

**SCHOOL DISTRICT OF UPPER FREEHOLD REGIONAL**

Allentown, New Jersey  
County of Monmouth

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**OF THE**

**UPPER FREEHOLD REGIONAL BOARD OF EDUCATION**

**ALLENTOWN, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Prepared by**

**Upper Freehold Regional School District  
Finance Department**



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**INTRODUCTORY SECTION**

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# UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

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

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

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*

November 2, 2017

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, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the

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

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey OMB Circular NJOMB 04-04 and/or 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, is included in the single audit section of this report.

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

The District continues to maintain a high quality of education at a reasonable cost. 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 2016-2017 school year with an enrollment of 2,279 students, compared to 2,296 students as of June 30, 2016. 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>
2016-2017	2,279	-0.7%
2015-2016	2,296	-1.5 %
2014-2015	2,331	-0.2%
2013-2014	2,336	-1.6%
2012-2013	2,373	0.8%

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 district, including presentations to members of the senior citizen community during the budget review process. The District also produces a calendar with information about all aspects of school life - support services, special events, emergency school closing information, Board of Education members, phone contacts for all schools and administration. Information is also shared highlighting points of pride from the prior school year, college acceptances and a day by day listing of all events and activities within the district. 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 throughout the school year and during the summer vacation period. 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 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. In the 2015-2016 budget year the Technology, with the introduction of a one to one laptop initiative was introduced. All students will have full access to technology in grades 4 to 12 by September 1, 2017. Technology 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 is a receiving district for students from Millstone in grades 9 to 12.

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 \$1.7 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 a demographer to attempt to forecast future growth in the Township. That study showed that our enrollment is stable and we will not see a significant enrollment increase in the near future. 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 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 all children in Grades 3 – 12 have a personal laptop as of the first day of the 2017-2018 school year.
- 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 7<sup>th</sup> in the world.
- Newell Elementary School continued to implement Tools of the Mind curriculum on all of our PreK classes.
- Newell Elementary School continued their goggle initiative for all staff.
- Newell Elementary School will introduce this school year the use of Foss Labs to implement Next Generation Science Standards.
- Newell Elementary School participated in Read Across America Day with illustrator Michael Dooling.
- The district will enhance and support appropriating funds for certified teachers of students with disabilities to support in class inclusion and resource room learning environments.
- A STEAM (Science, Technology, Engineering, Arts and Math) lab for students in Grades 3 and 4 so they can have real world hands on learning experiences.
- 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 continued increase in the percentage of students successfully completing higher-level math courses at the middle and high school levels.
- Higher performance in reading and writing for all students, Pre-K-12.
- Enhance support for students with individualized education plans.
- Focus on the use of data to personalize instruction.

- Training of over 25 staff member in the past two years on Orton Gillingham to address dyslexia and other struggling readers.
- Continue to refine our use of technology using Google Applications for Education.
- Positively impact student achievement in all subjects through the use of curriculum-driven technology, including smart boards, wikis, blogging software simulations and our Chormebook one to one computer initiative.
- Focus on the full range of needs identified in the Upper Freehold Regional School District 2013-2018 Strategic Plan.
- The expansion of co-curricular, extra-curricular, and student activities for all students in grades Pre K-12.
- The NES teachers were trained in enhancing their skills in the following areas:
  - Teaching students with Dyslexia
  - The identification of students with Dyslexia
  - The use of Orton Gillingham instructional strategies for teachers at each grade level
  - The implementation of mindfulness practices in all grade levels Pre-K – 4
- The students grades K-4 were introduced to options in “maker space”.
- Maintain a healthy and safe school environment for faculty, staff and students..
- Develop a staffing plan that aligns staffing needs with student enrollment, new course development, and the expansion of program options in all schools.
- Continue to provide effective communication with parents and community members.
- Identify students and families served by the Upper Freehold Regional School District in need of support.
- Continue to offer service learning projects for all grade levels and school organizations.
- Continue to 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.
- Expand the use of volunteers from the community.
- Promote greater understanding related to our commitment to promoting diversity.
- Continue to facilitate full implementation of our HIB program throughout the district.
- Continue to provide communication about learning goals and curriculum connections with the Millstone School District.
- Introduce I Ready assessments as the basis for making decisions about curriculum, instructional materials, and teaching techniques.
- Support the PTA in their efforts 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 to work together to advance excellence in the instruction of talented youth.
- Fund both 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 at all levels.
- Support the Upper Freehold Regional School District Comprehensive Five-Year Technology Plan.
- Offer special education inclusion services throughout the district.
- Expand TV production electives at AHS taught by highly trained instructors.
- Use curriculum maps for all areas of study.
- Support the Child Watch program to offer an extended program for child care.
- Recognize the AHS Student Council for being the #1 high school in the state contributing to the State Student Council Charity. (over \$10,000 annually)

- Support the Redbird Robotics team for their success in winning the state championship and for moving on to competing at the international level.

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, 2017.

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 \$1,755,000 in bond principal. At June 30, 2017, the District had \$47,755,000 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.

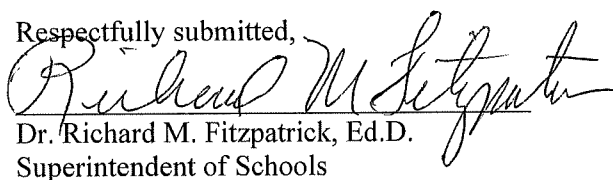
9) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found on 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 of Education at its last organization meeting. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related Federal OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey OMB Circular NJOMB 04-04 and/ or 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

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

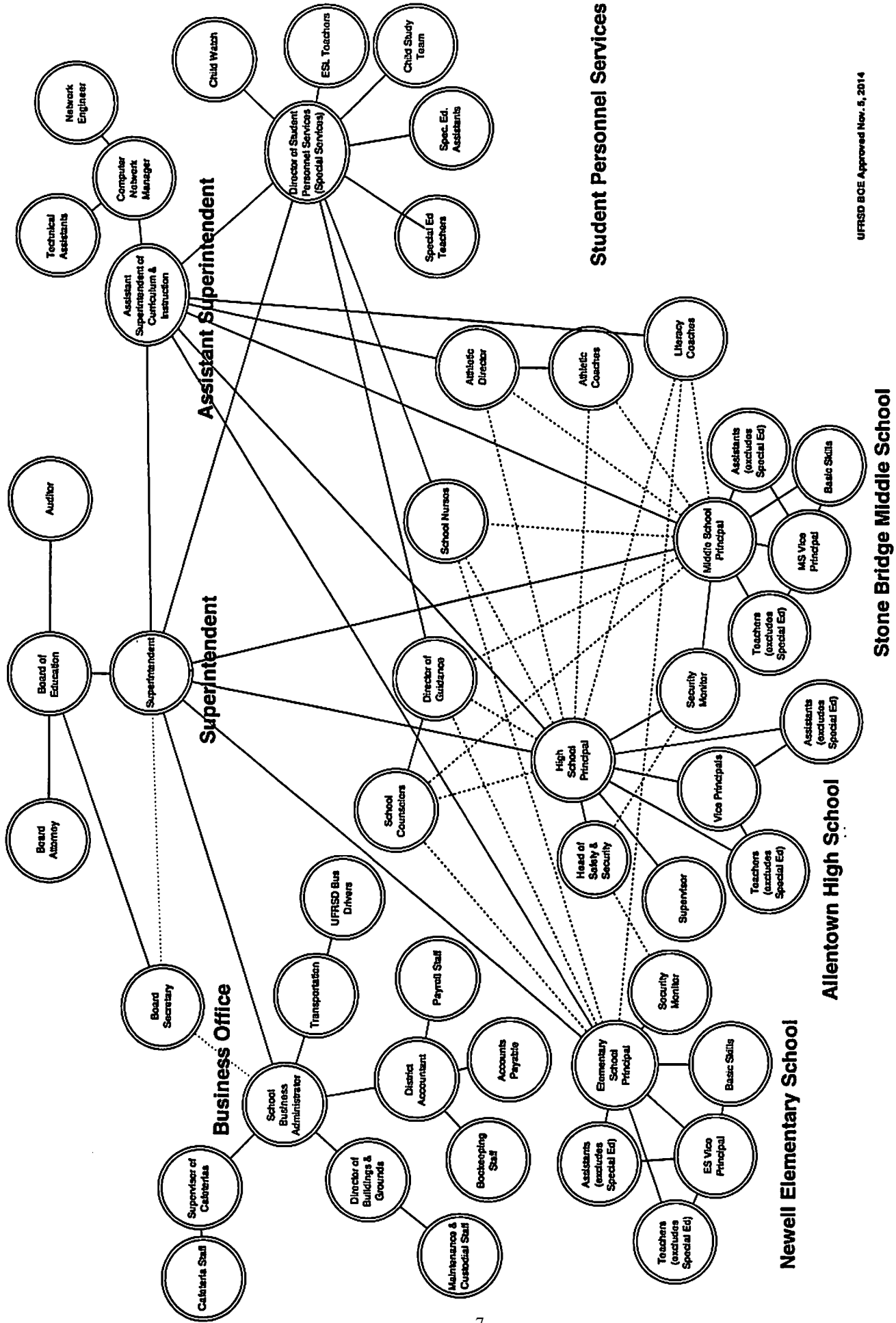
Respectfully submitted,

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

  
Mrs. Margaret Hom  
School Business Administrator/Board Secretary



# UFRSD Organizational Chart



UFRSD BOE Approved Nov. 5, 2014

Stone Bridge Middle School

Allentown High School

Newell Elementary School

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

**ROSTER OF OFFICIALS**

**JUNE 30, 2017**

<b>MEMBERS OF THE BOARD OF EDUCATION</b>	<b>TERM EXPIRES</b>
Patricia Hogan, President	2019
Richard Smith, Vice President	2018
Howard Krieger	2018
Tia McLaughlin	2019
Billy Hanson	2017
Patrick Nolan	2017
Timothy Stolzenberger	2017
Kurt Wayton	2017
Michele Anthony	2018
Lara Michaud	2019

**OTHER OFFICIALS**

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

Margaret Hom, MSBA, School Business Administrator/Board Secretary

Stephen R. Fogarty, 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**

Fogarty & Hara  
Counsellors at Law  
21-00 Route 208 South  
Fair Lawn, New Jersey 07410

**OFFICIAL DEPOSITORY**

TD Bank  
1701 Route 70 East  
Cherry Hill, NJ 08003

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**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, 2017, and the related notes to the financial statements, which collectively comprise the School 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, 2017, 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 schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and*



*State Aid* are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules, and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting 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 related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section 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 November 2, 2017 on our consideration of the 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 the School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Toms River, New Jersey  
November 2, 2017

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**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

Management's Discussion and Analysis

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## UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

#### 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, 2017. 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 (2016-2017) and the prior year (2015-2016) is required to be presented in the MD&A.

#### Financial Highlights

Key financial highlights for the 2016-2017 fiscal year include the following:

- ◆ General revenues accounted for \$31,386,134 of all revenues. Specific revenues in the form of charges for services, operating grants & contributions accounted for \$21,428,197 to total revenues of \$ 52,814,331.
- ◆ The school district had \$53,269,447 in expenses; \$21,428,197 of these expenses were offset by program specific charges for services, grants or contributions.
- ◆ Total Net Position of governmental activities was \$3,421,147. Net Position decreased by \$455,116 from July 1, 2016 to June 30, 2017.
- ◆ The General Fund fund balance at June 30, 2017 is \$2,686,752, an increase of \$554,800 when compared with the beginning balance at July 1, 2016 of \$2,131,952.

#### 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 2017. The District's Net Position for governmental activities was \$3,421,147 on June 30, 2017.

