Membership Dues & Fees	11-000-230-895	15,000	-	15,000	14,998	2
<b>Total Support Services General Administration</b>		<b>502,097</b>	<b>7,402</b>	<b>509,499</b>	<b>498,276</b>	<b>11,223</b>

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
<b>Support Services School Administration:</b>						
Salaries of Principals & Assistant Principals	11-000-240-103	842,743	3	842,746	842,743	3
Salaries of Secretarial & Clerical Assistants	11-000-240-105	459,577	16,515	476,092	476,091	1
Purchased Prof. & Tech. Svcv.	11-000-240-300	3,525	(3,286)	239	-	239
Other Purchased Services	11-000-240-500	17,492	4,940	22,432	22,390	42
Supplies and Materials	11-000-240-600	10,849	(1,400)	9,449	8,083	1,366
Other Objects	11-000-240-800	1,650	-	1,650	1,640	10
<b>Total Support Services School Administration</b>		<b>1,335,836</b>	<b>16,772</b>	<b>1,352,608</b>	<b>1,350,947</b>	<b>1,661</b>
<b>Central Services:</b>						
Salaries	11-000-251-100	409,293	(27,268)	382,025	382,025	-
Purchased Professional Services	11-000-251-330	2,000	2,540	4,540	4,540	-
Purchased Technical Services	11-000-251-340	27,580	(814)	26,766	26,745	21
Miscellaneous Purchased Services	11-000-251-592	11,687	(5,474)	6,213	5,609	604
Supplies & Materials	11-000-251-600	6,309	(1,825)	4,484	4,407	77
Miscellaneous Expenditures	11-000-251-890	4,500	(2,400)	2,100	2,071	29
<b>Total Central Services</b>		<b>461,369</b>	<b>(35,241)</b>	<b>426,128</b>	<b>425,397</b>	<b>731</b>
<b>Administrative Information Technology:</b>						
Salaries	11-000-252-100	84,801	(1,364)	83,437	83,434	3
Purchased Professional Services	11-000-252-330	22,335	(6,893)	15,442	15,264	178
Other Purchased Services	11-000-252-500	-	-	-	-	-
Supplies and Materials	11-000-252-600	8,550	(2,999)	5,551	5,504	47
<b>Total Administrative Information Technology</b>		<b>115,686</b>	<b>(11,256)</b>	<b>104,430</b>	<b>104,202</b>	<b>228</b>
<b>Required Maintenance for School Facilities:</b>						
Salaries	11-000-261-100	210,170	846	211,016	211,016	-
Cleaning, Repair & Maintenance Services	11-000-261-420	104,273	460,359	564,632	347,991	216,641
General Supplies	11-000-261-610	51,416	8,319	59,735	37,653	22,082
<b>Total Required Maintenance for School Facilities</b>		<b>365,859</b>	<b>469,524</b>	<b>835,383</b>	<b>596,660</b>	<b>238,723</b>

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
<b>Custodial Services:</b>						
Salaries	11-000-262-100	855,877	(7,484)	848,393	848,097	296
Salaries of Non-Instructional Aides	11-000-262-107	129,660	3,204	132,864	132,857	7
Cleaning, Repair & Maintenance Services	11-000-262-420	47,400	(8,572)	38,828	38,361	467
Other Purchased Property Services	11-000-262-490	171,472	(2,780)	168,692	166,909	1,783
Insurance	11-000-262-520	200,742	(15,700)	185,042	185,042	-
Travel	11-000-262-580	443	1,460	1,903	1,865	38
Miscellaneous Purchased Services	11-000-262-590	1,225	(1,000)	225	88	137
General Supplies	11-000-262-610	173,235	(32,492)	140,743	140,250	493
Energy (Natural Gas)	11-000-262-621	148,500	(26,336)	122,164	111,868	10,296
Energy (Electricity)	11-000-262-622	613,288	(30,555)	582,733	495,081	87,652
Energy (Gasoline)	11-000-262-626	16,500	(7,140)	9,360	9,173	187
Other Objects	11-000-262-800	2,000	4,152	6,152	6,152	-
<b>Total Custodial Services</b>		<b>2,360,342</b>	<b>(123,243)</b>	<b>2,237,099</b>	<b>2,135,743</b>	<b>101,356</b>
<b>Care &amp; Upkeep of Grounds</b>						
Cleaning, Repair & Maintenance Salaries	11-000-263-100	180,650	(8,803)	171,847	171,672	175
Cleaning, Repair & Maintenance General Supplies	11-000-263-420 11-000-263-610	2,800 45,795	4,550 1,124	7,350 46,919	6,339 46,106	1,011 813
<b>Total Care &amp; Upkeep of Grounds</b>		<b>229,245</b>	<b>(3,129)</b>	<b>226,116</b>	<b>224,117</b>	<b>1,999</b>
<b>Security</b>						
Salaries	11-000-266-100	121,599	34,999	156,598	156,597	1
Cleaning, Repair & Maintenance General Supplies	11-000-266-420 11-000-266-610	7,710 10,639	1,890 (7,186)	9,600 3,453	9,600 1,375	- 2,078
<b>Total Security</b>		<b>139,948</b>	<b>29,703</b>	<b>169,651</b>	<b>167,572</b>	<b>2,079</b>
<b>Student Transportation Services:</b>						
Salaries for Pupil Transportation (Between Home & School) - Regular	11-000-270-160	31,000	(8,415)	22,585	18,757	3,828
Salaries for Pupil Transportation (Other Than Between Home & School)	11-000-270-162	-	1,455	1,455	1,455	-
Purchased Professional & Technical Services	11-000-270-390	77,781	3,285	81,066	81,065	1
Cleaning, Repair & Maintenance Services	11-000-270-420	10,000	4,636	14,636	14,635	1
Contracted Services (Other Than Between School) - Vendors	11-000-270-511	899,000	40,806	939,806	939,772	34

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Contracted Services Between Home & School - Vendors	11-000-270-512	131,475	22,193	153,668	152,068	1,600
Contracted Services (Between Home & Home & School) Joint Agreements	11-000-270-513	137,700	56,437	194,137	194,137	-
Contracted Services (Special Education) Vendors	11-000-270-514	180,000	94,545	274,545	274,531	14
Contracted Services (Regular Contract Svc (Sp Ed.) -joint agreements	11-000-270-515	42,000	(445)	41,555	41,555	-
Students) - ESCs & CTSA	11-000-270-517	45,000	(45,000)	-	-	-
Contracted Services (Special Education Students) - ESCs & CTSA	11-000-270-518	82,000	58,552	140,552	140,552	-
Aid in Lieu of Payments-Nonpublic	11-000-270-503	47,000	(14,159)	32,841	32,840	1
Miscellaneous Purchased Services - Transportation	11-000-270-593	23,369	(1,549)	21,820	21,819	1
Transportation Supplies	11-000-270-615	20,644	(8,134)	12,510	11,640	870
Other Objects	11-000-270-800	1,200	(900)	300	300	-
						-
Total Student Transportation Services		1,728,169	203,307	1,931,476	1,925,126	6,350
Unallocated Benefits - Employee Benefits:						
Social Security	11-000-291-220	531,831	(30,025)	501,806	464,816	36,990
Other Retirement Contributions - PERS	11-000-291-241	516,500	(14,100)	502,400	502,323	77
Other Retirement Contributions - Regular	11-000-291-249	6,000	(6,000)	-	-	-
Unemployment Compensation	11-000-291-250	-	-	-	-	-
Worker's Compensation	11-000-291-260	284,008	(16,327)	267,681	267,681	-
Health Benefits	11-000-291-270	5,620,660	(276,223)	5,344,437	5,240,059	104,378
Tuition Reimbursement	11-000-291-280	47,459	-	47,459	47,001	458
Other Employee Benefits	11-000-291-290	86,580	38,335	124,915	124,164	751
Total Unallocated Benefits - Employee Benefits		7,093,038	(304,340)	6,788,698	6,646,044	142,654
Nonbudgeted:						
Reimbursed TPAF Social Security Contribution		-	-	-	1,181,795	(1,181,795)
On-Behalf TPAF Pension Contributions		-	-	-	1,253,399	(1,253,399)
On-Behalf TPAF Pension Contributions - Post Retirement Medical		-	-	-	1,492,452	(1,492,452)
On-Behalf TPAF Pension Contributions -NCGI		-	-	-	59,474	(59,474)
Total Nonbudgeted		-	-	-	3,987,120	(3,987,120)
Total Undistributed Expenditures		19,838,835	337,780	20,176,615	23,512,160	(3,335,545)
Total Expenditures - Current Expense		35,523,529	419,783	35,943,312	39,087,250	(3,143,938)



**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Capital Outlay:						
Equipment:						
Regular Programs - Instruction:						
Grades 9 - 12	12-140-100-730	5,000	(500)	4,500	4,499	1
Instruction	12-000-100-730	-	-	-	-	-
Required Maintenance of School Facilities	12-000-261-730	-	4,909	4,909	4,909	-
Undistributed Expense - Care & Upkeep of Grounds	12-000-263-730	-	27,219	27,219	27,219	-
<b>Total Equipment</b>		<b>5,000</b>	<b>31,628</b>	<b>36,628</b>	<b>36,627</b>	<b>1</b>
Facilities Acquisition & Construction Services:						
Other Purchased Prof & Tech Service	12-000-400-300	-	-	-	-	-
Construction Services	12-000-400-450	-	196,373	196,373	180,953	15,420
Assessment for Debt Service on SDA Funding	12-000-400-896	164,942	-	164,942	164,942	-
<b>Total Facilities Acquisition &amp; Construction Services</b>		<b>164,942</b>	<b>196,373</b>	<b>361,315</b>	<b>345,895</b>	<b>15,420</b>
Assets Acquired Under Capital Leases (Nonbudgeted)		-	-	-	256,000	(256,000)
<b>Total Capital Outlay</b>		<b>169,942</b>	<b>228,001</b>	<b>397,943</b>	<b>638,522</b>	<b>(240,579)</b>
<b>Total Expenditures</b>		<b>35,693,471</b>	<b>647,784</b>	<b>36,341,255</b>	<b>39,725,772</b>	<b>(3,384,517)</b>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		(376,980)	(647,784)	(1,024,764)	(245,714)	779,050
Other Financing Sources/(Uses):						
Cancellation of Prior Year Payables		-	-	-	58,909	58,909
Capital Lease Proceeds (Nonbudgeted)		-	-	-	256,000	256,000
<b>Total Other Financing Sources/(Uses)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>314,909</b>	<b>314,909</b>

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Sources/(Uses)		(376,980)	(647,784)	(1,024,764)	69,195	1,093,959
Fund Balances, July 1		<u>2,600,246</u>	-	2,600,246	2,600,246	-
Fund Balances, June 30		<u><u>2,223,266</u></u>	<u><u>(647,784)</u></u>	<u><u>1,575,482</u></u>	<u><u>2,669,441</u></u>	<u><u>1,093,959</u></u>

**RECAPITULATION OF TRANSFERS:**

Prior Year Reserve for Encumbrances	(248,746)
Withdrawal from Maintenance Reserve (Approved January 6, 2016)	(300,000)
Withdrawal from Capital Reserve (Approved July 15, 2015)	(74,450)
Withdrawal from Capital Reserve (Approved September 2, 2015)	(3,988)
Withdrawal from Capital Reserve (Approved November 18, 2015)	(17,850)
Withdrawal from Capital Reserve (Approved January 20, 2016)	<u>(2,750)</u>
	<u><u>(647,784)</u></u>

**RECAPITULATION OF FUND BALANCE:**

Restricted Fund Balance:	
Capital Reserve	543,360
Maintenance Reserve	250,000
Emergency Reserve	300,000
Tuition Reserve	100,000
Excess Surplus	160,000
Excess Surplus Designated for Subsequent Year's Expenditures	97,692
Committed Fund Balance:	
Year-end Encumbrances	263,233
Assigned Fund Balance:	
Designated for Subsequent Year's Expenditures	162,580
Unassigned Fund Balance	<u>792,576</u>
Subtotal	2,669,441
Reconciliation to Governmental Fund Statements (GAAP):	
Last State Aid Payment Not Recognized on GAAP Basis	<u>(537,489)</u>
Fund Balance Per Governmental Funds (GAAP)	<u><u>2,131,952</u></u>