Current and Other Assets	\$ 3,313,720
Capital Assets	62,713,136
Total Assets	66,026,856
Deferred Outflow of Resources	5,327,395
Deferred Charge on Refunding of Debt	2,863,213
Total Deferred Outflow of Resources	8,190,608
Long-Term Liabilities	68,233,057
Other Liabilities	1,888,656
Total Liabilities	70,121,713
Deferred Inflows Related to Pensions	674,604
Total Deferred Inflow of Resources	674,604
Net Assets	
Net Investment in Capital Assets	11,295,426
Restricted	2,471,158
Unrestricted	(10,345,437)
Total Net Position	\$ 3,421,147

**Changes in Net Assets** - Table A-2 shows the changes in Net Position from fiscal year 2016 to fiscal year 2017.

**Table A-2**  
**Upper Freehold Regional School District**  
**Change in Governmental Net Assets**  
**For the year ended June 30, 2017**

<b>Revenues</b>	<b><u>June 30, 2017</u></b>
Program revenues	
Charges for services	\$ 8,772,931
Operating grants and contributions	12,655,266
General revenues	
Property taxes	25,194,058
State and Federal Aid	5,822,621
Other charges	369,455
<b>Total revenues</b>	<b><u>\$ 52,814,331</u></b>
<b>Expenses</b>	
Governmental Activities:	
Instruction:	
Regular	\$ 10,588,673
Special Education	4,373,932
Other Special Instruction	480,675
Other Instruction	867,691
Support Services:	
Tuition	850,494
Attendance & Social Work Services	88,776
Health Services	278,770
Student & Instruction Related Services	3,482,704
Educational Media Services/School Library	555,098
Instruction Staff Training	47,172
School Administrative Services	1,366,974
Central Services	440,249
Administrative Information Technology	111,581
Other Administrative Services	633,000
Plant Operations and Maintenance	2,998,292
Pupil Transportation	2,012,824
Unallocated Benefits & Depreciation	19,812,922
Interest and Cost on Long-Term Debt	2,240,071
Unallocated Depreciation	2,162,437
Unallocated Adjustment to Capital Assets	<u>(122,888)</u>
<b>Total Governmental Activities</b>	<b><u>53,269,447</u></b>
Net Increase (Decrease) in Net Position	<b><u>\$ (455,116)</u></b>

## **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 2017. 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 \$52,814,331. Property taxes made up 47.7% of revenues for governmental activities for the Upper Freehold Regional School District for fiscal year 2017. Federal, state and local grants accounted for another 11.02% of revenue, and Miscellaneous revenue was 0.70%. Instruction not including allocated benefits comprises 48.75% of District expenses.

Total expenses exceeded revenues, decreasing Net Position by \$455,116 from the beginning balance at July 1, 2016.

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 \$38,477.
- Charges for services, which are amounts paid by patrons for daily food services, represent \$556,205 of total revenue.

- Federal and state reimbursements for meals, including for free and reduced lunches and donated commodities were \$78,535.

## 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 \$45,346,879 and expenditures were \$45,306,115. Other financing sources were \$461,424. The net change in fund balance for the year was an increase of \$502,188.

### 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.

<b>Table A-3</b>				
<b>Summary of General Fund Revenues</b>				
<b>For the Year Ended June 30, 2017</b>				
	Year Ended June 30, 2017	Year Ended June 30, 2016	Amount of Increase (Decrease)	Percent Increase (Decrease)
<b>REVENUES</b>				
Local sources:				
Local tax levy	\$ 21,573,349	\$ 20,937,139	\$ 636,210	3.0%
Tuition	8,690,154	8,386,715	303,439	3.6%
Transportation	82,777	62,704	20,073	32.0%
Miscellaneous	319,620	251,159	68,461	27.3%
Total - Local Sources	<u>30,665,900</u>	<u>29,637,717</u>	<u>(1,028,183)</u>	
Federal Sources	10,402	-	10,402	100.0%
State Sources	<u>10,353,202</u>	<u>9,831,660</u>	<u>521,542</u>	5.3%
Total - Govt Sources	<u>10,363,604</u>	<u>9,831,660</u>	<u>531,944</u>	
Other Financing Sources:				
Capital Lease	279,000	256,000	23,000	9.0%
Cancellation of Prior Years				
Accounts Payable	28,841	58,909	(30,068)	100.0%
Total Other Financing Sources	<u>307,841</u>	<u>314,909</u>	<u>(7,068)</u>	
<b>Total Revenues</b>	<u>\$ 41,337,345</u>	<u>\$ 39,784,286</u>	<u>\$ 1,553,059</u>	

The primary source of funding for the District is received from local tax levy that accounted for 52.19% of total revenues. State aid accounted for 25.05% 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, 2017</b>	<b>Year Ended June 30, 2016</b>	<b>Amount of Increase/ (Decrease)</b>	<b>Percent Increase/ (Decrease)</b>
Current:				
Regular Instruction	\$ 10,588,673	\$ 11,072,993	\$ (484,320)	-4.37%
Special Education Instruction	3,850,308	3,844,742	5,566	0.14%
Other Instruction	1,348,366	657,355	691,011	105.12%
Support Services and Undistributed Costs:				
Tuition	850,494	967,648	(117,154)	-12.11%
Attendance	88,776	76,783	11,993	15.62%
Health Services	278,770	277,086	1,684	0.61%
Student & Instruction Related Services	3,410,822	3,496,894	(86,072)	-2.46%
Educational Media Services/School Library	555,098	573,133	(18,035)	-3.15%
Instructional Staff Training	47,172	59,412	(12,240)	-20.60%
School Administrative Services	1,366,974	1,350,947	16,027	1.19%
Central Services	440,249	425,397	14,852	3.49%
Administrative Information Technology	111,581	104,202	7,379	7.08%
Other Administrative Services	633,000	498,276	134,724	27.04%
Plant Operations and Maintenance	3,266,559	3,124,092	142,467	4.56%
Pupil Transportation	2,012,824	1,925,126	87,698	4.56%
Employee Benefits	11,282,282	10,633,164	649,118	6.10%
Capital Outlay	650,597	638,522	12,075	1.89%
<b>Total Expenditures</b>	<b>\$ 40,782,545</b>	<b>\$ 39,725,772</b>	<b>\$ 1,056,773</b>	<b>2.66%</b>

Total General Fund expenditures increased \$1,056,773 or 2.66% 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 \$160,000 for the 2017-2018 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 \$3,928,064. \$3,620,709 in funding was provided by from the local tax levy, \$0.00 was from miscellaneous revenue and \$101,160 was received as aid from the state. There was a bond refunding which created proceeds of \$9,915,072 but there was a deposit made with an escrow agent of \$9,761,489. This decreased the fund balance by \$52,612.

## Enterprise Funds

The Food Service Fund had Net Position of \$280,276 at June 30, 2017. This reflects a decrease of \$38,477 from the prior year's Net Position.

## Capital Asset and Debt Administration

### Capital Assets

At the end of 2017, the District had capital assets with a book value of \$62,713,136. 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 \$ 2,162,437.

	<b>2017</b>	<b>2016</b>
Building & Bldg Improvements	\$ 79,097,459	\$ 78,926,696
Machinery and Equipment	4,483,618	4,204,618
Land	5,419,448	5,419,448
Total Capital Assets	89,000,525	88,550,762
Less: Accumulated Depreciation	(26,287,389)	(24,283,732)
<b>Net Capital Assets</b>	<b>\$ 62,713,136</b>	<b>\$ 64,267,030</b>

### Long-Term Obligations

At June 30, 2017, the School District had \$68,233,057 in outstanding debt. Of this amount, \$47,755,000 is for bonds and \$572,119 is for capital leases.

At year-end, the District had \$47,755,000 in general obligation bonds, a decrease of \$1,655,000 from last year – as shown in Table A-6.

The District also has a \$523,364 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, 2017</b>	<b>balance at June 30, 2016</b>	<b>increase/ (Decrease)</b>	<b>% Chg</b>
General Obligation Bonds Payable	\$ 47,755,000	\$ 49,410,000	\$ (1,655,000.00)	-3.3%
Capital Lease Payable	572,119	561,386	\$ 10,733.00	1.9%
Compensated Absences	523,364	477,580	\$ 45,784.00	9.6%
Bond premium	2,960,971	3,098,277	\$ (137,306.00)	-4.4%
Net Pension Liability	16,421,603	13,115,886	3,305,717	25.2%
<b>TOTAL</b>	<b>\$ 68,233,057</b>	<b>\$ 66,663,129</b>	<b>\$ 1,569,928</b>	<b>2.36%</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).

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**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, 2017**

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
Cash & Cash Equivalents	\$ 2,978,533	\$ 315,829	\$ 3,294,362
Receivables, Net (See Note 4)	335,187	12,672	347,859
Inventory	-	5,900	5,900
Capital Assets, Net (Note 5)			
Non-depreciable	5,419,448	-	5,419,448
Depreciable	57,293,688	325,743	57,619,431
<b>Total Assets</b>	<b>66,026,856</b>	<b>660,144</b>	<b>66,687,000</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred Outflows Related to Pensions	5,327,395	-	5,327,395
Deferred Charge on Refunding of Debt	2,863,213	-	2,863,213
<b>Total Deferred Outflow of Resources</b>	<b>8,190,608</b>	<b>-</b>	<b>8,190,608</b>
<b>Total Assets and Deferred Outflow of Resources</b>	<b>74,217,464</b>	<b>660,144</b>	<b>74,877,608</b>
<b>LIABILITIES</b>			
Accounts Payable	461,067	31,210	492,277
Due to Other Governments	502,438	-	502,438
Accrued Interest Expense	772,827	51	772,878
Intergovernmental Payable	9,533	-	9,533
Unearned Revenue	142,791	15,400	158,191
Noncurrent Liabilities (Note 7):			
Due Within One Year	2,276,823		2,276,823
Due Beyond One Year	65,956,234	45,836	66,002,070
<b>Total Liabilities</b>	<b>70,121,713</b>	<b>92,497</b>	<b>70,214,210</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred Inflows Related to Pensions	674,604	-	674,604
<b>Total Deferred Inflow of Resources</b>	<b>674,604</b>	<b>-</b>	<b>674,604</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>70,796,317</b>	<b>92,497</b>	<b>70,888,814</b>
<b>NET POSITION</b>			
Net Investment in			
Capital Assets	5,875,978	279,907	6,155,885
Restricted For:			
Other Purposes	2,471,158	-	2,471,158
Unrestricted	(4,925,989)	287,740	(4,638,249)
<b>Total Net Position</b>	<b>\$ 3,421,147</b>	<b>\$ 567,647</b>	<b>\$ 3,988,794</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, 2017**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	
Governmental Activities:						
Instruction:						
Regular	\$ 10,588,673	\$ 8,690,154	-	\$ (1,898,519)	-	\$ (1,898,519)
Special Education	4,373,932	-	523,624	(3,850,308)	-	(3,850,308)
Other Special Instruction	480,675	-	-	(480,675)	-	(480,675)
Other Instruction	867,691	-	-	(867,691)	-	(867,691)
Support Services & Undistributed Costs:						
Tuition	850,494	-	-	(850,494)	-	(850,494)
Attendance & Social Work Services	88,776	-	-	(88,776)	-	(88,776)
Health Services	278,770	-	-	(278,770)	-	(278,770)
Student & Instruction Related Services	3,482,704	-	71,882	(3,410,822)	-	(3,410,822)
Educational Media Services/School Library	555,098	-	-	(555,098)	-	(555,098)
Instructional Staff Training	47,172	-	-	(47,172)	-	(47,172)
School Administrative Services	1,366,974	-	-	(1,366,974)	-	(1,366,974)
Central Services	440,249	-	-	(440,249)	-	(440,249)
Administrative Information Technology	111,581	-	-	(111,581)	-	(111,581)
Other Administrative Services	633,000	-	-	(633,000)	-	(633,000)
Plant Operations & Maintenance	2,998,292	-	-	(2,998,292)	-	(2,998,292)
Pupil Transportation	2,012,824	82,777	-	(1,930,047)	-	(1,930,047)
Unallocated Benefits	19,812,922	-	11,958,600	(7,854,322)	-	(7,854,322)
Interest and cost on Long-Term Debt	2,240,071	-	101,160	(2,138,911)	-	(2,138,911)
Unallocated Depreciation	2,162,437	-	-	(2,162,437)	-	(2,162,437)
Unallocated Adjustment to Capital Assets	(122,888)	-	-	122,888	-	122,888
<b>Total Governmental Activities</b>	<b>53,269,447</b>	<b>8,772,931</b>	<b>12,655,266</b>	<b>(31,841,250)</b>	<b>-</b>	<b>(31,841,250)</b>
Business-Type Activities:						
Food Service	676,715	556,205	78,535	-	(41,975)	(41,975)
Child Watch Program	224,952	239,533	-	-	14,581	14,581
Kindergarten Complement	157,548	158,630	-	-	1,082	1,082
AHS Summer Programs	11,545	20,580	-	-	9,035	9,035
<b>Total Business-Type Activities</b>	<b>1,070,760</b>	<b>974,948</b>	<b>78,535</b>	<b>-</b>	<b>(17,277)</b>	<b>(17,277)</b>
<b>Total Primary Government</b>	<b>\$ 54,340,207</b>	<b>\$ 9,747,879</b>	<b>\$ 12,733,801</b>	<b>(31,841,250)</b>	<b>(17,277)</b>	<b>(31,858,527)</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, 2017**