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ORIGINAL BUDGET	BUDGET TRANSFERS/ ADJUSTMENTS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
<b>Revenues:</b>					
State Sources	\$ 31,774	\$ 5,000	\$ 36,774	\$ 28,035	\$ (8,739)
Federal Sources	627,912	4,960	632,872	558,190	(74,682)
Local Sources	13,317	27,309	40,626	20,891	(19,735)
<b>Total Revenues</b>	<b>673,003</b>	<b>37,269</b>	<b>710,272</b>	<b>607,116</b>	<b>(103,156)</b>
<b>Expenditures:</b>					
<b>Instruction:</b>					
Salaries of Teachers	50,649	(27,446)	23,203	15,646	7,557
Tuition	434,841	250	435,091	420,262	14,829
General Supplies	89,549	37,084	126,633	79,179	47,454
Textbooks	3,483	448	3,931	3,865	66
<b>Total Instruction</b>	<b>578,522</b>	<b>10,336</b>	<b>588,858</b>	<b>518,952</b>	<b>69,906</b>
<b>Support Services:</b>					
Salaries of Other Professional Staff	18,979	7,409	26,388	7,347	19,041
Benefits	6,202	(2,387)	3,815	2,218	1,597
Purchased Services	41,481	(2,995)	38,486	31,443	7,043
Other Purchased Service	11,332	17,393	28,725	24,595	4,130
Travel	-	1,287	1,287	476	811
Supplies and Materials	16,487	(1,912)	14,575	13,947	628
<b>Total Support Services</b>	<b>94,481</b>	<b>18,795</b>	<b>113,276</b>	<b>80,026</b>	<b>33,250</b>
<b>Facilities Acquisition &amp; Construction Services:</b>					
Non-Instructional Equipment	-	8,138	8,138	8,138	-
<b>Total Facilities Acquisition &amp; Construction Services</b>	<b>-</b>	<b>8,138</b>	<b>8,138</b>	<b>8,138</b>	<b>-</b>
<b>Total Expenditures</b>	<b>673,003</b>	<b>37,269</b>	<b>710,272</b>	<b>607,116</b>	<b>103,156</b>
<b>Total Outflows</b>	<b>673,003</b>	<b>37,269</b>	<b>710,272</b>	<b>607,116</b>	<b>103,156</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures &amp; Other Financing Sources/(Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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**OTHER SUPPLEMENTARY INFORMATION**

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

	GENERAL FUND N-1	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 39,480,058	\$ 607,116
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year	-	-
Current Year	-	-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	526,808	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(537,489)	-
	\$ 39,469,377	\$ 607,116
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)		
	\$ 39,469,377	\$ 607,116
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 39,725,772	\$ 607,116
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year	-	-
Current Year	-	-
	\$ 39,725,772	\$ 607,116
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)		
	\$ 39,725,772	\$ 607,116

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



**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**PUBLIC EMPLOYEES' RETIREMENT SYSTEM**  
**LAST THREE FISCAL YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.05843%	0.05450%	0.05635%
District's proportionate share of the net pension liability (asset)	\$ 13,115,886	\$ 10,203,933	\$ 10,769,358
District's covered-employee payroll	\$ 3,710,113	\$ 3,694,468	\$ 3,851,068
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	353.52%	276.19%	279.65%
Plan fiduciary net position as a percentage of the total pension liability	47.92%	52.08%	48.72%

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST THREE FISCAL YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 502,323	\$ 449,292	424,576
Contributions in relation to the contractually required contribution	<u>502,323</u>	<u>449,292</u>	<u>424,576</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 3,710,113	\$ 3,694,468	\$ 3,851,068
Contributions as a percentage of covered- employee payroll	13.54%	12.16%	11.02%

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.



**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**  
**STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY ASSOCIATED WITH THE DISTRICT'S**  
**TEACHERS' PENSION AND ANNUITY FUND**  
**LAST THREE FISCAL YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.15418%	0.15531%	0.15531%
State's proportionate share of the net pension liability (asset) associated with the District	\$ 97,445,478	\$ 83,007,855	\$ 79,988,513
District's covered-employee payroll	\$ 16,548,628	\$ 16,022,613	\$ 15,807,331
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%	33.76%

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.



**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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**UPPER FREEHOLD TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2016**

**Teachers Pension and Annuity Fund (TPAF)**

**Basis of Presentation.** The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. The numbers were derived in a report provided by KPMG dated July 28, 2016. The full report is available by the State of New Jersey, Division of Pension and Benefits. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Changes of benefit terms.** The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**Changes of assumptions.** Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

**Public Employees' Retirement System (PERS)**

**Basis of Presentation.** The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. The numbers were derived in a report provided by KPMG dated April 14, 2016. The full report is available by the State of New Jersey, Division of Pension and Benefits. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Changes of benefit terms.** The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

**Changes of assumptions.** Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.



D. School Based Budget Schedules

Not Applicable

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## E. Special Revenue Fund

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

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	NO CHILD LEFT BEHIND				TITLE III CARRYOVER	I.D.E.A. PART B		I.D.E.A. PART B		I.D.E.A. PART B PRESCHOOL PROGRAM
	TITLE II PART A CARRYOVER	TITLE I CARRYOVER	TITLE II PART A CARRYOVER	TITLE I CARRYOVER		REGULAR PROGRAM	BASIC CARRYOVER	BASIC CARRYOVER		
<b>Revenues:</b>										
State Sources	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$
Federal Sources	19,986	15,236	32,806	37,827	1,118	412,091	12,400	12,400	13,355	
Local Sources	-	-	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>\$ 19,986</b>	<b>\$ 15,236</b>	<b>\$ 32,806</b>	<b>\$ 37,827</b>	<b>\$ 1,118</b>	<b>\$ 412,091</b>	<b>\$ 12,400</b>	<b>\$ 12,400</b>	<b>\$ 13,355</b>	
<b>Expenditures:</b>										
<b>Instruction:</b>										
Salaries of Teachers	- \$	- \$	2,118 \$	13,528 \$	- \$	- \$	- \$	- \$	- \$	- \$
Tuition	-	-	-	-	-	411,015	9,247	9,247	-	-
General Supplies	-	-	30,067	21,740	1,118	1,076	2,703	2,703	-	-
<b>Total Instruction</b>	<b>-</b>	<b>-</b>	<b>32,185</b>	<b>35,268</b>	<b>1,118</b>	<b>412,091</b>	<b>11,950</b>	<b>11,950</b>	<b>-</b>	<b>-</b>
<b>Support Services:</b>										
Salaries	-	5,932	-	1,415	-	-	-	-	-	-
Purchased Professional Education Services	-	-	-	-	-	-	450	450	13,355	-
Personal Services - Employee Benefits	-	453	621	1,144	-	-	-	-	-	-
Other Purchases Services	13,678	4,717	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-
Supplies and Materials	6,308	4,134	-	-	-	-	-	-	-	-
<b>Total Support Services</b>	<b>19,986</b>	<b>15,236</b>	<b>621</b>	<b>2,559</b>	<b>-</b>	<b>-</b>	<b>450</b>	<b>450</b>	<b>13,355</b>	<b>-</b>
<b>Facilities Acquisition &amp; Construction Services:</b>										
Non-Instructional Equipment	-	-	-	-	-	-	-	-	-	-
<b>Total Facilities Acquisition &amp; Construction Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>\$ 19,986</b>	<b>\$ 15,236</b>	<b>\$ 32,806</b>	<b>\$ 37,827</b>	<b>\$ 1,118</b>	<b>\$ 412,091</b>	<b>\$ 12,400</b>	<b>\$ 12,400</b>	<b>\$ 13,355</b>	

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	NONPUBLIC						
	TEXTBOOK	SUPPLEMENTARY INSTRUCTION	EXAMINATION	COMPENSATORY EDUCATION	ESL	NURSING	SPEECH SERVICES
Revenues:							
State Sources	\$ 3,416	\$ 2,970	\$ 3,409	\$ 5,922	-	\$ 5,337	-
Federal Sources	-	-	-	-	-	-	-
Local Sources	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>\$ 3,416</b>	<b>\$ 2,970</b>	<b>\$ 3,409</b>	<b>\$ 5,922</b>	<b>-</b>	<b>\$ 5,337</b>	<b>-</b>
Expenditures:							
Instruction:							
Salaries of Teachers	-	-	-	-	-	-	-
Purchase of Professional Education Services	-	-	-	-	-	-	-
Tuition	-	-	-	-	-	-	-
General Supplies	-	-	-	-	-	-	-
Textbooks	3,416	-	-	-	-	-	-
Other Objects	-	-	-	-	-	-	-
<b>Total Instruction</b>	<b>3,416</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Support Services:							
Salaries	-	-	-	-	-	-	-
Purchased Professional Education Services - Personal Services - Employee Benefits	-	2,970	3,409	5,922	-	5,337	-
Other Purchases Services	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
<b>Total Support Services</b>	<b>-</b>	<b>2,970</b>	<b>3,409</b>	<b>5,922</b>	<b>-</b>	<b>5,337</b>	<b>-</b>
Facilities Acquisition & Construction Services: Non-instructional Equipment	-	-	-	-	-	-	-
<b>Total Facilities Acquisition &amp; Construction Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>\$ 3,416</b>	<b>\$ 2,970</b>	<b>\$ 3,409</b>	<b>\$ 5,922</b>	<b>-</b>	<b>\$ 5,337</b>	<b>-</b>

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	NONPUBLIC TECHNOLOGY	SECURITY	CASE GRANT	PERKINS GRANT	VARIOUS LOCAL GRANTS	TOTALS
<b>Revenues:</b>						
State Sources	\$ 1,506	\$ 1,999	\$ 3,476	\$ -	\$ -	\$ 28,035
Federal Sources	-	-	-	13,371	-	558,190
Local Sources	-	-	-	-	20,891	20,891
<b>Total Revenues</b>	<b>\$ 1,506</b>	<b>\$ 1,999</b>	<b>\$ 3,476</b>	<b>\$ 13,371</b>	<b>\$ 20,891</b>	<b>\$ 607,116</b>
<b>Expenditures:</b>						
<b>Instruction:</b>						
Salaries of Teachers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,646
Tuition	-	-	-	-	-	420,262
General Supplies	-	-	-	13,371	9,104	79,179
Textbooks	-	-	-	-	449	3,865
<b>Total Instruction</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,371</b>	<b>9,553</b>	<b>518,952</b>
<b>Support Services:</b>						
Salaries	-	-	-	-	-	7,347
Purchased Professional Education Services	-	-	-	-	-	31,443
Personal Services - Employee Benefits	-	-	-	-	-	2,218
Other Purchases Services	-	-	3,000	-	3,200	24,595
Travel	-	-	476	-	-	476
Supplies and Materials	1,506	1,999	-	-	-	13,947
<b>Total Support Services</b>	<b>1,506</b>	<b>1,999</b>	<b>3,476</b>	<b>-</b>	<b>3,200</b>	<b>80,026</b>
<b>Facilities Acquisition &amp; Construction Services:</b>						
Non-Instructional Equipment	-	-	-	-	8,138	8,138
<b>Total Facilities Acquisition &amp; Construction Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,138</b>	<b>8,138</b>
<b>Total Expenditures</b>	<b>\$ 1,506</b>	<b>\$ 1,999</b>	<b>\$ 3,476</b>	<b>\$ 13,371</b>	<b>\$ 20,891</b>	<b>\$ 607,116</b>



F. Capital Projects Fund

Not Applicable

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## G. Proprietary Funds

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

### FOOD SERVICE FUND

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

### CHILD WATCH

This Fund provides for the operation of the District's after-care program.

### KINDERGARTEN COMPLEMENT

This Fund provides for the operation of the District's extra-curricular kindergarten activities.

### AHS SUMMER PROGRAMS

This Fund provides for the operation of the District's extra-curricular summer programs.