FUNCTIONS/PROGRAMS	EXPENSES	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				21,573,349	-	21,573,349
Taxes Levied for Debt Service				3,620,709	-	3,620,709
Federal & State Aid Not Restricted				5,822,621	-	5,822,621
Adjustment to Capital Assets				-	-	-
Miscellaneous Income				369,455	3,498	372,953
				<u>31,386,134</u>	<u>3,498</u>	<u>31,389,632</u>
Total General Revenues, Special Items, Extraordinary Items & Transfers				(455,116)	(13,779)	(468,895)
Change In Net Position				<u>3,876,263</u>	<u>581,426</u>	<u>4,457,689</u>
Net Position - Beginning				<u>\$ 3,421,147</u>	<u>\$ 567,647</u>	<u>\$ 3,988,794</u>
Net Position - Ending						

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## B. Fund Financial Statements

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

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## Governmental Funds

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
June 30, 2017**

ASSETS & OTHER DEBITS	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Cash & Cash Equivalents	\$ 2,932,170	\$ 32,786	\$ 13,577	\$ 2,978,533
Accounts Receivable:				
Federal Aid	-	37,185	-	37,185
State Aid	243,006	-	-	243,006
Interfund	8,000	-	-	8,000
Other	41,830	5,166	-	46,996
<b>Total Assets</b>	<b>\$ 3,225,006</b>	<b>\$ 75,137</b>	<b>\$ 13,577</b>	<b>\$ 3,313,720</b>
<b>LIABILITIES &amp; FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 445,773	\$ 15,294	\$ -	\$ 461,067
Intergovernmental Payable:				
State	-	9,533	-	9,533
Unearned Revenue	92,481	50,310	-	142,791
<b>Total Liabilities</b>	<b>538,254</b>	<b>75,137</b>	<b>-</b>	<b>613,391</b>
Fund Balances:				
Restricted for:				
Capital Reserve Account	888,360	-	-	888,360
Maintenance Reserve Account	390,000	-	-	390,000
Emergency Reserve Account	300,000	-	-	300,000
Tuition Reserve Account	200,000	-	-	200,000
Excess Surplus	197,616	-	-	197,616
Excess Surplus - Designated for Subsequent Year's Expenditures	160,000	-	-	160,000
Debt Service Fund	-	-	13,577	13,577
Committed to:				
Other Purposes	321,605	-	-	321,605
Assigned to:				
Designated for Subsequent Year's Expenditures	47,862	-	-	47,862
Unassigned Fund Balance	181,309	-	-	181,309
<b>Total Fund Balances</b>	<b>2,686,752</b>	<b>-</b>	<b>13,577</b>	<b>2,700,329</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 3,225,006</b>	<b>\$ 75,137</b>	<b>\$ 13,577</b>	

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 \$89,000,525 and the accumulated depreciation is \$26,287,389.	62,713,136
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.	4,652,791
Deferred charges on refunding of debt is not recorded in the fund financials but is recorded on the district-wide financials.	2,863,213
Accrued interest payable is not recorded in the fund financial Statements due to the fact that the payables are not due in the period.	(772,827)
Accrued pension contributions for the June 30, 2017 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(502,438)
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 7)	(68,233,057)

Net Position of Governmental Activities

\$ 3,421,147

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, 2017**

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Revenues:				
Local Sources:				
Local Tax Levy	\$ 21,573,349	\$ -	\$ 3,620,709	\$ 25,194,058
Tuition	8,690,154	-	-	8,690,154
Transportation	82,777	-	-	82,777
Miscellaneous	319,620	20,994	-	340,614
<b>Total Local Sources</b>	<b>30,665,900</b>	<b>20,994</b>	<b>3,620,709</b>	<b>34,307,603</b>
State Sources	10,353,202	26,651	101,160	10,481,013
Federal Sources	10,402	547,861	-	558,263
<b>Total Revenues</b>	<b>41,029,504</b>	<b>595,506</b>	<b>3,721,869</b>	<b>45,346,879</b>
Expenditures:				
Current Expense:				
Regular Instruction	10,588,673	-	-	10,588,673
Special Education Instruction	3,850,308	523,624	-	4,373,932
Other Special Instruction	480,675	-	-	480,675
Other Instruction	867,691	-	-	867,691
Support Services:				
Tuition	850,494	-	-	850,494
Attendance	88,776	-	-	88,776
Health Services	278,770	-	-	278,770
Student & Instruction Related Services	3,410,822	71,882	-	3,482,704
Educational Media Services/School Library	555,098	-	-	555,098
Instructional Staff Training	47,172	-	-	47,172
School Administrative Services	1,366,974	-	-	1,366,974
Central Services	440,249	-	-	440,249
Administrative Information Technology	111,581	-	-	111,581
Other Administrative Services	633,000	-	-	633,000
Plant Operations & Maintenance	3,266,559	-	-	3,266,559
Pupil Transportation	2,012,824	-	-	2,012,824
Employee Benefits	11,282,282	-	-	11,282,282
Capital Outlay	650,597	-	-	650,597
Debt Service:				
Principal	-	-	1,755,000	1,755,000
Interest & Other Charges	-	-	2,173,064	2,173,064
<b>Total Expenditures</b>	<b>40,782,545</b>	<b>595,506</b>	<b>3,928,064</b>	<b>45,306,115</b>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	246,959	-	(206,195)	40,764
Other Financing Sources:				
Refunding Bond Proceeds	-	-	9,915,072	9,915,072
Deposit with Escrow Agent	-	-	(9,761,489)	(9,761,489)
Capital Lease Proceeds (Nonbudgeted)	279,000	-	-	279,000
Cancellation of prior year accounts payable	28,841	-	-	28,841
<b>Total Other Financing Sources</b>	<b>307,841</b>	<b>-</b>	<b>153,583</b>	<b>461,424</b>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	554,800	-	(52,612)	502,188
Fund Balances July 1,	2,131,952	-	66,189	2,198,141
<b>Fund Balances June 30,</b>	<b>\$ 2,686,752</b>	<b>\$ -</b>	<b>\$ 13,577</b>	<b>\$ 2,700,329</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, 2017**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ 502,188

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	(\$2,162,437)	
Adjustments due to revaluation of capital assets	122,888	
Capital Outlays	485,655	(1,553,894)

Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.

Pension Expense - PERS Contribution - 2017	492,577	
Unfunded TPAF Pension Expense	7,438,611	
State Share of Unfunded TPAF Pension Expense	(7,438,611)	
Pension Expense	(1,538,822)	(1,046,245)

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. 1,755,000

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. 268,267

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.

2017 Bond Refunding		
Bond Proceeds	(9,660,000)	
Premiums	(90,072)	(9,750,072)

Advance refunding of debt issues are financing uses in the governmental funds. They are not expenses in the statement of activities; refunding of debt decreases long term liabilities in the statement of net position.

Loss on Refunding	201,489	
Bonds Refunded	9,560,000	9,761,489

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	(343,379)	
Amortization of Bond Premiums	227,378	(116,001)

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	821,763	
Current Year	(772,827)	48,936

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	477,580	
Current Year	(523,364)	(45,784)

Change in Net Position of Governmental Activities \$ (455,116)

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## Proprietary Funds

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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	\$ 22,190	\$ 203,561	\$ 52,619	\$ 37,459	\$ 315,829
Cash with Fiscal Agent					
Accounts Receivable:					
State	142	-	-	-	142
Federal	3,057	-	-	-	3,057
Miscellaneous	100	-	9,373	-	9,473
Inventories	5,900	-	-	-	5,900
Total Current Assets	31,389	203,561	61,992	37,459	334,401
Capital Assets:					
Equipment	714,115	-	-	-	714,115
Accumulated Depreciation	(388,372)	-	-	-	(388,372)
Total Capital Assets	325,743	-	-	-	325,743
Total Assets	357,132	203,561	61,992	37,459	660,144
Current Liabilities:					
Accounts Payable	30,969	161	80	-	31,210
Unearned Revenue	-	-	1,500	13,900	15,400
Capital Lease Payable	45,836	-	-	-	45,836
Accrued interest payable	51	-	-	-	51
Total Current Liabilities	76,856	161	1,580	13,900	92,497
NET POSITION					
Investment in Capital Assets	279,907	-	-	-	279,907
Unreserved	369	203,400	60,412	23,559	287,740
Total Net Position	\$ 280,276	\$ 203,400	\$ 60,412	\$ 23,559	\$ 567,647

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, 2017**

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS

	FOOD SERVICE FUND	CHILD WATCH	KINDERGARTEN COMPLEMENT	AHS SUMMER PROGRAMS	TOTAL BUSINESS-TYPE ACTIVITIES
Operating Revenue:					
Daily Sales - Reimbursable Programs:					
School Lunch Program	\$ 105,145	\$ -	\$ -	\$ -	\$ 105,145
Total - Daily Sales - Reimbursable Programs	105,145	-	-	-	105,145
Daily Sales Nonreimbursable Programs	451,060	-	-	-	451,060
Fees	-	239,533	158,630	20,575	418,738
Miscellaneous Income	3,498	-	-	5	3,503
Total Operating Revenue	559,703	239,533	158,630	20,580	978,446
Operating Expenses:					
Cost of Sales- Reimbursable Programs	141,054	-	-	-	141,054
Cost of Sales- Non-Reimbursable Progr:	144,455	-	-	-	144,455
Salaries	281,408	214,130	115,094	10,725	621,357
Employee Benefits	-	-	42,250	820	43,070
Purchased Prof./Tech. Services	53,620	-	-	-	53,620
Purchased Property Services	-	-	-	-	-
Supplies and Materials	15,651	5,833	204	-	21,688
Depreciation	39,370	-	-	-	39,370
Miscellaneous	1,157	4,989	-	-	6,146
Bad Debt Expense	-	-	-	-	-
Total Operating Expenses	676,715	224,952	157,548	11,545	1,070,760
Operating (Loss)/Gain	(117,012)	14,581	1,082	9,035	(92,314)
Nonoperating Revenues:					
State Sources:					
State School Lunch Program	2,032	-	-	-	2,032
Federal Sources:					
National School Lunch Program	42,768	-	-	-	42,768
Food Distribution Program	33,735	-	-	-	33,735
Total Nonoperating Revenues	78,535	-	-	-	78,535
Change in Net Position	(38,477)	14,581	1,082	9,035	(13,779)
Net Position - July 1 (Unadjusted)	318,753	188,819	59,330	14,524	566,902
Prior Period Change in Net Position	-	-	-	-	-
Net Position - July 1	318,753	188,819	59,330	14,524	566,902
Net Position - June 30	\$ 280,276	\$ 203,400	\$ 60,412	\$ 23,559	\$ 553,123

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, 2017**

	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	\$ 559,703	\$ 239,533	\$ 168,847	\$ 20,580	\$ 988,663
Payments to Employees	(281,408)	(181,317)	(115,094)	(10,725)	(588,544)
Payments to Suppliers	(287,248)	(43,474)	(54,804)	(6,803)	(392,329)
Net Cash Provided/(Used) by Operating Activities	(8,953)	14,742	(1,051)	3,052	7,790
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	44,117	-	-	-	44,117
Net Cash Provided by Noncapital Financing Activities	44,117	-	-	-	44,117
Net Increase/(Decrease) in Cash & Cash Equivalents	11,719	14,742	(1,051)	3,052	28,462
Cash and Cash Equivalents, July 1	9,788	188,819	53,670	34,407	252,277
Cash & Cash Equivalents, June 30	\$ 21,507	\$ 203,561	\$ 52,619	\$ 37,459	\$ 280,739

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

Cash Provided/(Used) by Operating Activities:					
Operating Income/(Loss)	\$ (117,012)	\$ 14,581	\$ 1,082	\$ 9,035	\$ (92,314)
Adjustments to Reconcile Operating to Cash Provided/(Used) by Operating Activities:					
Depreciation Expense	39,370	-	-	-	39,370
Food Distribution Program	33,735	-	-	-	33,735
Change in Assets & Liabilities:					
Decrease/(Increase) in Accounts Receivable	(683)	-	10,217	-	9,534
(Increase)/Decrease in Inventory	12,737	-	-	-	12,737
Increase/(Decrease) in Accounts Payable	22,900	161	(410)	(183)	22,468
Increase/(Decrease) in Unearned Revenue	-	-	(11,940)	(5,800)	(17,740)
Total Adjustments	108,059	161	(2,133)	(5,983)	100,104
Net Cash Provided/(Used) by Operating Activities	\$ (8,953)	\$ 14,742	\$ (1,051)	\$ 3,052	\$ 7,790

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

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## Fiduciary Fund

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ASSETS	PRIVATE PURPOSE		AGENCY		JUNE 30, TOTALS
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP TRUST	PAYROLL FUND	STUDENT ACTIVITY	
Cash & Cash Equivalents	\$ 241,054	\$ 53,983	\$ 193,061	\$ 181,094	\$ 669,192
Total Assets	241,054	53,983	193,061	181,094	669,192
<b>LIABILITIES</b>					
Payroll Deductions & Withholdings	-	-	185,061	-	185,061
Interfund Payable	-	-	8,000	-	8,000
Due to Student Groups	-	-	-	181,094	181,094
Total Liabilities	-	-	193,061	181,094	374,155
<b>NET POSITION</b>					
Reserved:					
Unemployment Claims	241,054	-	-	-	241,054
Scholarship Awards	-	53,983	-	-	53,983
Total Net Position	\$ 241,054	\$ 53,983	\$ -	\$ -	\$ 295,037

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, 2017**

ADDITIONS:	PRIVATE PURPOSE		TOTALS
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP TRUST	
Contributions:			
Deductions From Employees'			
Salaries	\$ 51,388	\$ -	\$ 51,388
Donor Contributions	-	18,530	18,530
Total Contributions	51,388	18,530	69,918
Investment Earnings:			
Interest on Investments	-	-	-
Total Investment Earnings	-	-	-
Total Additions	51,388	18,530	69,918
DEDUCTIONS:			
Unemployment Claims	29,767	-	29,767
Scholarships Awarded	-	17,255	17,255
Total Deductions	29,767	17,255	47,022
Change in Net Position	21,621	1,275	22,896
Net Position - Beginning of Year	219,433	52,708	272,141
Net Position - End of Year	\$ 241,054	\$ 53,983	\$ 295,037

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, 2017**

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017**

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

**Basis of Presentation**

The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

**Reporting Entity**

The Upper Freehold Regional School District is a Type II School District located in the County of Monmouth, State of New Jersey. As a Type II School 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 School District has an approximate enrollment at June 30, 2017 of 2,279 students.

The primary criterion for including activities within the School 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 School District holds the corporate powers of the organization;
- ◆ the School District appoints a voting majority of the organization's board
- ◆ the School District is able to impose its will on the organization;
- ◆ the organization has the potential to impose a financial benefit/burden on the School District
- ◆ there is a fiscal dependency by the organization on the School District.

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

**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 61, *The Financial Reporting Entity: Omnis – an Amendment of GASB Statements No. 14 and No. 34*. The School District had no component units as of for the year ended June 30, 2017.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

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

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

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**A. Government-Wide Financial Statements**

The School District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the School District accompanied by a total column. Fiduciary activities of the School District are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the Statement of Net Position. The Statement of Activities presents changes in 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. The types of transactions reported as program revenues for the School District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

**B. Governmental Fund Financial Statements**

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. The School District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The School District's deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the School District, are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2017 (continued)**

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

**B. Governmental Fund Financial Statements (continued)**

fund liability is incurred. 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 asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the School District. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the School District and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations.

The School District funds outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted fund balance to have been depleted before any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The School District reports the following major governmental funds:

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

As required by the New Jersey Department of Education the School 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.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2017 (continued)**

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

**B. Governmental Fund Financial Statements (continued)**

**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 proprietary funds, and local appropriations that are restricted or committed to expenditures for specified purposes.

**Debt Service Fund** - The debt service fund is used to account for the accumulation of financial resources that are restricted, committed, or assigned to an expenditure for the payment of general long-term debt principal, interest and related costs of governmental funds.

**C. 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 would also be presented in these statements. However, internal service funds balances and activities would be 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.

The School District reports the following major proprietary funds:

**Food Service Fund** – The food service fund accounts for the financial transactions related to the food service operations of the School District.

related to the bengal cubs early learning center operations to the School District.

**D. Fiduciary Fund Financial Statements**

Fiduciary fund financial statements include a Statement of Net Position. The School District’s fiduciary funds include Agency and Private-Purpose Trust Funds and, 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.

The School District reports the following fiduciary funds:



**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2017 (continued)**

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

**D. Fiduciary Fund Financial Statements (continued)**

**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 School 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 School District. Expenditures consist of unemployment reimbursement claims.

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

**Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the School District eliminated the April 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 accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

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 one or more June 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, Exhibit C-2, and Exhibit I-3, includes all amendments to the adopted budget, if any.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

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

**Budgets/Budgetary Control (continued)**

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the general fund budgetary comparison schedules and the special revenue fund budgetary comparison schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

**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 School 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, Cash Equivalents and Investments**

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 considered cash equivalents and stated at cost.

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB). 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.

*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 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. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

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

**Cash, Cash Equivalents and Investments (continued)**

For purposes of the statement of cash flows, the School District considers all highly liquid investments (including restricted assets) with a maturity when purchased of twelve months or less and all local government investment pools to be cash equivalents

**Tuition Receivable**

Tuition rates were established by the School District based on estimated costs. The charges are subject to adjustment when the actual costs are determined.

**Tuition Receivable**

Tuition rates for June 30, 2017 were established by the School District based on rates established by the receiving district. The charges are subject to adjustment when the actual costs are determined.

**Inventories**

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.

**Interfund Receivables/Payables**

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the School District and that are due within one year. As previously mentioned, these amounts are eliminated in the governmental and business-type columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as Internal Balances in 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 market value at the date of donation. All reported capital assets except land and construction in progress are depreciated. 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. The School District does not possess any infrastructure. The School District has established a threshold of \$2,000 for capitalization of depreciable assets.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land Improvements	10-20 Years	N/A
Buildings and Improvements	10-50 Years	N/A
Furniture and Equipment	5-20 Years	5-12 Years
Vehicles	5-10 Years	4-6 Years

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2017 (continued)**

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

**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 School 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 School District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire compensated absences liability is reported on the government-wide financial statements and proprietary fund financial statements. Compensated absences liability is not recorded in the governmental funds. Instead expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of resignations or retirements.

**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 School District is eligible to realize the revenue.

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, government fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources.

**Accounting 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 reported in the financial statements and accompanying note disclosures. Actual results could differ from those estimates.

**Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2017 (continued)**

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

**Interfund Activity (continued)**

statements. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

**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.

**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.

**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.

**Pensions**

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 of the Public Employees' Retirement System (PERS) and Teacher's Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2017 (continued)**

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

**Fund Balance**

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances in the governmental funds financial statements are classified into the following five categories, as defined below:

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the School District's policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the School District's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

**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 into the following three components:

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2017 (continued)**

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

**Net Position (continued)**

- 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 – This component of net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – This component of 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

The following GASB Statements became effective for the fiscal year ended June 30, 2017:

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. The adoption of this Statement had no impact on the School 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. The adoption of this Statement had no impact on the School District's financial statements.

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*. The adoption of this Statement had no impact on the School District's financial statements.

**Impact of Recently Issued Accounting Principles (continued)**

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. The adoption of this Statement had no impact on the School District's financial statements.

**Recently Issued Accounting Pronouncements**

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

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2017 (continued)**

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

**Recently Issued Accounting Pronouncements (continued)**

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, *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 School 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 have a material impact on the School 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 have a material impact on the School 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 School District's financial statements.

Statement No. 83, *Certain Asset Retirement Obligations*. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 84, *Fiduciary Activities*. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.



**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

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

**Recently Issued Accounting Pronouncements (continued)**

Statement No. 85, *Omnibus 2017*. This Statement provides guidance that addresses several different accounting and financial reporting issues identified during the implementation and application of other GASB pronouncements. The guidance in Statement No. 85 is effective for periods beginning after June

15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 86, *Accounting for Certain Debt Extinguishment*. Statement No. 86 provides guidance for transactions in which cash and other monetary assets acquired with only existing resources, that is, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. Statement No. 86 is effective for reporting periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after December 15, 2019. Management does not expect this Statement to have a material impact on the School District's financial statements.

**Note 2: Deposits and Investments**

**Deposits**

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 depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 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 fund or other 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, 2017, the School District's bank balance of \$4,786,907 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$	4,178,239
Uninsured and Uncollateralized		608,668
		4,786,907
		4,786,907

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 3: Reserve Accounts**

**Capital Reserve**

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 School District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a School 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 (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A School District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant *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, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$	543,360
Increased by:		
Deposits approved by Board		550,000
		1,093,360
Decreased by:		
Budget Withdrawals		(205,000)
		(205,000)
Ending Balance, June 30, 2017	\$	888,360

The June 30, 2017 LRFP balance of local support costs of uncompleted capital projects at June 30, 2017 is 9,489,125. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the School District's Long Rang Facilities Plan.

**Maintenance Reserve**

The School District established a maintenance reserve account by inclusion of \$150,000 on June 25, 2011 for the accumulation of funds for use as required maintenance of a facility in subsequent fiscal years. 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, 2016 to June 30, 2017 fiscal year is as follows:

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 3: Reserve Accounts (continued)**

**Maintenance Reserve (continued)**

Beginning Balance, July 1, 2016	\$	250,000
Increased by:		
Deposits approved by Board		340,000
		590,000
Decreased by:		
Budget Withdrawals		(200,000)
		(200,000)
Ending Balance, June 30, 2017	\$	390,000

**Emergency Reserve**

An emergency reserve account was established by inclusion of \$65,000 during June 2008 for the accumulation of funds for use as maintenance expenditures in subsequent fiscal years. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The emergency reserve account is 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. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1 percent of the general fund budget not to exceed \$1 million. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. The department has defined year end for the purpose of depositing surplus into reserve accounts as an amount approved by the district board of education between June 1 and June 30. 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 4 percent.