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## Enterprise Funds

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
ENTERPRISE FUND  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2016**

ASSETS	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</u>				TOTAL BUSINESS-TYPE ACTIVITIES
	FOOD SERVICE FUND	CHILD WATCH	KINDERGARTEN COMPLEMENT	AHS SUMMER PROGRAMS	
Current Assets:					
Cash & Cash Equivalents	\$ 9,788	\$ 188,819	\$ 53,670	\$ 34,407	\$ 286,684
Cash with Fiscal Agent					
Accounts Receivable:					
State	116	-	-	-	116
Federal	2,400	-	-	-	2,400
Miscellaneous	100	-	19,590	-	19,690
Inventories	18,637	-	-	-	18,637
Total Current Assets	<u>31,041</u>	<u>188,819</u>	<u>73,260</u>	<u>34,407</u>	<u>327,527</u>
Capital Assets:					
Equipment	714,115	-	-	-	714,115
Accumulated Depreciation	(349,002)	-	-	-	(349,002)
Total Capital Assets	<u>365,113</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>365,113</u>
Total Assets	<u>396,154</u>	<u>188,819</u>	<u>73,260</u>	<u>34,407</u>	<u>692,640</u>
Current Liabilities:					
Accounts Payable	8,069	-	490	183	8,742
Unearned Revenue	-	-	13,440	19,700	33,140
Capital Lease Payable	69,281	-	-	-	69,281
Accrued interest payable	51	-	-	-	51
Total Current Liabilities	<u>77,401</u>	<u>-</u>	<u>13,930</u>	<u>19,883</u>	<u>111,214</u>
NET POSITION					
Investment in Capital Capital	295,832	-	-	-	295,832
Unreserved	22,921	188,819	59,330	14,524	285,594
Total Net Position	<u>\$ 318,753</u>	<u>\$ 188,819</u>	<u>\$ 59,330</u>	<u>\$ 14,524</u>	<u>\$ 581,426</u>

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
ENTERPRISE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
AS OF JUNE 30, 2016**

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</u>				TOTAL
	FOOD SERVICE FUND	CHILD WATCH	KINDERGARTEN COMPLEMENT	AHS SUMMER PROGRAMS	BUSINESS-TYPE ACTIVITIES
Local Sources:					
Daily Sales - Reimbursable Programs:					
School Lunch Program	\$ 100,647	\$ -	\$ -	\$ -	\$ 100,647
Total - Daily Sales - Reimbursable Programs	<u>100,647</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,647</u>
Daily Sales Nonreimbursable Programs	443,277	-	-	-	443,277
Fees	-	223,080	171,580	24,734	419,394
Miscellaneous Income	23,518	1,143	-	-	24,661
Total Operating Revenue	<u>567,442</u>	<u>224,223</u>	<u>171,580</u>	<u>24,734</u>	<u>987,979</u>
Operating Expenses:					
Salaries	288,894	177,294	129,993	9,747	605,928
Employee Benefits	-	-	31,352	-	31,352
Purchased Prof./Tech. Services	47,002	1,254	-	-	48,256
Purchased Property Services	1,825	-	-	-	1,825
Supplies and Materials	3,342	9,073	258	463	13,136
Depreciation	42,684	-	-	-	42,684
Miscellaneous	1,783	2,495	-	-	4,278
Cost of Sales	318,044	-	-	-	318,044
Total Operating Expenses	<u>703,574</u>	<u>190,116</u>	<u>161,603</u>	<u>10,210</u>	<u>1,065,503</u>
Operating/(Loss)/Gain	<u>(136,132)</u>	<u>34,107</u>	<u>9,977</u>	<u>14,524</u>	<u>(77,524)</u>
Nonoperating Revenues/(Expenses):					
State Sources:					
State School Lunch Program	2,067	-	-	-	2,067
Federal Sources:					
National School Lunch Program	42,765	-	-	-	42,765
Food Distribution Program	34,936	-	-	-	34,936
Total Nonoperating Revenues/(Expenses)	<u>79,768</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,768</u>
Change in Net Position	(56,364)	34,107	9,977	14,524	2,244
Net Position - July 1	<u>375,117</u>	<u>154,712</u>	<u>49,353</u>	<u>-</u>	<u>579,182</u>
Net Position - June 30	<u>\$ 318,753</u>	<u>\$ 188,819</u>	<u>\$ 59,330</u>	<u>\$ 14,524</u>	<u>\$ 581,426</u>

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
ENTERPRISE FUND  
COMBINING SCHEDULE OF CASH FLOWS  
AS OF JUNE 30, 2016**

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</u>					TOTAL BUSINESS-TYPE ACTIVITIES
	FOOD SERVICE FUND	CHILD WATCH	KINDERGARTEN COMPLEMENT	MILLSTONE BUSING	AHS SUMMER PROGRAMS	
Cash Flows From Operating Activities:						
Receipts from Customers	\$ 577,912	\$ 224,223	\$ 162,460	\$ -	\$ 24,734	\$ 989,329
Payments to Employees	(288,894)	(177,294)	(129,993)	-	(9,747)	(605,928)
Payments to Suppliers	(343,158)	(14,672)	(18,480)	-	19,420	(356,890)
Net Cash Provided/(Used) by Operating Activities	(54,140)	32,257	13,987	-	34,407	26,511
Cash Flows From Noncapital Financing Activities:						
Cash Received From State & Federal Reimbursements	48,225	-	-	-	-	48,225
Net Cash Provided by Noncapital Financing Activities	48,225	-	-	-	-	48,225
Cash Flows From Capital & Related Financing Activities:						
Payment of Capital Lease	(23,445)	-	-	-	-	(23,445)
Net Cash Provided/(Used) by Capital & Related Financing Activities	(23,445)	-	-	-	-	(23,445)
Net Increase/(Decrease) in Cash & Cash Equivalents	(29,360)	32,257	13,987	-	34,407	51,291
Cash & Cash Equivalents, July 1	39,148	156,562	39,683	-	-	235,393
Cash & Cash Equivalents, June 30	\$ 9,788	\$ 188,819	\$ 53,670	\$ -	\$ 34,407	\$ 286,684

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

Operating Income/(Loss)	\$ (136,132)	\$ 34,107	\$ 9,977	\$ -	\$ 14,524	\$ (77,524)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:						
Depreciation Expense	42,684	-	-	-	-	42,684
Food Distribution Program	34,936	-	-	-	-	34,936
Change in Assets & Liabilities:						
(Increase)/Decrease in Accounts Receivable	10,470	-	(9,120)	-	-	1,350
(Increase)/Decrease in Inventory	2,402	-	-	-	-	2,402
Increase/(Decrease) in Accounts Payable	(7,700)	(1,850)	490	-	183	(8,877)
Increase/(Decrease) in Unearned Revenue	(800)	-	12,640	-	19,700	31,540
Total Adjustments	81,992	(1,850)	4,010	-	19,883	104,035
Net Cash Provided/(Used) by Operating Activities	\$ (54,140)	\$ 32,257	\$ 13,987	\$ -	\$ 34,407	\$ 26,511





Internal Service Fund

Not Applicable

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## H. Fiduciary Fund

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

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

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

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

Scholarship Trust: This Fund is used to account for scholarship funds.

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

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

ASSETS	PRIVATE PURPOSE		AGENCY		TOTALS
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP TRUST	PAYROLL FUND	STUDENT ACTIVITY	
Cash & Cash Equivalents	\$ 219,433	\$ 52,708	\$ 168,790	\$ 174,246	\$ 615,177
Total Assets	219,433	52,708	168,790	174,246	615,177
LIABILITIES					
Payroll Deductions & Withholdings	-	-	168,790	-	168,790
Due to Student Groups	-	-	-	174,246	174,246
Total Liabilities	-	-	168,790	174,246	343,036
NET POSITION					
Reserved:					
Unemployment Claims	219,433	-	-	-	219,433
Scholarships Awards	-	52,708	-	-	52,708
Total Net Position	\$ 219,433	\$ 52,708	\$ -	\$ -	\$ 272,141

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
FIDUCIARY FUND  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

ADDITIONS:	<u>PRIVATE PURPOSE</u>		<u>TOTALS</u>
	<u>UNEMPLOYMENT COMPENSATION TRUST</u>	<u>SCHOLARSHIP TRUST</u>	
Contributions:			
Deductions From Employee's Salaries	\$ -	\$ -	\$ -
Donor Contributions	51,483	23,731	75,214
Total Contributions	51,483	23,731	75,214
Total Additions	51,483	23,731	75,214
DEDUCTIONS:			
Unemployment Claims	99,431	-	99,431
Scholarships Awarded	-	18,405	18,405
Total Deductions	99,431	18,405	117,836
Change in Net Position	(47,948)	5,326	(42,622)
Net Position - Beginning of Year	267,381	47,382	314,763
Net Position - End of Year	\$ 219,433	\$ 52,708	\$ 272,141

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

ASSETS	BALANCE JULY 1, <u>2015</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	BALANCE JUNE 30, <u>2016</u>
Cash and Cash Equivalents:				
High School				
Student Activity Fund	\$ 123,220	\$ 476,822	\$ 494,046	\$ 105,996
Elementary/Middle				
Student Activity Fund	54,767	138,279	124,796	68,250
HS Athletic Fund	-	43,550	43,550	-
MS Athletic Fund	-	7,400	7,400	-
	<hr/>			
Total Assets	\$ 177,987	\$ 666,051	\$ 669,792	\$ 174,246
<hr/>				
LIABILITIES				
Due to Student Groups	\$ 177,987	\$ 666,051	\$ 669,792	\$ 174,246
	<hr/>			
Total Liabilities	\$ 177,987	\$ 666,051	\$ 669,792	\$ 174,246
	<hr/>			

**PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

ASSETS	BALANCE JULY 1, <u>2015</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	BALANCE JUNE 30, <u>2016</u>
Cash & Cash Equivalents	\$ 162,339	\$ 12,016,253	\$ 12,009,802	\$ 168,790
	<hr/>			
Total Assets	\$ 162,339	\$ 12,016,253	\$ 12,009,802	\$ 168,790
<hr/>				
LIABILITIES				
Net Payroll Deductions & Withholdings	162,339	12,016,253	12,009,802	168,790
	<hr/>			
Total Liabilities	\$ 162,339	\$ 12,016,253	\$ 12,009,802	\$ 168,790
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## I. Long-Term Debt

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

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
LONG-TERM DEBT  
STATEMENT OF SERIAL BONDS  
June 30, 2016**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITY		INTEREST RATE	BALANCE	ISSUED	REFUNDED	PAYMENTS	BALANCE
			DATE	AMOUNT		JUNE 30, 2015				JUNE 30, 2016
School Refunding Bonds	2/24/2004	\$5,445,000	November 1,		3.600%	\$ 1,000,000	\$ -	\$ -	\$ 505,000	\$ 495,000
			2016	495,000						
School Bonds	2/1/2005	32,586,000	February 15,		4.000%	210,000	-	-	100,000	110,000
School Refunding Bonds	11/2/2006	9,760,000	February 15,		4.000%	9,580,000	-	-	20,000	9,560,000
			2017	20,000	4.000%					
			2018	20,000	4.000%					
			2019	25,000	4.000%					
			2020	25,000	4.000%					
			2021	25,000	4.000%					
			2022	25,000	4.000%					
			2023	30,000	4.000%					
			2024	365,000	4.000%					
			2025	25,000	4.375%					
			2026	25,000	4.375%					
			2027	25,000	4.375%					
			2028	30,000	4.375%					
			2029	30,000	4.375%					
			2030	30,000	4.375%					
			2031	30,000	4.375%					
			2032	35,000	4.375%					
2033	2,815,000	4.375%								
2034	2,930,000	4.375%								
2035	3,050,000	4.375%								
School Bonds	7/15/2007	12,238,000	July 15,		4.50%	785,000	-	-	385,000	400,000
			2016	400,000						
<b>Subtotal</b>						<b>11,575,000</b>	<b>-</b>	<b>-</b>	<b>1,010,000</b>	<b>10,565,000</b>

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
LONG-TERM DEBT  
STATEMENT OF SERIAL BONDS  
30-Jun-16

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITY		INTEREST RATE	BALANCE JUNE 30, 2015	ISSUED	REFUNDED	PAYEMENTS	BALANCE JUNE 30, 2016
			DATE	AMOUNT						
School Refunding Bonds	5/4/2010	9,175,000	July 15, 2016	720,000	4.000%	7,175,000	-	-	685,000	6,490,000
			2017	750,000	4.000%					
			2018	785,000	5.000%					
			2019	830,000	5.000%					
			2020	870,000	5.000%					
			2021	915,000	4.500%					
			2022	960,000	4.500%					
			2023	660,000	4.500%					
School Refunding Bonds	7/23/2014	9,595,000	2016	30,000	2.000%	9,595,000	-	-	30,000	9,565,000
			2017	450,000	3.000%					
			2018	465,000	4.000%					
			2019	480,000	3.000%					
			2020	495,000	4.000%					
			2021	515,000	4.000%					
			2022	535,000	4.000%					
			2023	555,000	4.000%					
			2024	580,000	4.000%					
			2025	605,000	5.000%					
			2026	635,000	4.000%					
			2027	655,000	4.000%					
			2028	680,000	3.000%					
			2029	700,000	3.125%					
			2030	725,000	4.000%					
			2031	750,000	4.000%					
2032	710,000	4.000%								
School Refunding Bonds	4/1/2015	23,025,000	2017	-	2.000%	23,025,000	-	-	235,000	22,790,000
			2018	610,000	3.000%					
			2019	640,000	4.000%					
			2020	665,000	3.000%					
			2021	700,000	4.000%					
			2022	735,000	4.000%					
			2023	775,000	4.000%					
			2024	810,000	4.000%					
			2025	1,895,000	4.000%					
			2026	1,960,000	5.000%					
			2027	2,050,000	4.000%					
			2028	2,170,000	4.000%					
			2029	2,285,000	3.000%					
			2030	2,410,000	3.125%					
			2031	2,490,000	4.000%					
2032	2,595,000	4.000%								
Subtotal						39,795,000	-	-	950,000	38,845,000
Total						\$ 51,370,000	\$ -	\$ -	\$ 1,960,000	\$ 49,410,000

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

ITEM	INTEREST RATE PAYABLE	AMOUNT OF ORIGINAL ISSUE	AMOUNT OUTSTANDING JUNE 30, 2015	ISSUED CURRENT YEAR	RETIRED CURRENT YEAR	ADJUSTMENT	AMOUNT OUTSTANDING JUNE 30, 2016
Technology Equipment	1.42%	400,000	\$ 162,828	\$ -	\$ 80,838	\$ -	\$ 81,990
Technology Equipment	1.31%	237,630	144,340	-	47,575	-	96,765
Technology Equipment	1.80%	248,792	199,404	-	48,300	-	151,104
Technology Equipment	1.80%	256,000	-	256,000	24,473	-	231,527
			\$ 506,572	\$ 256,000	\$ 201,186	\$ -	\$ 561,386

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	June 30, 2016				POSITIVE/ NEGATIVE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:					
Local Sources:					
Local Tax Levy	\$ 3,766,496	\$ -	\$ 3,766,496	\$ 3,766,496	\$ -
State Sources:					
Debt Service Aid Type II	106,731	-	106,731	106,731	-
Total Revenues	3,873,227	-	3,873,227	3,873,227	-
Expenditures:					
Regular Debt Service:					
Redemption of Principal	1,725,000	235,000	1,960,000	1,960,000	-
Interest on Bonds	2,148,228	(235,000)	1,913,228	1,902,623	10,605
Total Expenditures	3,873,228	-	3,873,228	3,862,623	10,605
Excess/(Deficiency) of Revenues					
Over/(Under) Expenditures	(1)	-	(1)	10,604	(10,605)
Fund Balance July 1,	55,585	-	55,585	55,585	-
Fund Balance June 30,	\$ 55,584	\$ -	\$ 55,584	\$ 66,189	\$ (10,605)

**STATISTICAL SECTION (Unaudited)**

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Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance. Note that the Exhibits are presented for the last ten fiscal years.

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
FISCAL YEAR ENDING JUNE 30.										
Governmental Activities:										
Invested in Capital Assets,										
Net of Related Debt	\$ 11,066,234	\$ 10,664,198	\$ 15,184,910	\$ 15,905,809	\$ 15,931,984	\$ 16,537,818	\$ 12,594,180	\$ 8,162,390	\$ 7,779,860	\$ 7,146,626
Restricted	1,780,474	1,591,401	1,473,823	2,747,845	3,472,919	2,551,778	4,439,828	5,339,121	5,330,227	4,853,421
Unrestricted	(8,970,445)	(8,202,474)	(1,579,872)	(380,786)	(84,153)	(823,892)	(786,870)	(937,392)	(786,399)	(510,434)
Total Governmental Activities	\$ 3,876,263	\$ 4,053,125	\$ 15,078,861	\$ 18,272,868	\$ 19,320,750	\$ 18,265,704	\$ 16,247,138	\$ 12,564,119	\$ 12,323,688	\$ 9,376,546
Business-Type Activities:										
Invested in Capital Assets,										
Net of Related Debt	\$ 295,832	\$ 315,071	\$ 321,244	\$ 118,649	\$ 60,234	\$ 76,392	\$ 85,669	\$ 97,317	\$ 108,890	\$ 22,479
Unrestricted	285,594	264,111	368,904	354,309	380,670	332,938	285,451	282,430	300,854	344,253
Total Business-Type Activities	\$ 581,426	\$ 579,182	\$ 690,148	\$ 472,958	\$ 440,904	\$ 409,330	\$ 371,120	\$ 379,747	\$ 409,744	\$ 301,335
District-Wide:										
Net Investment in										
Capital Assets	\$ 11,362,066	\$ 10,979,269	\$ 15,506,154	\$ 16,024,458	\$ 15,992,218	\$ 16,614,210	\$ 12,679,849	\$ 8,259,707	\$ 7,888,750	\$ 6,852,260
Restricted	1,780,474	1,591,401	1,473,823	2,747,845	3,472,919	2,551,778	4,439,828	5,339,121	5,330,227	3,210,231
Unrestricted	(8,684,851)	(7,938,363)	(1,210,968)	(26,477)	296,517	(490,954)	(501,419)	(654,962)	(485,545)	(384,610)
Total District Net Position	\$ 4,457,689	\$ 4,632,307	\$ 15,769,009	\$ 18,745,826	\$ 19,761,654	\$ 18,675,034	\$ 16,618,258	\$ 12,943,866	\$ 12,733,432	\$ 9,677,881

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

	FISCAL YEAR ENDING JUNE 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 11,072,993	\$ 10,922,950	\$ 11,255,265	\$ 11,230,594	\$ 10,416,719	\$ 13,700,058	\$ 13,835,996	\$ 13,991,836	\$ 13,352,518	\$ 12,718,706
Special Education	4,063,510	4,139,284	3,770,427	3,756,378	3,634,594	3,989,137	4,139,755	4,044,975	3,866,629	3,387,004
Other Special Instruction	300,184	162,253	220,688	184,556	277,994	435,855	472,049	453,310	462,458	670,848
Other Instruction	657,355	693,370	671,181	686,647	672,951	848,497	1,162,236	1,117,387	1,014,158	979,468
Support Services:										
Tuition	967,648	628,523	620,038	861,425	1,034,879	1,011,547	870,929	820,954	675,455	686,042
Student & Instruction Related Services	4,563,334	4,577,878	4,315,732	4,086,559	3,904,706	5,283,263	5,881,764	4,310,409	3,908,071	3,093,702
General & Business Administrative Services	498,276	568,745	569,667	580,187	605,049	693,849	705,259	714,971	806,985	756,673
School Administrative Services	1,350,947	1,317,802	1,374,527	1,271,768	1,164,906	1,713,589	1,684,203	1,671,496	1,910,849	1,794,296
Central Services	425,397	448,404	414,077	414,077	406,278	490,081	456,924	438,861	601,378	468,007
Administrative Information Technology	104,202	113,251	111,130	122,052	78,909	170,212	242,999	345,634	248,841	250,931
Plant Operations and Maintenance	2,593,238	2,782,807	2,952,941	2,776,648	2,760,106	3,717,914	3,577,511	3,263,355	3,241,401	3,132,606
Pupil Transportation	1,925,126	1,677,027	1,620,690	1,546,100	1,705,789	1,542,613	1,884,507	1,872,993	1,645,325	1,428,592
Unallocated Benefits	15,842,812	13,507,472	9,087,954	9,154,772	7,854,638	-	-	-	-	-
Interest on Long-Term Debt	2,090,121	2,499,450	2,303,668	2,371,763	2,418,256	2,578,753	2,525,663	2,710,102	2,602,006	2,066,327
Unallocated Depreciation	2,170,480	2,200,643	3,309,361	2,171,803	2,178,365	1,534,480	979,284	987,294	1,138,628	1,166,978
Amortization Expense	-	-	-	54,715	-	-	-	-	-	-
Unallocated Compensated Absences Expense	-	-	-	-	54,715	-	-	-	-	-
Unallocated Adjustment to Capital Assets	256,393	119,231	-	-	184,000	-	-	-	-	-
Total Governmental Activities Expenses	48,882,016	46,359,090	42,595,346	41,270,044	39,373,644	37,709,848	38,419,079	36,743,577	35,474,742	32,600,180
Business-Type Activities:										
Food Service	703,574	697,965	757,201	757,201	787,417	734,119	755,572	699,848	619,348	603,619
Child Waich	190,116	199,799	197,101	197,101	201,633	215,748	299,683	359,468	370,939	322,389
Community Education	-	-	-	-	-	-	-	22,241	38,294	41,460
Kindergarten Complement	161,603	158,398	149,303	149,303	131,143	190,674	-	-	-	-
AHS Summer Programs	10,210	-	-	-	-	801,330	-	-	-	-
Millstone Busing	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Expense	1,065,503	1,056,162	1,103,605	1,103,605	1,120,193	1,941,871	1,067,906	1,081,557	1,028,581	967,468
Total District Expenses	\$ 49,947,519	\$ 47,415,252	\$ 43,698,951	\$ 42,373,649	\$ 40,493,837	\$ 39,651,719	\$ 39,486,985	\$ 37,825,134	\$ 36,503,323	\$ 33,567,648
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ 8,386,715	\$ 8,172,799	\$ 8,311,316	\$ 8,311,316	\$ 9,101,113	\$ 10,016,242	\$ 9,393,954	\$ 8,759,040	\$ 8,018,059	\$ 7,365,501
Pupil Transportation	62,704	103,123	58,430	58,430	91,965	101,123	17,692	53,463	16,016	62,967
Operating Grants & Contributions	9,389,354	7,682,693	580,584	580,584	605,984	4,087,006	5,114,033	4,238,731	4,283,912	4,083,118
Capital Grants and Contributions	-	-	-	-	-	952,856	4,011,447	-	30,693	375,136
Total Governmental Activities Program Revenues	17,838,773	15,958,615	8,950,330	8,950,330	9,799,062	15,157,227	18,537,126	13,051,234	12,348,680	11,886,722
Business-Type Activities:										
Charges for Services:										
Food Service	543,924	449,568	554,141	554,141	634,121	646,298	607,391	597,379	580,349	594,178
Child Watch	224,223	215,076	204,920	204,920	233,525	229,612	329,575	344,399	317,303	337,438
Community Education	-	-	-	-	-	-	16,179	17,354	31,826	33,625
Kindergarten Complement	171,580	117,600	192,299	192,299	142,454	146,900	-	-	-	-
AHS Summer Programs	24,734	-	-	-	-	801,330	-	-	-	-
Millstone Busing	-	-	-	-	-	-	-	-	-	-
Operating Grants & Contributions:										
Food Service	79,768	143,545	128,464	128,464	140,467	109,654	103,395	86,225	69,218	61,109
Total Business-Type Activities Program Revenues	1,044,229	925,789	1,079,824	1,079,824	1,150,567	1,933,794	1,056,540	1,045,757	998,696	1,026,350