The activity of the emergency reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$	300,000
		300,000
Ending Balance, June 30, 2017	\$	300,000

**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

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 3: Reserve Accounts (continued)**

**Tuition Reserve Account (continued)**

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 the 2017/2018 School budget to finance unanticipated tuition expenditures. The District then added \$100,000 in 2017 for use in the 2018/2019 School budget. The tuition reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the tuition reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	<u>\$</u>	<u>100,000</u>
Increased by:		
Deposits approved by Board		<u>100,000</u>
Ending Balance, June 30, 2017	<u>\$</u>	<u>200,000</u>

**Note 4: Accounts Receivable**

Accounts receivable at June 30, 2017 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state and federal programs, the current fiscal year guarantee of federal funds and the budgetary control of New Jersey governmental entities. Accounts receivable in the School District's governmental and business-type activities as of June 30, 2017, consisted of the following:

<u>Description</u>	Governmental Funds				Proprietary Funds		Total <u>Business-Type Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	Total <u>Governmental Activities</u>	<u>Food Service Fund</u>	<u>Other Funds</u>	
Federal Awards	\$ -	\$ 37,185	\$ -	\$ 37,185	\$ 3,057	\$ -	\$ 3,057
State Awards	243,006	-	-	243,006	142	-	142
Other	49,830	5,166	-	54,996	100	9,373	9,473
<b>Total</b>	<u>\$ 292,836</u>	<u>\$ 42,351</u>	<u>\$ -</u>	<u>\$ 335,187</u>	<u>\$ 3,299</u>	<u>\$ 9,373</u>	<u>\$ 12,672</u>

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 5: Capital Assets**

Capital assets activity for the year ended June 30, 2017 was as follows:

<b>Governmental Activities:</b>	<b>June 30, 2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>Adjustment</b>	<b>June 30, 2017</b>
Sites (Land)	\$ 5,419,448	\$ -	\$ -	\$ -	\$ 5,419,448
Buildings & Building Improvements	78,926,696	206,655	-	(35,892)	79,097,459
Machinery & Equipment	<u>4,204,618</u>	<u>279,000</u>	<u>-</u>	<u>-</u>	<u>4,483,618</u>
Subtotal	88,550,762	485,655	-	(35,892)	89,000,525
Accumulated Depreciation - Building & Improvements	(21,562,691)	(1,993,787)	-	158,780	(23,397,698)
Accumulated Depreciation - Machinery & Equipment	<u>(2,721,041)</u>	<u>(168,650)</u>	<u>-</u>	<u>-</u>	<u>(2,889,691)</u>
Total	<u>\$ 64,267,030</u>	<u>\$ (1,676,782)</u>	<u>\$ -</u>	<u>\$ 122,888</u>	<u>\$ 62,713,136</u>
<b>Business Type Activities:</b>					
Machinery & Equipment	\$ 714,115	\$ -	\$ -	\$ -	\$ 714,115
Accumulated Depreciation	<u>(349,002)</u>	<u>(39,370)</u>	<u>-</u>	<u>-</u>	<u>(388,372)</u>
Total	<u>\$ 365,113</u>	<u>\$ (39,370)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 325,743</u>

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 5: Capital Assets (continued)**

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

<b>Governmental Activities:</b>	
Unallocated	\$ 2,162,437
Total Depreciation Expense - Governmental Activities	\$ 2,162,437
 <b>Business-Type Activities:</b>	
Food Service Fund	\$ 39,370
Total Depreciation Expense - Business-Type Activities	\$ 39,370

**Note 6: Interfund Receivables, Payables and Transfers**

Individual fund receivables/payables balances at June 30, 2017 are as follows:

<b>Fund</b>	<b>Interfund Receivables</b>	<b>Interfund Payables</b>
General Fund	\$ 8,000	\$ -
Payroll Agency Fund	-	8,000
	\$ 8,000	\$ 8,000

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2017 (continued)**

**Note 7: Long-Term Obligations**

During the fiscal year-ended June 30, 2017 the following changes occurred in long-term obligations for the governmental and business-type activities:

	Balance <u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2017</u>	Balance Due Within <u>One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 49,410,000	\$ 9,660,000	\$ 11,315,000	\$ 47,755,000	\$ 1,840,000
Capital Leases	561,386	279,000	268,267	572,119	207,603
Unamortized Bond Premiums		-		-	
Compensated Absences	477,580	45,784	-	523,364	-
Net Pension Liability	13,115,886	3,305,717	-	16,421,603	-
Bond Premium	3,098,277	90,072	227,378	2,960,971	163,963
	<u>\$ 66,663,129</u>	<u>\$ 13,380,573</u>	<u>\$ 11,810,645</u>	<u>\$ 68,233,057</u>	<u>\$ 2,211,566</u>

For governmental activities, the bonds payable are liquidated from the School District's debt service fund. Compensated absences and net pension liability are liquidated by the general fund.

**Bonds Payable**

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness.

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.

On December 15, 2016, the District issued \$9,660,000 refunding bonds with interest rates ranging from 3.00% to 4.00% to advance refund \$9,560,000 school bonds with interest rates ranging from 4.00% to

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 7: Long-Term Obligations (continued)**

**Bonds Payable (continued)**

4.375%. The refunding bonds mature on February 15, 2015 through 2035. 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, 2018. The advance refunding met the requirements of an insubstance debt defeasance and the school bonds were removed from the District's financial statements. The net present value of savings on these refunding bonds was \$562,386 or 5.88% over the life of the bonds.

Year Ended		<u>Principal</u>		<u>Interest</u>		<u>Total</u>
June 30						
2018	\$	1,840,000	\$	1,888,254	\$	3,728,254
2019		1,925,000		1,812,369		3,737,369
2020		2,010,000		1,728,844		3,738,844
2021		2,100,000		1,641,594		3,741,594
2022		2,200,000		1,543,006		3,743,006
2023-2027		12,550,000		6,382,419		18,932,419
2028-2032		15,665,000		3,544,506		19,209,506
2033-2037		9,465,000		704,744		10,169,744
	\$	47,755,000	\$	19,245,736	\$	67,000,736

**Obligations Under Capital Leases**

The District is leasing equipment and vehicles totaling \$629,152 under capital leases. The following is a schedule of the future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2017:

<b>Fiscal Year Ending</b>	
<b><u>June 30,</u></b>	
2018	\$ 251,028
2019	170,020
2020	117,578
2021	90,526
Total Minimum Lease Payments	<u>629,152</u>
Less: Amount Representing Interest	(25,641)
Present Value of Lease Payments	<u>\$ 603,511</u>

**Bonds Authorized but not Issued**

As of June 30, 2017, the School District had no bonds authorized but not issued.



**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8: Pension Plans**

**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).

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.

**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 2016, 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 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.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8: Pension Plans (continued)**

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

**Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources** - At June 30, 2017, the School District reported a liability of \$16,421,603 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. 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, 2015, to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The School District's proportion measured as of June 30, 2016, was .055446%, which was a decrease of .00298% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the School District recognized full accrual pension expense of \$1,538,804 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2016 measurement date. At June 30, 2017 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
	<b><u>PERS</u></b>	<b><u>PERS</u></b>
Differences between Expected and Actual Experience	\$ 305,392	\$ -
Changes of Assumptions	3,401,679	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	626,171	-
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	491,705	674,604
School District contributions subsequent to measurement date	502,438	-
	\$ 5,327,385	\$ 674,604

\$502,438 as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is due April 1, 2018 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8: Pension Plans (continued)**

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

<b>Year Ending June 30,</b>	<b>PERS</b>
2017	\$ 953,942
2018	953,945
2019	1,105,967
2020	911,667
2021	224,822
	4,150,343
	\$ 4,150,343

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	5.00	-
June 30, 2015	5.00	-
June 30, 2016	5.00	-

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for the 2016, 2015, and 2014 amounts, respectively.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8: Pension Plans (continued)**

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

**Actuarial Assumptions** – The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
 Investment Rate of Return	 7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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, 2016 are summarized in the following table:

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8: Pension Plans (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%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

**Discount Rate** - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 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 contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their 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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the School District's proportionate share of the net pension liability as of June 30, 2016, calculated using the discount rate of 3.98% as well as what the School 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 or 1-percentage point higher than the current rate:

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8: Pension Plans (continued)**

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

	<b>PERS</b>		
	<b>1% Decrease <u>(2.98%)</u></b>	<b>Current Discount Rate <u>(3.98%)</u></b>	<b>1% Increase <u>(4.98%)</u></b>
District's Proportionate Share of the Net Pension Liability	\$ 20,122,758	\$ 16,421,603	\$ 13,365,979

**Additional Information** - The following is a summary of the collective balances of the local group at June 30, 2017 and 2016:

Collective Balances at June 30, 2017 and June 30, 2016

	<u>6/30/2017</u>	<u>6/30/2016</u>
Actuarial valuation date (including roll forward)	June 30, 2016	June 30, 2015
Deferred Outflows of Resources	\$ 4,824,947	\$ 2,345,314
Deferred Inflows of Resources	\$ 674,604	\$ 454,443
Net Pension Liability	\$ 16,421,603	\$ 13,115,886
School District's portion of the Plan's total net pension Liability	0.05446%	0.05843%

**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/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.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.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8: Pension Plans (continued)**

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

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.

**Contributions** - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.2% in State fiscal year 2017. 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 2016, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, 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, the School District is 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 School District does 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.

**Pension Liability and Pension Expense** - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2016 was \$123,152,076. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2016, the State proportionate share of the TPAF net pension liability attributable to the School District was .15654% which an increase of .00237% from its proportion measured as of June 30, 2015.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8: Pension Plans (continued)**

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

For the fiscal year ended June 30, 2017, the School District recognized \$9,253,165 in on-behalf pension expense and revenue in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2016 measurement date.

**Actuarial Assumptions** – The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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, 2016 are summarized in the following table:



**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8: Pension Plans (continued)**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

**Discount Rate** - The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, 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 contribution rate in the most recent fiscal year. The State contributed 30% of the 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 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate** – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 3.22% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8: Pension Plans (continued)**

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

	<b>TPAF</b>		
	<b>1% Decrease <u>(2.22%)</u></b>	<b>Current Discount Rate <u>(3.22%)</u></b>	<b>1% Increase <u>(4.22%)</u></b>
District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the District	<u>147,071,100.00</u>	<u>123,152,076.00</u>	<u>103,619,106.00</u>
	<u>\$ 147,071,100.00</u>	<u>\$ 123,152,076.00</u>	<u>\$ 103,619,106.00</u>

**Pension Plan Fiduciary Net Position** - 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.

**C. Defined Contribution Retirement Plan (DCRP)**

**Plan Description** - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- Employees enrolled in the Public Employees' Retirement System (PERS) or Teachers' Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2017 is \$8,300 and is subject to adjustment in future years.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8: Pension Plans (continued)**

**C. Defined Contribution Retirement Plan (DCRP) (continued)**

- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees

**Contributions** - The contribution policy is set by N.J.S.A. 43:15C-3 and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3% contribution from the School District.

For the year ended June 30, 2017, employee contributions totaled \$0, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$0.

**Note 9: State Post-Retirement Medical Benefits**

P.L. 1987, c. 384 and P.L. 1990, c.6 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 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. 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 benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, and Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>

**Note 10: On-Behalf Payments for Fringe Benefits and Salaries**

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers' Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 10: On-Behalf Payments for Fringe Benefits and Salaries (continued)**

payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2017, the on-behalf payments for normal costs, post-retirement medical costs, and long-term disability were \$1,814,554, \$1,511,936 and \$4,841, respectively.

**Note 11: Risk Management**

The School 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.

**New Jersey Unemployment Compensation Insurance** – The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the School 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 School 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 trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>School District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ -	\$ 51,388	\$ -	\$ 29,767	\$ 241,054
2015-2016		51,483	-	99,431	219,433
2014-2015	-	51,523	-	51,458	267,381

**Property and Liability Insurance** – The School District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

**Note 12: Contingencies**

**State and Federal Grantor Agencies** - The School District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2017 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

**Litigation** – The School District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the School Districts’ attorney that resolution of these matters will not have a material adverse effect on the financial condition of the School District.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2017 (continued)**

**Note 12: Contingencies (continued)**

**Economic Dependency** – The School 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 School District’s programs and activities.