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

	FISCAL YEAR ENDING JUNE 30.									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total District Program Revenues	\$ 18,883,002	\$ 16,884,404	\$ 10,030,154	\$ 10,030,154	\$ 10,949,629	\$ 17,091,021	\$ 19,593,666	\$ 14,096,991	\$ 13,347,376	\$ 12,913,072
Net (Expense)/Revenue:										
Governmental Activities	\$ (31,043,243)	\$ (30,400,475)	\$ (33,645,016)	\$ (32,319,714)	\$ (29,574,582)	\$ (22,552,621)	\$ (19,881,953)	\$ (23,692,343)	\$ (23,126,062)	\$ (20,713,458)
Business-Type Activities	(21,274)	(130,373)	(23,781)	(23,781)	30,374	(8,077)	(11,366)	(35,800)	(29,885)	58,882
Total Government-Wide Net Expense	\$ (31,064,517)	\$ (30,530,848)	\$ (33,668,797)	\$ (32,343,495)	\$ (29,544,208)	\$ (22,560,698)	\$ (19,893,319)	\$ (23,728,143)	\$ (23,155,947)	\$ (20,654,576)
General Revenues & Other Changes in Net Assets:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 20,937,139	\$ 20,045,562	\$ 18,722,271	\$ 18,722,271	\$ 18,355,168	\$ 18,083,910	\$ 17,388,707	\$ 16,927,226	\$ 16,509,074	\$ 15,597,479
Taxes Levied for Debt Service	3,766,496	3,806,673	3,807,652	3,807,652	3,856,255	3,435,289	3,308,827	2,580,505	2,385,075	2,310,737
Unrestricted Grants & Contributions	5,831,787	5,904,035	8,483,728	8,483,728	7,713,041	2,880,966	2,617,639	3,621,107	3,219,852	3,113,897
Investment Earnings	-	-	-	-	-	51,788	180,497	631,705	1,640,121	1,683,582
Miscellaneous Income	330,959	387,827	282,502	282,502	698,770	163,008	69,302	177,118	201,775	119,521
Transfers	-	-	(24,322)	(24,322)	-	(43,774)	-	(4,887)	(6,468)	1,309
Total Governmental Activities	30,866,381	30,144,097	31,271,831	31,271,831	30,623,234	24,571,187	23,564,972	23,932,774	23,949,429	22,826,525
Business-Type Activities:										
Investment Earnings	23,518	19,095	27,100	27,100	1,200	2,513	2,739	916	8,031	7,824
Adjustments to Fixed Assets	-	312	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	43,774	-	4,887	6,468	(1,309)
Total Business-Type Activities	23,518	19,407	27,100	27,100	1,200	46,287	2,739	5,803	14,499	6,515
Total Government-Wide	\$ 30,889,899	\$ 30,163,504	\$ 31,298,931	\$ 31,298,931	\$ 30,624,434	\$ 24,617,474	\$ 23,567,711	\$ 23,938,577	\$ 23,963,928	\$ 22,833,040
Change in Net Position:										
Governmental Activities	\$ (176,862)	\$ (256,378)	\$ (2,373,185)	\$ (1,047,882)	\$ 1,048,652	\$ 2,018,566	\$ 3,683,019	\$ 240,431	\$ 823,367	\$ 2,113,067
Business-Type Activities	2,244	(110,966)	3,319	3,319	31,574	38,210	(8,627)	(29,997)	(15,386)	65,397
Total District	\$ (174,618)	\$ (367,344)	\$ (2,369,866)	\$ (1,044,563)	\$ 1,080,226	\$ 2,056,776	\$ 3,674,392	\$ 210,434	\$ 807,981	\$ 2,178,464

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

	FISCAL YEAR ENDING JUNE 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>General Fund:</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 855,591	\$ 1,412,286	\$ 848,512	\$ 1,149,613
Unreserved	-	-	-	-	-	-	420,350	354,899	507,406	491,428
Restricted	1,714,285	1,535,816	1,473,820	2,747,842	3,454,014	1,991,403	-	-	-	-
Assigned	162,580	180,000	250,000	-	140,112	437,830	-	-	-	-
Unassigned	255,087	357,622	259,188	311,452	369,583	442,338	-	-	-	-
<b>Total General Fund</b>	<b>\$ 2,131,952</b>	<b>\$ 2,073,438</b>	<b>\$ 1,983,008</b>	<b>\$ 3,059,294</b>	<b>\$ 3,963,709</b>	<b>\$ 2,871,571</b>	<b>\$ 1,275,941</b>	<b>\$ 1,767,185</b>	<b>\$ 1,355,918</b>	<b>\$ 1,641,041</b>
<b>All Other Governmental Funds:</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,652,585	\$ 20,431,607	\$ 460,672	\$ 537,180
Unreserved, Reported in:										
Debt Service Fund	-	-	-	-	-	-	148	445,001	366,263	456,491
Designated for Subsequent Year's Expenditures	-	-	-	-	-	-	88,895	(1,802,287)	37,206,360	30,149,343
Restricted	66,189	55,585	3	3	18,905	372,545	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>\$ 66,189</b>	<b>\$ 55,585</b>	<b>\$ 3</b>	<b>\$ 3</b>	<b>\$ 18,905</b>	<b>\$ 372,545</b>	<b>\$ 3,741,628</b>	<b>\$ 19,074,321</b>	<b>\$ 38,033,295</b>	<b>\$ 31,143,014</b>

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Revenues:</b>										
Taxes Local	\$ 24,703,635	\$ 23,852,235	\$ 23,087,807	\$ 22,529,923	\$ 22,211,423	\$ 21,519,199	\$ 20,697,534	\$ 19,507,731	\$ 18,894,149	\$ 17,908,216
Tuition Charges	8,386,715	8,172,799	7,515,568	8,311,316	9,101,113	10,016,242	9,393,954	8,759,040	8,018,059	7,365,501
Interest Earnings	62,704	103,123	57,540	58,430	91,965	51,788	180,497	631,705	1,640,121	1,683,582
Rents and Royalties	11,018	12,163	-	-	-	-	-	-	-	-
Miscellaneous	261,032	375,664	174,325	282,502	240,775	289,157	99,363	268,488	242,211	198,636
State Sources	9,966,426	9,383,856	8,772,769	8,658,523	7,724,970	7,385,258	10,543,205	7,459,930	7,143,871	7,198,545
Federal Sources	558,190	513,855	421,158	405,789	594,055	510,544	1,187,545	362,001	366,166	357,458
<b>Total Revenue</b>	<b>43,949,720</b>	<b>42,413,695</b>	<b>40,029,167</b>	<b>40,246,483</b>	<b>39,964,301</b>	<b>39,772,188</b>	<b>42,102,098</b>	<b>36,988,895</b>	<b>36,304,577</b>	<b>34,711,938</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	11,072,993	10,922,950	11,042,421	10,830,594	10,416,719	10,326,663	10,796,737	10,751,895	10,030,717	9,269,312
Special Education Instruction	4,063,510	4,139,284	3,770,427	3,756,378	3,634,594	2,958,925	3,128,149	3,113,771	2,756,463	2,454,566
Other Instruction	957,539	855,623	891,869	871,203	950,945	993,329	1,171,398	1,167,183	1,112,726	1,194,013
<b>Support Services:</b>										
Tuition	967,648	628,523	620,038	861,425	1,034,879	1,011,547	870,929	820,954	675,455	780,832
Student & Instruction	4,563,334	4,577,878	4,315,732	4,086,559	3,993,663	3,980,175	4,364,486	3,481,866	3,127,662	2,840,371
Related Services	498,276	568,745	569,667	580,187	598,655	619,453	626,723	660,869	694,594	735,217
General & Business	1,350,947	1,317,802	1,374,527	1,271,768	1,164,906	1,244,634	1,263,153	1,273,593	1,368,222	1,240,712
Administration Services	425,397	448,404	426,307	414,077	406,278	408,511	380,280	361,042	380,117	347,380
School Administrative	104,202	113,251	111,130	122,052	78,909	141,198	199,955	287,687	248,841	250,931
Technology	3,124,092	3,033,214	3,150,111	3,212,479	3,208,007	3,279,370	3,191,916	3,141,338	2,928,285	2,795,834
Plant Operations & Maintenance	1,925,126	1,677,027	1,620,690	1,546,100	1,705,789	1,418,617	1,708,700	1,791,983	1,693,199	1,463,477
Pupil Transportation	10,633,164	9,838,296	9,099,577	9,091,495	7,854,638	6,985,545	6,980,903	6,153,004	7,013,180	6,372,826
Unallocated Benefits	646,660	527,529	448,474	969,119	644,372	4,687,845	19,823,552	19,211,535	6,677,775	1,243,692
Capital outlay	1,960,000	1,645,000	1,595,000	1,565,000	1,545,000	1,590,000	1,440,000	1,180,000	1,050,000	1,110,000
Debt service:	1,902,623	2,486,923	2,334,807	2,391,365	2,446,444	2,380,717	2,571,654	2,614,995	2,373,715	2,064,279
Principal										
Interest & Other Charges	44,195,511	42,780,449	41,370,777	41,569,801	39,683,798	42,026,529	58,518,535	56,011,715	42,130,951	34,163,442
<b>Total Expenditures</b>	<b>(245,791)</b>	<b>(366,754)</b>	<b>(1,341,610)</b>	<b>(1,323,317)</b>	<b>280,503</b>	<b>(2,254,341)</b>	<b>(16,416,437)</b>	<b>(19,022,820)</b>	<b>(5,826,374)</b>	<b>548,496</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>										

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
Other Financing Sources/(Uses):										
Bond Proceeds	-	35,347,638	-	-	-	-	-	-	12,238,000	9,760,000
Deposit with Escrow Agent	-	(35,083,664)	-	-	-	-	-	-	-	(9,760,000)
Withdrawal from Legal Reserve	-	-	-	-	-	-	-	-	-	-
Compensation for Loss on Fixed Assets	-	-	-	-	457,995	-	-	-	-	-
Proceeds from Capital Leases	256,000	248,792	237,630	400,000	-	356,000	592,500	480,000	200,000	-
Transfers in	58,909	-	10,477	(7,999)	187,053	168,662	392,037	624,317	1,581,287	557,587
Transfers Out	-	-	-	-	(187,053)	16,329	(392,037)	(629,204)	(1,587,755)	(556,278)
	-	-	-	-	-	(30,103)	-	-	-	-
Total Other Financing Sources/(Uses)	314,909	512,766	248,107	392,001	457,995	510,888	592,500	475,113	12,431,532	1,309
Net Change in Fund Balances	\$ 69,118	\$ 146,012	\$ (1,093,503)	\$ (931,316)	\$ 738,498	\$ (1,743,453)	\$ (15,823,937)	\$ (18,547,707)	\$ 6,605,158	\$ 549,805
Debt Service as a Percentage of Noncapital Expenditures	8.9%	9.8%	9.6%	9.7%	10.2%	10.6%	10.4%	10.3%	8.2%	9.6%

Source: District Records



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

FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	TUITION	TRANSPORTATION FROM LEA'S	OTHER	TOTAL
2016	\$ -	\$ 8,386,715	\$ 62,704	\$ 251,159	\$ 8,700,578
2015	-	8,172,799	103,123	368,699	8,644,621
2014	1,613	7,515,568	57,540	168,096	7,742,817
2013	4,626	8,311,316	58,430	244,848	8,619,220
2012	3,765	9,101,113	91,965	194,431	9,391,274
2011	35,459	10,016,242	101,123	163,008	10,315,832
2010	28,350	9,393,954	17,692	69,302	9,509,298
2009	7,388	8,759,040	53,463	177,118	8,997,009
2008	83,178	8,018,059	16,016	177,431	8,294,684
2007	130,265	7,365,501	62,967	119,521	7,678,254

Source: District records



Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

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

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	(a) PUBLIC UTILITIES	NET VALUATION TAXABLE	TAX EXEMPT PROPERTY	(b) TOTAL DIRECT SCHOOL TAX RATE	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE
<b>Borough of Allentown</b>													
2016	\$860,900	171,759,100		700	14,297,800		4,892,900	191,811,400		191,811,400	40,427,500	1.8730	210,403,841
2015	\$768,900	171,417,800		725	14,291,600		4,892,300	191,371,325		191,371,325	40,427,500	1.6890	184,917,697
2014	768,900	171,804,250		725	14,291,600		4,892,300	191,757,775		191,757,775	40,405,800	1.6900	184,676,765
2013	773,400	171,140,000		600	14,524,700		4,792,300	191,231,000		191,231,000	40,389,200	1.6470	193,149,507
2012	773,400	172,318,400		600	14,778,200		4,792,300	192,662,900		192,662,900	40,389,200	1.6240	187,231,000
2011	778,000	174,713,200		600	14,778,200		4,792,300	195,062,300		195,062,300	40,384,600	1.5790	192,662,900
2010	367,200	90,953,150		4,300	8,151,000		2,368,400	101,844,050	843,601	102,687,651	17,116,200	2.9070	217,452,004
2009	396,300	90,703,850		4,300	8,151,000		2,368,400	101,623,850	835,927	102,459,777	17,113,000	2.7830	214,722,746
2008	430,700	90,145,200		4,300	8,151,000		2,368,400	101,099,600	744,981	101,844,581	17,113,000	2.7700	217,244,000
2007	509,600	89,274,450		4,300	8,788,900		2,760,100	101,337,350	979,600	102,316,950	17,113,000	2.6390	201,310,974
<b>Upper Freehold Township</b>													
2016	22,589,100	978,039,100	146,716,200	9,322,700	45,403,300	12,725,100	419,900	1,215,215,400		1,215,215,400	189,078,200	1.7800	1,271,424,733
2015	20,997,900	974,429,000	152,585,100	9,475,100	48,937,600	13,101,500	419,000	1,219,945,200	2,246,862	1,219,945,200	202,990,900	1.7600	1,240,072,685
2014	25,128,200	934,330,800	155,685,300	9,584,000	43,995,300	13,573,300	396,300	1,182,693,200	2,246,862	1,182,693,200	193,348,100	1.7470	1,198,843,245
2013	25,918,000	940,518,000	154,666,100	9,399,200	46,001,200	13,573,300	396,300	1,190,472,100	2,246,862	1,192,718,962	190,761,400	1.6720	1,251,540,248
2012	23,282,000	928,795,000	155,761,800	9,868,200	41,539,500	13,573,300	396,300	1,173,216,100	2,261,626	1,175,477,726	182,939,500	1.6500	1,257,654,517
2011	24,488,300	923,218,500	160,605,900	9,898,800	41,166,200	13,572,100	396,300	1,173,346,100	2,362,572	1,175,708,672	176,968,300	1.6300	1,303,966,484
2010	24,371,400	1,017,799,800	179,397,700	9,752,900	44,613,300	14,671,100	427,900	1,291,034,100	3,021,871	1,294,055,971	173,674,500	1.4320	1,294,927,231
2009	25,534,400	1,068,528,300	177,388,700	9,820,700	47,696,300	14,671,100	427,900	1,344,067,400	3,585,249	1,347,652,649	169,909,300	1.3240	1,335,342,079
2008	30,601,700	1,069,197,500	175,747,600	9,774,100	46,857,000	14,671,100	427,900	1,347,276,900	3,707,887	1,350,984,787	168,743,500	1.2360	1,319,515,242
2007	43,060,200	1,030,177,600	173,575,500	10,149,600	46,029,500	14,588,000	427,900	1,318,008,300	2,509,829	1,320,518,129	162,619,600	1.2260	1,240,674,187

a. Taxable value of machinery, implements and equipment of telephone, telegraph and messenger system companies  
b. Tax rates are per \$100 of assessed value  
\* Property revaluation became effective in this year.

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

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE				OVERLAPPING RATES			TOTAL DIRECT AND OVERLAPPING TAX RATE
	GENERAL OBLIGATION DEBT SERVICE	BASIC RATE	TOTAL DIRECT	BOROUGH OF ALLENTOWN	MONMOUTH COUNTY			
					N/A	N/A	0.3060	
<b>Allentown Borough</b>								
2016	0.2860	1.587	1.8730	N/A	N/A	N/A	1.8730	
2015	0.2700	1.419	1.6890	0.8110	0.8110	0.3060	2.8060	
2014	0.2790	1.411	1.6900	0.8110	0.8110	0.3060	2.8070	
2013	0.2780	1.3690	1.6470	0.7790	0.7790	0.3120	2.7380	
2012	0.2819	1.3421	1.6240	0.7220	0.7220	0.3050	2.6510	
2011	0.2617	1.3172	1.5789	0.6630	0.6630	0.3080	2.5499	
2010	0.4641	2.4429	2.9070	1.2360	1.2360	0.5820	4.7250	
2009	0.4449	2.3381	2.7830	1.2070	1.2070	0.5490	4.5390	
2008	0.3664	2.4036	2.7700	1.1230	1.1230	0.5470	4.4400	
2007	0.3331	2.3059	2.6390	1.0540	1.0540	0.5390	4.2320	

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE				OVERLAPPING RATES			TOTAL DIRECT AND OVERLAPPING TAX RATE
	GENERAL OBLIGATION DEBT SERVICE	BASIC RATE	TOTAL DIRECT	UPPER FREEHOLD TOWNSHIP	MONMOUTH COUNTY			
					N/A	N/A	0.3110	
<b>Upper Freehold Township</b>								
2016	0.2710	1.5090	1.7800	N/A	N/A	N/A	N/A	
2015	0.2810	1.4790	1.7600	0.2760	0.2760	0.3110	2.3470	
2014	0.2890	1.4610	1.7500	0.2680	0.2680	0.3140	2.3320	
2013	0.2900	1.3820	1.6720	1.4680	1.4680	0.3190	3.4590	
2012	0.2940	1.3560	1.6500	1.9100	1.9100	0.3110	3.8710	
2011	0.2821	1.3426	1.6247	0.2300	0.2300	0.3100	2.1647	
2010	0.2287	1.2033	1.4320	0.2080	0.2080	0.2700	1.9100	
2009	0.2117	1.1123	1.3240	0.1890	0.1890	0.2550	1.7680	
2008	0.1635	1.0725	1.2360	0.1740	0.1740	0.2480	1.6580	
2007	0.1548	1.0712	1.2260	0.1520	0.1520	0.2540	1.6320	

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

ALLENTOWN BOROUGH TAXPAYERS	2016			2016		
	TAXABLE ASSESSED VALUE	% OF TOTAL DISTRICT NET ASSESSED VALUE	RANK	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
Towne Mews	\$4,400,300	2.30%	1	\$9,772,300	1	0.80%
VAF Assoc	1,015,000	0.53%	2	4,704,300	2	0.39%
Individual Taxpayer 1	943,600	0.49%	3	3,998,400	3	0.33%
First Commerce	865,600	0.45%	4	3,985,200	4	0.33%
24 Hadley Georgia, LLC	824,600	0.43%	5	3,899,400	5	0.32%
Owe Seeland, LLC	811,000	0.42%	6	3,398,700	6	0.28%
Pepler Funeral Home	801,700	0.42%	7	3,167,300	7	0.26%
First Wash St. Bank	741,000	0.39%	8	3,025,800	8	0.25%
Individual Taxpayer 2	695,800	0.36%	9	2,964,000	9	0.24%
11 Church St., LLC	693,700	0.36%	10	2,380,800	10	0.20%
<b>Total</b>	<b>\$11,792,300</b>	<b>6.15%</b>	<b>Total</b>	<b>\$41,296,200</b>		<b>3.40%</b>

ALLENTOWN BOROUGH TAXPAYERS	2006			2006		
	TAXABLE ASSESSED VALUE	% OF TOTAL DISTRICT NET ASSESSED VALUE	RANK	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
Towne Mews	\$2,510,500	2.50%	1	\$5,209,200	1	0.95%
VAF Assoc	1,938,742	1.93%	2	4,825,700	2	0.88%
Individual Taxpayer 1	524,600	0.52%	3	3,223,300	3	0.59%
First Commerce	490,200	0.49%	4	2,986,800	4	0.55%
24 Hadley Georgia, LLC	467,500	0.47%	5	2,482,900	5	0.45%
Owe Seeland, LLC	457,900	0.46%	6	2,156,000	6	0.39%
Pepler Funeral Home	427,100	0.43%	7	2,075,200	7	0.38%
First Wash St. Bank	407,000	0.41%	8	1,716,800	8	0.31%
Individual Taxpayer 2	379,600	0.38%	9	1,573,442	9	0.29%
11 Church St., LLC	374,000	0.28%	10	1,566,000	10	0.29%
<b>Total</b>	<b>\$7,977,142</b>	<b>7.87%</b>	<b>Total</b>	<b>\$27,815,342</b>		<b>5.08%</b>

**Source:** Municipal Tax Assessor

**Source:** Municipal Tax Assessor

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

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY(a)		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
<b>Allentown Borough</b>				
2016	\$3,232,888	\$3,232,888	100.00%	N/A
2015	\$3,194,837	\$3,194,837	100.00%	N/A
2014	\$3,148,682	3,148,682	100.00%	N/A
2013	3,129,158	3,129,158	100.00%	N/A
2012	3,109,383	3,109,383	100.00%	N/A
2011	2,985,372	2,985,372	100.00%	N/A
2010	2,851,860	2,851,860	100.00%	N/A
2009	2,821,382	2,821,382	100.00%	N/A
2008	2,699,785	2,699,785	100.00%	N/A
2007	2,638,616	2,638,616	100.00%	N/A
<b>Upper Freehold Township</b>				
2016	\$21,470,747	\$21,470,747	100.00%	N/A
2015	\$20,657,398	\$20,657,398	100.00%	N/A
2014	19,939,125	19,939,125	100.00%	N/A
2013	19,400,865	19,400,865	100.00%	N/A
2012	19,102,040	19,102,040	100.00%	N/A
2011	18,533,827	18,533,827	100.00%	N/A
2010	17,845,674	17,845,674	100.00%	N/A
2009	16,686,349	16,686,349	100.00%	N/A
2008	16,194,364	16,194,364	100.00%	N/A
2007	15,269,600	15,269,600	100.00%	N/A

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

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



Debt Capacity Information

Debt capacity information is intended to assist in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for a historical view of the School District's outstanding debt and its debt capacity.

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

FISCAL YEAR ENDED JUNE 20,	GOVERNMENTAL ACTIVITIES			BOND ANTICIPATION NOTES (BANs)	BUSINESS- TYPE ACTIVITIES	TOTAL DISTRICT	PERCENTAGE OF PER CAPITA INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES	CAPITAL LEASES					
2016	\$ 49,410,000	\$ 561,386		N/A	\$ 92,726	\$ 50,064,112	N/A	7,269
2015	83,990,000	506,572		N/A	92,726	84,589,298	N/A	12,279
2014	52,943,000	508,187		N/A	128,925	53,580,112	N/A	7,763
2013	52,973,000	798,017		N/A	N/A	53,771,017	N/A	7,791
2012	56,103,000	657,435		N/A	N/A	56,760,435	11.40%	6,502
2011	57,648,000	1,105,336		N/A	N/A	58,753,336	12.31%	6,740
2010	59,238,000	1,055,073		N/A	N/A	60,293,073	12.63%	6,917
2009	60,851,000	934,954		N/A	N/A	61,785,954	12.37%	7,092
2008	62,031,000	958,040		N/A	N/A	62,989,040	13.00%	7,259

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

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

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING			PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET GENERAL BONDED DEBT OUTSTANDING		
2016	\$ 49,410,000		\$ 49,410,000	4.066%	7,174
2015	51,370,000		51,370,000	4.343%	7,457
2014	52,943,000	-	52,943,000	7.102%	7,671
2013	52,973,000	-	52,973,000	4.441%	7,675
2012	56,103,000	-	56,103,000	4.092%	2,393
2011	57,648,000	-	57,648,000	4.127%	6,613
2010	59,238,000	-	59,238,000	4.085%	6,796
2009	60,851,000	-	60,851,000	4.191%	6,985
2008	62,031,000	-	62,031,000	4.360%	7,148

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2016**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	PERCENTAGE APPLICABLE	OVERLAPPING DEBT
<b>Allentown Borough:</b>			
Debt Repaid With Property Taxes:			
Allentown Borough	\$2,654,760	100.000%	\$2,654,760
Monmouth County General Obligation Debt	479,236,724	0.18163%	<u>870,438</u>
Subtotal, Overlapping Debt			3,525,198
Allentown Borough School District			<u>-</u>
Total Direct & Overlapping Debt			<u><u>\$3,525,198</u></u>
<b>Upper Freehold Township:</b>			
Debt Repaid With Property Taxes:			
Upper Freehold Township	\$16,411,915	100.000%	\$16,411,915
Monmouth County General Obligation Debt	479,236,724	1.09752%	<u>5,259,719</u>
Subtotal, Overlapping Debt			21,671,634
Upper Freehold School District Direct Debt			<u>50,064,112</u>
Total Direct & Overlapping Debt			<u><u>\$71,735,746</u></u>

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

Debt outstanding data provided by each governmental unit.