**Note 13: Deferred Compensation**

The School District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. 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:

Lincoln Investment Planning  
Variable Annuity Life Insurance Company  
Syracusa  
Equitable Life  
Metropolitan Life  
Oppenheimer  
Legend

**Note 14. Compensated Absences**

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

School District employees are granted varying amount of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the School District for the unused sick leave in accordance with School Districts’ agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2017, the liability for compensated absences reported on the government-wide and on the proprietary fund Statement of Net Position was \$523,364 and \$0, respectively.

**Note 15: Tax Abatements**

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2017 (continued)**

**Note 15: Tax Abatements(continued)**

district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

**Note 16: Calculation of Excess Surplus**

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. 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, 2017 was \$197,616.

**Note 17: Fund Balances**

**General Fund** – Of the \$2,686,752 General Fund fund balance at June 30, 2017, \$888,360 has been restricted for the Capital Reserve Account; \$390,000 has been restricted for the Maintenance Reserve Account; \$300,000 has been restricted for the Emergency Reserve Account; \$200,000 has been restricted for the Tuition Reserve Account; \$197,616 has been restricted for current year excess surplus; \$160,000 is restricted for prior year excess surplus – designated for subsequent year's expenditures; \$321,605 has been committed to other purposes; \$47,862 has been assigned for subsequent year's expenditures; and \$181,309 has been unassigned.

**Debt Service Fund** – Of the \$13,577 Debt Service Fund fund balance at June 30, 2017, \$13,577 is restricted for future debt service payments.

**Note 18: Deficit in Net Position**

**Unrestricted Net Position** – The School District governmental activities had a deficit in unrestricted net position in the amount of \$10,345,437 at June 30, 2017. The primary causes of this deficit is the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employee's Retirement System (PERS) as of June 30, 2017. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

**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, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
<b>Revenues:</b>						
<b>Local Sources:</b>						
Local Tax Levy	10-1210	\$ 21,573,349	\$ -	\$ 21,573,349	\$ 21,573,349	\$ -
Tuition from Individuals	10-1310	127,100	-	127,100	95,185	(31,915)
Tuition	10-1320	8,529,647	-	8,529,647	8,594,969	65,322
Transportation	10-1420-1440	53,479	-	53,479	82,777	29,298
Rents and Royalties	10-1910	-	-	-	-	-
Miscellaneous Revenues	10-1XXX	183,500	-	183,500	319,620	136,120
<b>Total Local Sources</b>		<b>30,467,075</b>	<b>-</b>	<b>30,467,075</b>	<b>30,665,900</b>	<b>198,825</b>
<b>State Sources:</b>						
School Choice Aid	10-3116	1,151,850	-	1,151,850	1,151,850	-
Extraordinary Aid	10-3131	183,500	-	183,500	178,471	(5,029)
Categorical Special Education Aid	10-3132	990,729	-	990,729	990,729	-
Equalization Aid	10-3176	2,939,719	-	2,939,719	2,939,719	-
Categorical Security Aid	10-3177	123,383	-	123,383	123,383	-
Categorical Transportation Aid	10-3121	399,444	-	399,444	399,444	-
Non-Public Transportation Aid	10-3XXX	-	-	-	5,394	5,394
PARCC Readiness Aid	10-3XXX	17,005	-	17,005	17,005	-
Per Pupil Growth Aid	10-3XXX	17,005	-	17,005	17,005	-
Professional Learning Community Aid	10-3XXX	16,480	-	16,480	16,480	-
<b>Nonbudgeted:</b>						
Reimbursed TPAF Social Security		-	-	-	1,188,658	1,188,658
On-Behalf TPAF Pension Contribution		-	-	-	1,814,554	1,814,554
On-Behalf TPAF Pension Contribution - Post Retirement Medical		-	-	-	1,511,936	1,511,936
On-Behalf TPAF Pension Contribution- LTDI		-	-	-	4,841	4,841
<b>Total State Sources</b>		<b>5,839,115</b>	<b>-</b>	<b>5,839,115</b>	<b>10,359,469</b>	<b>4,520,354</b>
Medical Assistance Program (SEMI)	10-4200	20,860	-	20,860	10,402	(10,458)
<b>Total Federal Sources</b>		<b>20,860</b>	<b>-</b>	<b>20,860</b>	<b>10,402</b>	<b>(10,458)</b>
<b>Total Revenues</b>		<b>36,327,050</b>	<b>-</b>	<b>36,327,050</b>	<b>41,035,771</b>	<b>4,708,721</b>
<b>Expenditures:</b>						
<b>Current Expense:</b>						
<b>Instruction - Regular Programs:</b>						
<b>Salaries of Teachers:</b>						
Kindergarten	11-110-100-101	149,499	168	149,667	149,667	-
Grades 1-5	11-120-100-101	2,029,332	74,014	2,103,346	2,102,968	378
Grades 6 - 8	11-130-100-101	2,000,868	(129,850)	1,871,018	1,871,015	3
Grades 9 - 12	11-140-100-101	5,423,017	25,867	5,448,884	5,448,881	3
<b>Home Instruction:</b>						
Salaries of Teachers	11-150-100-101	20,000	(2,298)	17,702	16,940	762
Purchased Professional - Educational Services	11-150-100-320	16,000	(7,923)	8,077	7,077	1,000
<b>Regular Programs - Undistributed Instruction:</b>						
Other Salaries for Instruction	11-190-100-106	-	-	-	-	-
Other Purchased Services	11-190-100-500	477,771	(39,567)	438,204	388,154	50,050
General Supplies	11-190-100-610	421,551	198,480	620,031	535,389	84,642
Textbooks	11-190-100-640	71,700	233	71,933	50,561	21,372
Other Objects	11-190-100-800	29,200	(9,130)	20,070	18,021	2,049
<b>Total Regular Programs</b>		<b>10,638,938</b>	<b>109,994</b>	<b>10,748,932</b>	<b>10,588,673</b>	<b>160,259</b>

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	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	3,138,863	28,087	3,166,950	3,166,947	3
Other Salaries for Instruction	11-213-100-106	288,487	(16,941)	271,546	271,545	1
Purchased Prof - Ed Services	11-213-100-320	2,000	3,407	5,407	5,407	-
General Supplies	11-213-100-610	20,875	(5,716)	15,159	14,746	413
Textbooks	11-213-100-640	1,500	(500)	1,000	575	425
Other Objects	11-213-100-800	1,000	(480)	520	520	-
<b>Total Resource Room</b>		<b>3,452,725</b>	<b>7,857</b>	<b>3,460,582</b>	<b>3,459,740</b>	<b>842</b>
<b>Preschool Disabilities - Full Time:</b>						
Salaries of Teachers	11-216-100-101	245,426	(8,481)	236,945	236,797	148
Other Purchased Services	11-216-100-106	153,324	(8,619)	144,705	144,704	1
General Supplies	11-216-100-600	4,500	-	4,500	4,088	412
<b>Total Preschool Disabilities - Full-Time</b>		<b>403,250</b>	<b>(17,100)</b>	<b>386,150</b>	<b>385,589</b>	<b>561</b>
<b>Home Instruction:</b>						
Salaries of Teachers	11-219-100-101	-	4,980	4,980	4,979	1
<b>Total Home Instruction</b>		<b>-</b>	<b>4,980</b>	<b>4,980</b>	<b>4,979</b>	<b>1</b>
<b>Total Special Education</b>		<b>3,855,975</b>	<b>(4,263)</b>	<b>3,851,712</b>	<b>3,850,308</b>	<b>1,404</b>
<b>Basic Skills/Remedial:</b>						
Salaries of Teachers	11-230-100-101	330,457	61,025	391,482	391,481	1
Other Salaries for Instruction	11-230-100-106	-	-	-	-	-
General Supplies	11-230-100-610	6,547	(801)	5,746	4,177	1,569
<b>Total Basic Skills/Remedial</b>		<b>337,004</b>	<b>60,224</b>	<b>397,228</b>	<b>395,658</b>	<b>1,570</b>
<b>Bilingual Education:</b>						
Salaries of Teachers	11-240-100-101	60,507	24,254	84,761	84,760	1
General Supplies	11-240-100-610	1,000	-	1,000	257	743
<b>Total Bilingual Education</b>		<b>61,507</b>	<b>24,254</b>	<b>85,761</b>	<b>85,017</b>	<b>744</b>
<b>School Sponsored Cocurricular Activities- Instruction:</b>						
Salaries	11-401-100-100	255,078	(3,232)	251,846	230,455	21,391
Purchased Services	11-401-100-500	8,600	(1,000)	7,600	4,250	3,350
Supplies and Materials	11-401-100-600	12,200	-	12,200	10,377	1,823
Other Objects	11-401-100-800	-	-	-	-	-
<b>Total School Sponsored Cocurricular Activities</b>		<b>275,878</b>	<b>(4,232)</b>	<b>271,646</b>	<b>245,082</b>	<b>26,564</b>

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
School Sponsored Athletics - Instruction:						
Salaries	11-402-100-100	475,353	4,013	479,366	477,072	2,294
Purchased Services	11-402-100-500	77,400	(6,828)	70,572	63,579	6,993
Supplies and Materials	11-402-100-600	49,972	10,657	60,629	59,296	1,333
Other Objects	11-402-100-800	26,614	(2,647)	23,967	22,662	1,305
Total School Sponsored Athletics Instruction		629,339	5,195	634,534	622,609	11,925
Total Instruction		15,798,641	191,172	15,989,813	15,787,347	202,466
Undistributed Expenditures:						
Instruction :						
Tuition to Other LEAs Within the State - Regular	11-000-100-561	-	-	-	-	-
Tuition to Other LEAs	11-000-100-562	21,318	-	21,318	21,318	-
Tuition to County Vocational School District - Regular	11-000-100-563	166,890	(15,453)	151,437	123,210	28,227
Tuition to County Vocational School District - Special	11-000-100-564	78,600	-	78,600	42,000	36,600
Tuition to CSSD & Regional Day School	11-000-100-565	119,395	(35,798)	83,597	54,010	29,587
Tuition to Private School for the Handicapped - State	11-000-100-566	903,790	(252,355)	651,435	609,956	41,479
Tuition - State Facilities	11-000-100-568	-	-	-	-	-
Total Undistributed Expenditures - Instruction		1,289,993	(303,606)	986,387	850,494	135,893
Attendance & Social Work Services:						
Salaries	11-000-211-100	75,570	7,763	83,333	83,188	145
Other Purchased Services	11-000-211-500	5,500	56	5,556	5,406	150
Supplies and Materials	11-000-211-600	250	-	250	182	68
Total Attendance & Social Work Services		81,320	7,819	89,139	88,776	363
Health Services:						
Salaries	11-000-213-100	246,232	-	246,232	244,104	2,128
Purchased Professional & Technical Services	11-000-213-300	36,600	-	36,600	29,366	7,234
Supplies and Materials	11-000-213-600	5,500	-	5,500	5,300	200
Total Health Services		288,332	-	288,332	278,770	9,562