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

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

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

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Debt Limit	\$ 57,018,700	\$ 57,018,700	\$ 57,300,588	\$ 58,765,386	\$ 60,168,099	\$ 73,616,923	\$ 73,602,503	\$ 71,464,256	\$ 66,570,251	\$ 59,890,193
Total Net Debt Applicable to Limit	49,410,000	51,370,000	52,943,000	54,538,000	56,103,000	57,648,000	59,238,000	60,851,000	62,031,000	50,843,000
Legal Debt Margin	\$7,608,700	\$5,648,700	4,357,588	4,227,386	4,065,099	15,968,923	14,364,503	10,613,256	4,539,251	9,047,193
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	86.66%	90.09%	92.40%	92.81%	93.24%	78.31%	80.48%	85.15%	93.18%	84.89%

**Legal Debt Margin Calculation for Fiscal Year 2013**

	Equalized Valuation Basis			
	Allentown	Upper Freehold	Total	
Average Equalized Valuation of Taxable Property	2015	\$210,168,539	\$1,263,545,689	\$1,473,714,228
Debt Limit (4.0 % of Average Equalization Value)	2014	\$184,826,347	\$1,227,496,834	\$1,412,323,181
Net Bonded School Debt	2013	\$186,530,433	\$1,206,081,527	\$1,392,611,960
Legal Debt Margin			\$4,278,649,369	
			\$1,426,216,456	
			\$57,048,658	
			49,410,000	
			\$7,638,658	

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

## Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within which the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economics statistics and factors prevalent in the location in which the School District operates.

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

<b>BOROUGH OF ALLENTOWN</b>		COUNTY PER CAPITA		
YEAR	POPULATION (a)	PERSONAL INCOME (b)	PERSONAL INCOME (c)	UNEMPLOYMENT RATE (d)
2016	N/A	N/A	N/A	N/A
2015	1,825	N/A	N/A	4.8%
2014	1,823	66,019	120,352,637	5.1%
2013	1,828	63,067	115,286,476	7.7%
2012	1,830	63,001	115,291,830	7.4%
2011	1,834	61,039	111,945,526	7.4%
2010	1,828	57,873	105,791,844	7.3%
2009	1,840	57,337	105,500,080	7.2%
2008	1,844	59,915	110,483,260	4.4%
2007	1,856	58,622	108,802,432	3.4%
<b>UPPER FREEHOLD TOWNSHIP</b>				
2016	N/A	N/A	N/A	N/A
2015	6,887	N/A	N/A	4.8%
2014	6,886	66,019	454,606,834	7.2%
2013	6,892	63,067	434,657,764	3.7%
2012	6,875	63,001	433,131,875	3.6%
2011	6,882	61,039	420,070,398	3.6%
2010	6,900	57,873	399,232,700	3.6%
2009	6,877	57,337	394,306,549	3.5%
2008	6,868	59,915	411,496,220	2.1%
2007	6,821	58,622	399,860,662	1.6%

**Source:**

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

b Per Capita

c Personal Income

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

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

2016

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NOT AVAILABLE

2007

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NOT AVAILABLE

Source: Comprehensive Annual Financial Reports of Individual School Districts

## Operating Information

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

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

Function/Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Instruction:										
Regular	137	142	141	140	134	136	150	147	168	163
Special Education	61	60	58	51	56	58	59	58	20	18
Other Special Instruction		1	1	1	1	1			3	3
Support Services:										
Student & Instruction										
Related Services	61	65	65	55	53	54	61	56	30	30
General Administrative Services	3	3	3	3	3	3	3	2	7	7
School Administrative Services	17	19	20	18	17	17	20	21	21	21
Plant Operations & Maintenance	30	27	32	38	38	39	31	20	15	15
Pupil Transportation	1			3	8	19	19	18	19	20
Business & Other Support Services	10	10	8	7	8	8	7	9	1	1
<b>Total</b>	<b>320</b>	<b>327</b>	<b>328</b>	<b>316</b>	<b>318</b>	<b>335</b>	<b>350</b>	<b>331</b>	<b>284</b>	<b>278</b>

**Source:** District Personnel Records

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO			HIGH SCHOOL	AVERAGE DAILY ENROLLMENT (ADA) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
						ELEMENTARY/	MIDDLE	ELEMENTARY					
2016	2,303	\$ 39,087,250	16,972	6.09%	203	5:1	8:1	13:1	2,296	219	-1.50%	95.78%	
2015	2,348	37,564,559	15,999	-1.21%	203	7:1	10:1	18:1	2,331	2,230		95.67%	
2014	2,255	36,517,360	16,194	6.20%	200	0.33	9.6:1	15:1	2,336.0	2,237	-0.30%	95.76%	
2013	2,373	36,185,545	15,249	3.88%	205	10.3:1	9.5:1	13.1:1	2,343.0	2,241	0.51%	95.65%	
2012	2,355	34,569,040	14,679	2.54%	190	11.8:1	9.7:1	13.1:1	2,331.0	2,232	0.00%	95.75%	
2011	2,331	33,367,967	14,315	-4.21%	195	10.8:1	10.8:1	11.3:1	2,337.0	2,231		95.46%	
2010	2,321	34,683,329	14,943	6.85%	205	10.6:1		11.1:1	2,337.0	2,233	0.17%	95.55%	
2009	2,360	33,005,185	13,985	0.73%	191	10.4:1		11.3:1	2,333.0	2,239	4.62%	95.97%	
2008	2,307	32,029,461	13,884	7.31%	168	11.5:1		11.0:1	2,230.0	2,132	-2.28%	95.61%	
2007	2,299	29,745,471	12,938	#DIV/0!	163	12.1:1		11.5:1	2,282.0	2,172	#DIV/0!	95.18%	

Sources: District records

Note: Enrollment based on annual October district count.

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

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

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

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

DISTRICT BUILDINGS	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
High School:										
Square Feet	196,623	196,623	196,623	196,623	196,623	196,623	196,623	196,623	196,623	196,623
Capacity (Students)	1,264	1,264	1,264	1,264	1,264	1,264	1,264	1,264	1,264	1,264
Enrollment	1,273	1,262	1,240	1,240	1,218	1,166	1,144	1,139	1,078	1,075
Middle School:										
Square Feet	14,200	14,200	142,000	142,000	142,000	142,000	-	-	-	-
Capacity (Students)	650	650	650	650	650	650	-	-	-	-
Enrollment	498	522	447	544	550	532	-	-	-	-
Elementary School:										
Square Feet	104,610	104,610	104,610	104,610	104,610	104,610	-	-	-	-
Capacity (Students)	1,286	1,286	1,286	1,286	1,286	1,286	-	-	-	-
Enrollment	532	564	568	575	587	633	-	-	-	-
Elementary/Middle School:										
Square Feet	-	-	-	-	-	-	104,610	104,610	104,610	104,610
Capacity (Students)	-	-	-	-	-	-	1,286	1,286	1,286	1,286
Enrollment	-	-	-	-	-	-	1,177	1,221	1,229	1,224
Administration Building:										
Square Feet	-	-	-	-	-	3,164	3,164	3,164	3,164	3,164
Maintenance Offices (incl. Garage & Shed):										
Square Feet	6,326	6,326	6,326	6,326	6,326	6,326	6,326	6,326	6,326	6,326
Imalystown School:										
Square Feet	-	-	-	-	-	6,815	6,815	6,815	6,815	6,815
Vocational Agricultural Building:										
Square Feet	13,696	13,696	13,696	13,696	13,696	13,696	13,696	13,696	13,696	13,696
Annex Building:										
Square Feet	12,536	12,536	12,536	12,536	12,536	12,536	12,536	12,536	12,536	12,536

Number of Schools at June 30, 2016:

  Elementary = 1  
  Middle = 1  
  High School = 1  
  Other = 3

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

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

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
* 2016										
UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES	\$ 422,261	\$ 260,205	\$ 200,775	\$ 220,062	\$ 239,434	\$ 178,158	\$ 276,794	\$ 62,767	\$ 60,293	\$ 61,988
Allentown Regional	89,284	14,721	113,442	142,174	158,710	79,246				
Stone Bridge Middle	76,694	121,258	105,093	127,272	137,149	101,898				
Newell Elementary							153,888	73,710	99,778	36,165
Upper Freehold Elementary/Middle						1,302	1,297	3,775	1,206	8,885
Imalystown School Annex	8,421	6,927	7,256	8,135	8,996	9,230	15,012	4,334	7,796	4,348
<b>Total School Facilities</b>	<b>596,660</b>	<b>403,111</b>	<b>426,566</b>	<b>497,643</b>	<b>544,289</b>	<b>369,834</b>	<b>446,991</b>	<b>144,586</b>	<b>169,073</b>	<b>111,386</b>
<b>Other Facilities</b>			<b>1,566</b>			<b>4,223</b>	<b>4,258</b>	<b>16,765</b>	<b>26,909</b>	<b>7,052</b>
<b>Total School Facilities</b>	<b>\$ 596,660</b>	<b>\$ 403,111</b>	<b>\$ 426,566</b>	<b>\$ 497,643</b>	<b>\$ 545,855</b>	<b>\$ 374,057</b>	<b>\$ 451,249</b>	<b>\$ 161,351</b>	<b>\$ 195,982</b>	<b>\$ 118,438</b>

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

Source: District records



**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
INSURANCE SCHEDULE  
6/30/2016**

	COVERAGE	DEDUCTIBLE
<b>School Alliance Insurance Fund:</b>		
School Package Policy:		
Property - Blanket Building & Contents	122,196,421	2,500
Commercial General Liability	5,000,000	2,000
Comprehensive Automobile Liability	5,000,000	1,000
Employee Benefits Liability	5,000,000	1,000
School Board Legal Liability	10,000,000	
Excess Liability	10,000,000	
CAP Excess		
Public Employees' Faithful Performance Blanket Position Bond		
Workers' Compensation - Employer's Liability Limit		
Part I: Workers' Compensation:	100,000	
Part II: Employers' Liability	100,000	
Public Official Bond:		
Board Secretary	100,000	

Source: District records



**SINGLE AUDIT SECTION**

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EXHIBIT K-1

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental and business-type activities, each major fund and the aggregate remaining fund information of the Upper Freehold Regional School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Upper Freehold Regional School District’s basic financial statements, and have issued our report thereon dated October 28, 2016.

**Internal Control Over Financial Reporting**

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

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

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

## Compliance and Other Matters

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

## 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read 'R. Haines', with a stylized flourish at the end.

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

Toms River, New Jersey  
October 28, 2016



EXHIBIT K-2

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE  
UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

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

**Report on Compliance for Each Major State Program**

We have audited Upper Freehold Regional School District’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District’s major state programs for the year ended June 30, 2016. Upper Freehold Regional School District’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 Upper Freehold Regional School District’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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); *the New Jersey State Aid/Grant Compliance Supplement*; the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey OMB’s Circular 15-08 require that we plan and perform the audit to obtain

reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Upper Freehold Regional School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### **Opinion on Each Major State Program**

In our opinion, Upper Freehold Regional School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2016.

### **Report on Internal Control Over Compliance**

Management of Upper Freehold Regional School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Upper Freehold Regional School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB's 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 Upper Freehold Regional School District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 the Uniform Guidance and New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

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

Toms River, New Jersey  
October 28, 2016



UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	FEDERAL AWARD IDENTIFICATION NUMBER	FEDERAL CHILD IDENTIFICATION NUMBER	FEDERAL AWARD NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2015	CARRYOVER/ (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	SUB RECEIPT EXPENDITURES	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2016	UNEARNED REVENUE AT JUNE 30, 2016	DUE TO GRANTOR AT JUNE 30, 2016
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:</b>													
Child Nutrition Cluster													
Non-Cash Assistance													
Food Distribution Program	10.565	1616NJ304N1099		\$ 34,936	7/1/15-6/30/16	\$ -	-	\$ 34,936	\$ (34,936)	\$ -	\$ -	\$ -	\$ -
Cash Assistance													
National School Breakfast Program	10.553	1515NJ304N1099		7,056	7/1/14-6/30/15	(582)	-	582	-	-	-	-	-
Subtotal													
National School Lunch Program	10.555	1616NJ304N1099		42,766	7/1/15-6/30/16	-	-	40,366	(42,766)	-	(2,400)	-	-
National School Lunch Program	10.555	1515NJ304N1099		87,293	7/1/14-6/30/15	(5,102)	-	40,366	(42,766)	-	(2,400)	-	-
Subtotal													
Total Child Nutrition Cluster													
Total U.S. Department of Agriculture													
<b>U.S. DEPARTMENT OF EDUCATION PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:</b>													
Special Revenue Fund:													
No Child Left Behind:													
Title I													
Title I	84.010	S010A150030		63,312	9/1/15-8/31/16	-	-	15,790	(32,806)	-	(17,016)	-	-
Title I	84.010	S010A150030		64,564	9/1/14-8/31/15	(486)	-	34,884	(37,827)	-	(3,429)	-	-
Subtotal													
Title IIA	84.367A	S367A150029		31,826	9/1/15-8/31/16	-	-	5,078	(19,986)	-	(14,908)	-	-
Title IIA	84.367A	S367A150029		32,214	9/1/14-8/31/15	(3,807)	-	12,507	(15,236)	-	(6,536)	-	-
Title IIA	84.367A	S367A150029		34,581	9/1/13-8/31/14	(6,081)	-	6,081	-	-	(21,444)	-	-
Subtotal													
Title IIIA	84.031A												
ID.E.A. Part B, Basic Regular	84.027	H027A150100		429,311	9/1/15-8/31/16	-	-	338,683	(412,091)	-	(73,408)	-	-
ID.E.A. Part B, Basic Regular	84.027	H027A150100		408,982	9/1/14-8/31/15	(18,138)	-	18,138	(12,400)	-	(12,400)	-	-
ID.E.A. Part B, Preschool	84.173	H173A150114		13,356	9/1/15-8/31/16	-	-	12,755	(13,355)	-	(600)	-	-
ID.E.A. Part B, Preschool	84.173	H173A150114		13,988	9/1/13-8/31/14	(5,377)	-	5,377	-	-	-	-	-
Subtotal													
Vocational Education:													
Perkins Grant	84.048			13,372	9/1/15-8/31/16	-	-	12,800	(13,371)	-	(571)	-	-
Perkins Grant	84.048			14,900	9/1/14-8/31/15	(1,908)	-	1,908	-	-	(571)	-	-
Subtotal													
Total Special Revenue Fund													
Total U.S. Department of Education													
Total Federal Financial Assistance													