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Speech, OT, PT & Related Services:						
Salaries	11-000-216-100	577,940	1,448	579,388	579,384	4
Purchased Services	11-000-216-320	118,400	87,413	205,813	189,505	16,308
Supplies and Materials	11-000-216-600	3,150	4	3,154	3,035	119
Total Speech, OT, PT & Related Services		699,490	88,865	788,355	771,924	16,431
Other Support Services - Students - Extra Services:						
Salaries	11-000-217-100	394,742	(15,808)	378,934	372,954	5,980
Purchased Professional Ed. Services	11-000-217-320	68,000	(5,074)	62,926	37,220	25,706
Supplies and Materials	11-000-217-600	-	-	-	-	-
Total Other Support Services-Students-Extra Services		462,742	(20,882)	441,860	410,174	31,686
Guidance:						
Salaries of Other Professional Staff	11-000-218-104	637,760	(15,000)	622,760	622,597	163
Salaries of Secretarial & Clerical Assistants	11-000-218-105	99,602	-	99,602	99,189	413
Purchased Professional - Educational Services	11-000-218-320	9,300	2,069	11,369	11,178	191
Other Purchased Professional & Technical Services	11-000-218-390	5,800	-	5,800	5,720	80
Other Purchased Services	11-000-218-500	15,645	1,306	16,951	16,951	-
Supplies and Materials	11-000-218-600	3,000	-	3,000	2,748	252
Total Guidance		771,107	(11,625)	759,482	758,383	1,099
Child Study Teams:						
Salaries of Other Professional Staff	11-000-219-104	816,792	14,507	831,299	830,831	468
Salaries of Secretarial & Clerical Assistants	11-000-219-105	143,462	1,213	144,675	144,675	-
Purchased Professional - Educational Services	11-000-219-320	26,000	3,353	29,353	24,699	4,654
Other Purchased Services (400-500 series)	11-000-219-500	700	-	700	499	201
Miscellaneous Purchased Services	11-000-219-592	10,100	-	10,100	6,600	3,500
Supplies and Materials	11-000-219-600	13,125	-	13,125	10,085	3,040
Other Objects	11-000-219-800	1,100	-	1,100	820	280
Total Child Study Teams		1,011,279	19,073	1,030,352	1,018,209	12,143

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	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>						
Salaries of Supervisors of Instruction	11-000-221-102	282,810	1,428	284,238	284,237	1
Salaries of Other Professional Staff	11-000-221-104	35,822	(448)	35,374	27,967	7,407
Salaries of Secretarial & Clerical Assistants	11-000-221-105	47,425	-	47,425	47,425	-
Salaries of Facilitators, Math Literacy Coaches	11-000-221-176	82,700	-	82,700	82,700	-
Other Purchased Services	11-000-221-500	-	-	-	-	-
Supplies and Materials	11-000-221-600	10,600	-	10,600	9,455	1,145
Other Objects	11-000-221-800	2,600	-	2,600	348	2,252
<b>Total Improvement of Instruction Services/Other Support Services Instructional Staff</b>		<b>461,957</b>	<b>980</b>	<b>462,937</b>	<b>452,132</b>	<b>10,805</b>
<b>Educational Media Services/School Library:</b>						
Salaries	11-000-222-100	398,692	5,050	403,742	403,740	2
Salaries of Tech Coordinators	11-000-222-177	111,373	(2,014)	109,359	103,890	5,469
Other Purchased Services	11-000-222-500	-	1,864	1,864	1,864	-
Supplies and Materials	11-000-222-600	46,707	872	47,579	45,604	1,975
<b>Total Educational Media Services/School Library</b>		<b>556,772</b>	<b>5,772</b>	<b>562,544</b>	<b>555,098</b>	<b>7,446</b>
<b>Support Services Instructional Staff Training Service:</b>						
Salaries of Other Professional Purchased Professional - Educational Services	11-000-223-104	51,767	(12,957)	38,810	10,698	28,112
Other Purchased Services	11-000-223-320	3,000	2,000	5,000	5,000	-
Supplies and Materials	11-000-223-500	29,724	825	30,549	27,273	3,276
Other Objects	11-000-223-600	4,235	1,165	5,400	3,413	1,987
	11-000-223-800	3,300	(1,046)	2,254	788	1,466
<b>Total Support Services Instructional Training Services</b>		<b>92,026</b>	<b>(10,013)</b>	<b>82,013</b>	<b>47,172</b>	<b>34,841</b>
<b>Support Services General Administration:</b>						
Salaries	11-000-230-100	202,835	21,949	224,784	224,783	1
Legal Services	11-000-230-331	39,120	107,304	146,424	140,774	5,650
Audit Services	11-000-230-332	37,026	(211)	36,815	36,815	-
Architectural/Engineering Services	11-000-230-334	16,500	18,400	34,900	23,961	10,939
Other Purchased Professional Services	11-000-230-339	7,275	(645)	6,630	6,630	-
Communications/Telephone	11-000-230-530	98,125	(20,604)	77,521	77,293	228
Other Purchased Services	11-000-230-590	82,620	1,437	84,057	84,005	52
General Supplies	11-000-230-610	14,074	(10,915)	3,159	2,992	167
BOE In-House Training/Meeting Supplies	11-000-230-630	500	(500)	-	-	-
Judgments Against the School District	11-000-230-820	3,792	12,569	16,361	16,360	1
Miscellaneous Expenditures	11-000-230-890	6,230	(2,050)	4,180	4,178	2
BOE Membership Dues & Fees	11-000-230-895	15,295	(85)	15,210	15,209	1
<b>Total Support Services General Administration</b>		<b>523,392</b>	<b>126,649</b>	<b>650,041</b>	<b>633,000</b>	<b>17,041</b>

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	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	859,599	7,344	866,943	866,858	85
Salaries of Secretarial & Clerical Assistants	11-000-240-105	504,592	(45,646)	458,946	458,944	2
Purchased Prof. & Tech. Svcv.	11-000-240-300	3,625	2,855	6,480	6,480	-
Other Purchased Services	11-000-240-500	16,330	5,948	22,278	22,267	11
Supplies and Materials	11-000-240-600	10,999	(4,381)	6,618	5,707	911
Other Objects	11-000-240-800	1,000	5,718	6,718	6,718	-
<b>Total Support Services School Administration</b>		<b>1,396,145</b>	<b>(28,162)</b>	<b>1,367,983</b>	<b>1,366,974</b>	<b>1,009</b>
<b>Central Services:</b>						
Salaries	11-000-251-100	386,279	994	387,273	387,247	26
Purchased Professional Services	11-000-251-330	3,500	(1,610)	1,890	1,840	50
Purchased Technical Services	11-000-251-340	26,545	6,222	32,767	31,995	772
Miscellaneous Purchased Services	11-000-251-592	10,210	(4,053)	6,157	6,101	56
Supplies & Materials	11-000-251-600	6,310	4,639	10,949	9,817	1,132
Miscellaneous Expenditures	11-000-251-890	4,500	(1,251)	3,249	3,249	-
<b>Total Central Services</b>		<b>437,344</b>	<b>4,941</b>	<b>442,285</b>	<b>440,249</b>	<b>2,036</b>
<b>Administrative Information Technology:</b>						
Salaries	11-000-252-100	88,113	(2,614)	85,499	85,102	397
Purchased Professional Services	11-000-252-330	16,830	-	16,830	14,080	2,750
Other Purchased Services	11-000-252-500	-	-	-	-	-
Supplies and Materials	11-000-252-600	9,750	25,319	35,069	12,399	22,670
<b>Total Administrative Information Technology</b>		<b>114,693</b>	<b>22,705</b>	<b>137,398</b>	<b>111,581</b>	<b>25,817</b>
<b>Required Maintenance for School Facilities:</b>						
Salaries	11-000-261-100	213,614	4,427	218,041	216,829	1,212
Cleaning, Repair & Maintenance Services	11-000-261-420	109,454	460,340	569,794	351,548	218,246
General Supplies	11-000-261-610	51,416	21,718	73,134	65,498	7,636
<b>Total Required Maintenance for School Facilities</b>		<b>374,484</b>	<b>486,485</b>	<b>860,969</b>	<b>633,875</b>	<b>227,094</b>



**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
<b>Custodial Services:</b>						
Salaries	11-000-262-100	893,104	(10,029)	883,075	863,664	19,411
Salaries of Non-Instructional Aides	11-000-262-107	108,779	28,970	137,749	137,561	188
Cleaning, Repair & Maintenance Services	11-000-262-420	47,400	10,300	57,700	51,631	6,069
Other Purchased Property Services	11-000-262-490	184,000	(2,786)	181,214	179,157	2,057
Insurance	11-000-262-520	204,353	5,291	209,644	209,644	-
Travel	11-000-262-580	443	768	1,211	1,150	61
Miscellaneous Purchased Services	11-000-262-590	1,447	-	1,447	88	1,359
General Supplies	11-000-262-610	183,753	(25,094)	158,659	157,581	1,078
Energy (Natural Gas)	11-000-262-621	150,000	(17,994)	132,006	125,395	6,611
Energy (Electricity)	11-000-262-622	600,000	(73,624)	526,376	497,000	29,376
Energy (Gasoline)	11-000-262-626	18,100	(7,648)	10,452	8,321	2,131
Other Objects	11-000-262-800	2,000	1,420	3,420	3,412	8
<b>Total Custodial Services</b>		<b>2,393,379</b>	<b>(90,426)</b>	<b>2,302,953</b>	<b>2,234,604</b>	<b>68,349</b>
<b>Care &amp; Upkeep of Grounds</b>						
Cleaning, Repair & Maintenance Salaries	11-000-263-100	172,431	4,884	177,315	177,314	1
Cleaning, Repair & Maintenance General Supplies	11-000-263-420 11-000-263-610	2,800 45,795	10,700 (12,200)	13,500 33,595	11,479 32,743	2,021 852
<b>Total Care &amp; Upkeep of Grounds</b>		<b>221,026</b>	<b>3,384</b>	<b>224,410</b>	<b>221,536</b>	<b>2,874</b>
<b>Security</b>						
Salaries	11-000-266-100	156,242	11,320	167,562	163,858	3,704
Cleaning, Repair & Maintenance General Supplies	11-000-266-420 11-000-266-610	7,710 10,465	4,200 1,494	11,910 11,959	7,410 5,276	4,500 6,683
<b>Total Security</b>		<b>174,417</b>	<b>17,014</b>	<b>191,431</b>	<b>176,544</b>	<b>14,887</b>
<b>Student Transportation Services:</b>						
Salaries for Pupil Transportation (Between Home & School) - Regular	11-000-270-160	36,727	2,325	39,052	38,976	76
Salaries for Pupil Transportation (Other Than Between Home & School)	11-000-270-162	1,100	5,495	6,595	5,967	628
Purchased Professional & Technical Services	11-000-270-390	80,924	1,894	82,818	82,817	1
Cleaning, Repair & Maintenance Services	11-000-270-420	10,000	14,228	24,228	24,228	-
Contracted Services (Other Than Between School) - Vendors	11-000-270-511	891,962	82,523	974,485	974,482	3

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	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	16,619	148,094	140,011	8,083
Contracted Services (Between Home & Home & School) Joint Agreements	11-000-270-513	21,640	124,854	146,494	146,494	-
Contracted Services (Special Education) Vendors	11-000-270-514	317,853	248,806	566,659	560,827	5,832
Contracted Services (Regular Contract Svc (Sp Ed.) -joint agreements	11-000-270-515	42,000	(42,000)	-	-	-
Students) - ESCs & CTSAs	11-000-270-517	89,779	(89,779)	-	-	-
Contracted Services (Special Education Students) - ESCs & CTSAs	11-000-270-518	170,561	(170,000)	561	-	561
Aid in Lieu of Payments-Nonpublic	11-000-270-503	35,360	(4,529)	30,831	29,172	1,659
Miscellaneous Purchased Services - Transportation	11-000-270-593	22,910	(22,848)	62	-	62
Transportation Supplies	11-000-270-615	20,645	(6,592)	14,053	9,645	4,408
Other Objects	11-000-270-800	1,200	-	1,200	205	995
						-
Total Student Transportation Services		1,874,136	160,996	2,035,132	2,012,824	22,308
Unallocated Benefits - Employee Benefits:						
Social Security	11-000-291-220	528,304	(13,480)	514,824	422,345	92,479
Other Retirement Contributions - PERS	11-000-291-241	527,165	(30,921)	496,244	495,409	835
Other Retirement Contributions - Regular	11-000-291-249	6,000	-	6,000	-	6,000
Unemployment Compensation	11-000-291-250	-	-	-	-	-
Worker's Compensation	11-000-291-260	281,070	526	281,596	281,594	2
Health Benefits	11-000-291-270	5,859,340	(214,427)	5,644,913	5,372,818	272,095
Tuition Reimbursement	11-000-291-280	52,455	-	52,455	52,455	-
Other Employee Benefits	11-000-291-290	137,871	13,986	151,857	137,672	14,185
Total Unallocated Benefits - Employee Benefits		7,392,205	(244,316)	7,147,889	6,762,293	385,596
Nonbudgeted:						
Reimbursed TPAF Social Security Contribution		-	-	-	1,188,658	(1,188,658)
On-Behalf TPAF Pension Contributions		-	-	-	1,814,554	(1,814,554)
On-Behalf TPAF Pension Contributions - Post Retirement Medical		-	-	-	1,511,936	(1,511,936)
On-Behalf TPAF Pension Contributions -LTDI					4,841	(4,841)
Total Nonbudgeted		-	-	-	4,519,989	(4,519,989)
Total Undistributed Expenditures		20,616,239	235,653	20,851,892	24,344,601	(3,492,709)
Total Expenditures - Current Expense		36,414,880	426,825	36,841,705	40,131,948	(3,290,243)