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
SCHEDULE OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2015	CARRYOVER/ (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEAR BALANCES	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2016	DUE TO GRANTOR AT JUNE 30, 2016	MEMO	
											BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
<b>State Department of Education:</b>												
General Fund:												
School Choice Aid	16-495-034-5120-068	1,151,850	7/1/15-6/30/16	-	\$ -	1,151,850	(1,151,850)	\$ -	\$ -	\$ -	110,116	\$ 1,151,850
Transportation Aid	16-495-034-5120-014	383,459	7/1/15-6/30/16	-	-	383,459	(383,459)	-	-	-	36,658	383,459
Special Education Categorical Aid	16-495-034-5120-089	976,240	7/1/15-6/30/16	-	-	976,240	(976,240)	-	-	-	93,328	976,240
Security Aid	16-495-034-5120-084	122,431	7/1/15-6/30/16	-	-	122,431	(122,431)	-	-	-	11,704	122,431
Equalization Aid	16-495-034-5120-078	2,954,308	7/1/15-6/30/16	-	-	2,954,308	(2,954,308)	-	-	-	282,431	2,954,308
PARCC Readiness Aid	16-495-034-5120-098	17,005	7/1/15-6/30/16	-	-	17,005	(17,005)	-	-	-	1,626	17,005
Per Pupil Growth Aid	16-495-034-5120-097	17,005	7/1/15-6/30/16	-	-	17,005	(17,005)	-	-	-	1,626	17,005
Transportation:												
Nonpublic School	16-495-034-5120-014	6,264	7/1/15-6/30/16	-	-	-	(6,264)	-	(6,264)	-	-	6,264
Nonpublic School	16-495-034-5120-014	12,069	7/1/14-6/30/15	(12,049)	-	12,049	-	-	-	-	-	-
Extraordinary Aid	16-495-034-5120-473	226,659	7/1/15-6/30/16	-	-	-	(226,659)	-	(226,659)	-	-	226,659
Extraordinary Aid	15-495-034-5120-473	332,083	7/1/14-6/30/15	(332,083)	-	332,083	-	-	-	-	-	-
Nonbudgeted:												
Reimbursed TPAF Social Security Contribution	16-100-034-5095-002	1,181,795	7/1/15-6/30/16	-	-	1,123,681	(1,181,795)	-	(58,114)	-	-	1,181,795
Reimbursed TPAF Social Security Contribution	15-100-034-5095-002	1,169,258	7/1/14-6/30/15	(58,108)	-	58,108	-	-	-	-	-	-
On-Behalf TPAF Pension Contribution - NCGI	16-100-034-5095-007	59,474	7/1/15-6/30/16	-	-	59,474	(59,474)	-	-	-	-	59,474
On-Behalf TPAF Pension Contribution - Post Retire Medical	16-100-034-5095-001	1,492,452	7/1/15-6/30/16	-	-	1,492,452	(1,492,452)	-	-	-	-	1,492,452
On-Behalf TPAF Pension Contribution - Normal	16-100-034-5095-006	1,253,399	7/1/15-6/30/16	-	-	1,253,399	(1,253,399)	-	-	-	-	1,253,399
<b>Total General Fund</b>				(402,240)	-	9,953,544	(9,842,341)	-	(291,037)	-	537,489	9,842,341
Special Revenue Fund:												
N.J. Nonpublic Aid:												
Textbook	16-100-034-5120-064	3,483	7/1/15-6/30/16	-	-	3,486	(3,416)	-	-	70	-	3,416
Textbook	15-100-034-5120-064	3,873	7/1/14-6/30/15	58	-	5,490	(5,337)	(58)	-	-	-	5,337
Nursing	16-100-034-5120-070	5,490	7/1/15-6/30/16	-	-	5,490	(5,337)	-	-	153	-	5,337
Nursing	15-100-034-5120-070	7,398	7/1/14-6/30/15	80	-	1,586	(1,506)	(80)	-	-	-	1,506
Technology	16-100-034-5120-373	1,586	7/1/15-6/30/16	-	-	1,586	(1,506)	-	-	80	-	1,506
Technology	15-100-034-5120-373	2,080	7/1/14-6/30/15	11	-	2,025	(1,999)	(11)	-	26	-	1,999
Security	16-100-034-5120-067	7,614	7/1/15-6/30/16	-	-	7,614	(5,922)	-	-	1,692	-	5,922
Auxiliary Service Aid (Chapter 192):												
Compensatory Education	15-100-034-5120-067	5,375	7/1/14-6/30/15	5,375	-	-	(5,375)	-	-	-	-	-
Compensatory Education	15-100-034-5120-067	863	7/1/14-6/30/15	-	-	863	-	-	-	863	-	-
ESL	15-100-034-5120-067	715	7/1/14-6/30/15	(715)	-	715	-	-	-	-	-	-
Home Instruction	16-100-034-5120-066	4,455	7/1/15-6/30/16	-	-	4,455	(2,970)	-	-	1,485	-	2,970
Handicapped Services Aid (Chapter 193):												
Supplementary Instruction	15-100-034-5120-066	5,493	7/1/14-6/30/15	1,569	-	3,750	(3,409)	(1,569)	-	-	-	3,409
Supplementary Instruction	16-100-034-5120-066	3,750	7/1/15-6/30/16	-	-	3,750	(3,409)	-	-	341	-	3,409
Examination & Classification	15-100-034-5120-066	8,288	7/1/14-6/30/15	3,066	-	2,508	(3,066)	-	-	-	-	3,066
Examination & Classification	16-100-034-5120-066	2,508	7/1/15-6/30/16	-	-	2,508	-	-	-	2,508	-	-
Corrective Speech	15-100-034-5120-066	5,000	7/1/15-6/30/16	647	-	5,000	(3,476)	(647)	-	1,524	-	3,476
NJ Curriculum for Agricultural Science Education (CASE)	15-100-010-3330-019	5,000	7/1/15-6/30/16	-	-	37,492	(28,035)	(10,806)	-	8,742	-	28,035
<b>Total Special Revenue Fund</b>				10,091	-	37,492	(28,035)	(10,806)	-	8,742	-	28,035
Enterprise Fund:												
National School Lunch Program	16-100-010-3350-023	2,067	7/1/15-6/30/16	-	-	1,951	(2,067)	-	(116)	-	-	2,067
(State Share)												
National School Lunch Program	15-100-010-3350-023	3,918	7/1/14-6/30/15	(225)	-	225	-	-	-	-	-	-
(State Share)												
<b>Total Enterprise Fund</b>				(225)	-	2,176	(2,067)	-	(116)	-	-	2,067
Debt Service Fund:												
Debt Service Aid, Type II	16-495-034-5120-075	106,731	7/1/15-6/30/16	-	-	106,731	(106,731)	-	-	-	-	106,731
<b>Total Debt Service Fund</b>				-	-	106,731	(106,731)	-	-	-	-	106,731
<b>Total State Financial Assistance</b>				\$ (392,374)	\$ -	\$ 10,099,943	\$ (9,979,174)	\$ (10,806)	\$ (291,153)	\$ 8,742	\$ 537,489	\$ 9,979,174

**Less: Awards Not Subject to New Jersey OMB Circular 15-08:**

On-Behalf Teacher Pension and Annuity Fund	1,492,452
On-Behalf Teacher Post-Retirement Medical	1,253,399
On-Behalf NCGI	59,474
<b>Total</b>	<b>(7,173,840)</b>

Total State Financial Assistance Subject to New Jersey OMB Circular 15-08

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 1: General**

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

**Note 2: Summary of Significant Accounting Policies**

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Of the federal and state expenditures presented in the schedules of expenditures of federal awards and state financial assistance, the Upper Freehold Regional School District did not provide any federal or state awards to sub recipients.

Noncash assistance is reported in the schedule of expenditures of federal awards as the entitlement value, as determined by the United States Department of Agriculture, of the food commodities received and disbursed during the year ended June 30, 2016. Unearned revenue represents the value of commodities left in the ending inventory of the District as of June 30, 2016.

Upper Freehold Regional School District has not elected to use the 10% de minimis cost rate allowed by the Uniform Guidance.

**Note 3: Relationship to Basic Financial Statements**

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE (continued):  
FOR THE YEAR ENDED JUNE 30, 2016**

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

accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with N.J.S.A. 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$10,681) for the general fund and \$0 for the special revenue fund. See Exhibit C-3, notes to required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 9,831,660	\$ 9,831,660
Special Revenue Fund	558,190	28,035	586,225
Debt Service Fund	-	106,731	106,731
Food Service Fund	<u>77,701</u>	<u>2,067</u>	<u>79,768</u>
Total Financial Assistance	<u>\$ 635,891</u>	<u>\$ 9,968,493</u>	<u>\$10,604,384</u>

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

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

**Note 5: Other**

Revenues and expenditures reported under the Food Distribution Program represents current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2016. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2016.

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

The Upper Freehold Regional School District had no loan balances outstanding at June 30, 2016.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2016**

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

**Financial Statements**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- |   |               |
|---|---------------|
| 1) Material weakness(es) identified?  | No            |
| 2) Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |

Noncompliance material to basic financial Statements noted?	No
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**Federal Awards – NOT APPLICABLE**

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

Auditee qualified as low-risk auditee?

Internal Control over major programs:

- |   |  |
|---|--|
| 1) Material weakness(es) identified?  |  |
| 2) Significant deficiencies identified that are not considered To be material weaknesses? |  |

Type of auditor’s report issued on compliance for major programs

Any audit findings disclosed that are required to be reported in accordance With 2 CFR 200 Section .516(a) of the Uniform Guidance?

**Identification of major programs:**

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
NOT APPLICABLE		

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2016**

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

**State Awards**

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes
Internal Control over major programs:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered To be material weaknesses?	None Reported
Type of auditor’s report issued on compliance for major programs	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance With 2 CFR 200 Section .516(a) of the Uniform Guidance or NJOMB Circular Letter 15-08 as applicable?	No

**Identification of major programs:**

<b>State Grant/Project Number(s)</b>	<b>Name of State Program</b>
495-034-5120-078	Equalization Aid
495-034-5120-084	Security Aid
495-034-5120-089	Special Educational Categorical Aid
495-034-5120-085	Adjustment Aid
495-034-5120-096	Under Adequacy Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-098	PARCC Readiness



**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2016  
(continued)**

**Section II – 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 *Government Auditing Standards* and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

No Current Year Findings

**Section III – Schedule of Federal Award Findings & Questioned Costs**

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Not Applicable

**Section IV – State Financial Assistance Findings & Questioned Costs**

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and NJOMB Circular Letter 15-08, as applicable.

No Current Year Findings

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
For the Fiscal Year Ended June 30, 2016**

This section identifies the status of prior-year findings related to the basic financial statements and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, USOMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (¶.511 (a)(b)) and NJOMB's Circular 04-04 and/or 15-08, as applicable.

No Prior Year Findings