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Capital Outlay:						
Equipment:						
Regular Programs - Instruction:						
Grades 1 - 5	12-130-100-730	-	3,000	3,000	-	3,000
Grades 9 - 12	12-140-100-730	7,500	-	7,500	3,563	3,937
Athletic Equipment	12-402-100-730	-	2,187	2,187	-	2,187
Instruction	12-000-100-730	-	-	-	-	-
Required Maintenance of School Facilities	12-000-261-730	-	20,500	20,500	-	20,500
Undistributed Expense - Care & Upkeep of Grounds	12-000-263-730	-	-	-	-	-
Total Equipment		7,500	25,687	33,187	3,563	29,624
Facilities Acquisition & Construction Services:						
Other Purchased Prof & Tech Service	12-000-400-300	15,000	10,055	25,055	25,054	1
Construction Services	12-000-400-450	185,000	5,665	190,665	178,038	12,627
Assessment for Debt Service on SDA Funding	12-000-400-896	164,942	-	164,942	164,942	-
Total Facilities Acquisition & Construction Services		364,942	15,720	380,662	368,034	12,628
Assets Acquired Under Capital Leases (Nonbudgeted)		-	-	-	279,000	(279,000)
Total Capital Outlay		372,442	41,407	413,849	650,597	(236,748)
Total Expenditures		36,787,322	468,232	37,255,554	40,782,545	(3,526,991)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		(460,272)	(468,232)	(928,504)	253,226	1,181,730
Other Financing Sources/(Uses):						
Cancellation of Prior Year Payables		-	-	-	28,841	28,841
Capital Lease Proceeds (Nonbudgeted)		-	-	-	279,000	279,000
Total Other Financing Sources/(Uses)		-	-	-	307,841	307,841

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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)	(460,272)	(468,232)	(928,504)	561,067	1,489,571
Fund Balances, July 1	<u>2,669,441</u>	<u>-</u>	<u>2,669,441</u>	<u>2,669,441</u>	<u>-</u>
Fund Balances, June 30	<u>2,209,169</u>	<u>(468,232)</u>	<u>1,740,937</u>	<u>3,230,508</u>	<u>1,489,571</u>

**RECAPITULATION OF TRANSFERS:**

Prior Year Reserve for Encumbrances	(263,233)
Withdrawal from Capital Reserve (Approved October 5, 2016)	(5,000)
Withdrawal from Capital Reserve (Approved January 4, 2017)	(243,360)
Withdrawal from Maintenance Reserve (Approved January 4, 2017)	(200,000)
Rescinded Capital Reserve Allocation (Approved June 7, 2017)	<u>243,360</u>
	<u>(468,233)</u>

**RECAPITULATION OF FUND BALANCE:**

Restricted Fund Balance:	
Capital Reserve	888,360
Maintenance Reserve	390,000
Emergency Reserve	300,000
Tuition Reserve - Current Adjustment	100,000
Tuition Reserve - Prior Year Adjustment	100,000
Excess Surplus	197,616
Excess Surplus Designated for Subsequent Year's Expenditures	160,000
Committed Fund Balance:	
Year-end Encumbrances	321,605
Assigned Fund Balance:	
Designated for Subsequent Year's Expenditures	47,862
Unassigned Fund Balance	<u>725,065</u>
Subtotal	3,230,508
Reconciliation to Governmental Fund Statements (GAAP):	
Last State Aid Payment Not Recognized on GAAP Basis	<u>(543,756)</u>
Fund Balance Per Governmental Funds (GAAP)	<u>2,686,752</u>

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ORIGINAL BUDGET	BUDGET TRANSFERS/ ADJUSTMENTS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
<b>Revenues:</b>					
State Sources	\$ 29,196	\$ 11,988	\$ 41,184	\$ 26,651	\$ (14,533)
Federal Sources	566,421	-	566,421	547,861	(18,560)
Local Sources	27,373	29,079	56,452	20,994	(35,458)
<b>Total Revenues</b>	<b>622,990</b>	<b>41,067</b>	<b>664,057</b>	<b>595,506</b>	<b>(68,551)</b>
<b>Expenditures:</b>					
<b>Instruction:</b>					
Salaries of Teachers	35,000	5,500	40,500	35,494	5,006
Purchased Professional Education Services		-		-	-
Tuition	416,519	-	416,519	416,519	-
General Supplies	82,421	34,406	116,827	69,369	47,458
Textbooks	2,882	-	2,882	2,242	640
Other Objects	-	-	-	-	-
<b>Total Instruction</b>	<b>536,822</b>	<b>39,906</b>	<b>576,728</b>	<b>523,624</b>	<b>53,104</b>
<b>Support Services:</b>					
Salaries of Other Professional Staff	31,809	(11,563)	20,246	19,169	1,077
Benefits	8,620	(180)	8,440	7,668	772
Purchased Services	30,690	6,205	36,895	28,983	7,912
Other Purchased Service	9,886	5,304	15,190	11,064	4,126
Travel	500	-	500	500	-
Supplies and Materials	4,663	1,395	6,058	4,498	1,560
<b>Total Support Services</b>	<b>86,168</b>	<b>1,161</b>	<b>87,329</b>	<b>71,882</b>	<b>15,447</b>
<b>Total Expenditures</b>	<b>622,990</b>	<b>41,067</b>	<b>664,057</b>	<b>595,506</b>	<b>68,551</b>
<b>Total Outflows</b>	<b>622,990</b>	<b>41,067</b>	<b>664,057</b>	<b>595,506</b>	<b>68,551</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>

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**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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**OTHER SUPPLEMENTARY INFORMATION**

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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)	\$ 41,035,771	\$ 595,506
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	-	(24,655)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	537,489	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(543,756)	-
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	\$ 41,029,504	\$ 570,851
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 40,782,545	\$ 595,506
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	-	(24,655)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 40,782,545	\$ 570,851

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

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**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 FOUR FISCAL YEARS**

	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.05446%	0.05843%	0.05450%	0.05635%
District's proportionate share of the net pension liability (asset)	\$ 16,421,603	\$ 13,115,886	\$ 10,203,933	\$ 10,769,358
District's covered-employee payroll*	\$ 3,710,113	\$ 3,694,468	\$ 3,851,068	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	442.62%	355.01%	264.96%	N/A
Plan fiduciary net position as a percentage of the total pension liability	40.14%	47.93%	52.08%	48.72%

\* The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

\*\*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 FOUR FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 502,438	\$ 492,577	\$ 502,323	\$ 449,292
Contributions in relation to the contractually required contribution	502,438	502,323	449,292	424,576
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 3,657,040	\$ 3,710,113	\$ 3,694,468	\$ 3,851,068
Contributions as a percentage of covered-employee payroll	13.74%	13.28%	13.60%	11.67%

\*\*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 FOUR FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.15654%	0.15418%	0.15531%	0.15531%
State's proportionate share of the net pension liability (asset) associated with the District	\$ 123,152,076	\$ 97,445,478	\$ 83,007,855	\$ 79,988,513
District's covered-employee payroll*	\$ 16,663,126	\$ 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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%

\* The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

\*\*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 SCHOOL DISTRICT CONTRIBUTIONS  
TEACHERS' PENSION AND ANNUITY FUND (TPAF)  
LAST FOUR FISCAL YEARS**

This schedule is not applicable. There is a special funding situation where the State of New Jersey pays 100% of the required contributions associated with the School

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

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**Changes in Benefit Terms** - None.

**Changes in Assumptions** - The discount rate changed from 4.13% as of June 30, 2015, to 3.22% as of June 30, 2016.

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

**Changes in Benefit Terms** - None.

**Changes in Assumptions** - The discount rate changed from 4.90 % as of June 30, 2015, to 3.98% as of June 30, 2016.

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**D. School Based Budget Schedules**

Not Applicable

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## E. Special Revenue Fund

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

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	NO CHILD LEFT BEHIND			I.D.E.A. PART B			I.D.E.A. PART B		
	TITLE II PART A	TITLE II CARRYOVER	TITLE I CARRYOVER	BASIC	REGULAR PROGRAM	BASIC	CARRYOVER	PRESCHOOL PROGRAM	
Revenues:									
State Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Federal Sources	24,762	12,941	56,545	9,497	401,940	14,579		13,516	
Local Sources	-	-	-	-	-	-	-	-	
<b>Total Revenues</b>	<b>\$ 24,762</b>	<b>\$ 12,941</b>	<b>\$ 56,545</b>	<b>\$ 9,497</b>	<b>\$ 401,940</b>	<b>\$ 14,579</b>	<b>\$</b>	<b>\$ 13,516</b>	
Expenditures:									
Instruction:									
Salaries of Teachers	\$ -	\$ -	\$ 35,494	\$ -	\$ -	\$ -	\$ -	\$ -	
Tuition	-	-	-	-	401,940	14,579		-	
General Supplies	-	-	14,849	9,497	-	-	-	-	
<b>Total Instruction</b>	<b>-</b>	<b>-</b>	<b>50,343</b>	<b>9,497</b>	<b>401,940</b>	<b>14,579</b>	<b>-</b>	<b>-</b>	
Support Services:									
Salaries	11,463	7,706	-	-	-	-	-	-	
Purchased Professional Education Services	5,760	-	-	-	-	-	-	13,516	
Personal Services - Employee Benefits	877	589	6,202	-	-	-	-	-	
Other Purchases Services Travel	6,662	3,627	-	-	-	-	-	-	
Supplies and Materials	-	1,019	-	-	-	-	-	-	
<b>Total Support Services</b>	<b>24,762</b>	<b>12,941</b>	<b>6,202</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,516</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>-</b>	
<b>Total Expenditures</b>	<b>\$ 24,762</b>	<b>\$ 12,941</b>	<b>\$ 56,545</b>	<b>\$ 9,497</b>	<b>\$ 401,940</b>	<b>\$ 14,579</b>	<b>\$</b>	<b>\$ 13,516</b>	

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	NONPUBLIC				
	TEXTBOOK	SUPPLEMENTARY INSTRUCTION		EXAMINATION	SPEECH SERVICES
Revenues:					
State Sources	\$ 2,242	\$ 2,354	\$ 3,242	\$ 3,227	\$ 884
Federal Sources	-	-	-	-	-
Local Sources	-	-	-	-	-
<b>Total Revenues</b>	<b>\$ 2,242</b>	<b>\$ 2,354</b>	<b>\$ 3,242</b>	<b>\$ 3,227</b>	<b>\$ 884</b>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ -	\$ -	\$ -	\$ -	\$ -
Purchase of Professional Education Services	-	-	-	-	-
Tuition	-	-	-	-	-
General Supplies	-	-	-	-	-
Textbooks	2,242	-	-	-	-
Other Objects	-	-	-	-	-
<b>Total Instruction</b>	<b>2,242</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Support Services:					
Salaries	-	-	-	-	-
Purchased Professional Education Services - Personal Services - Employee Benefits	-	2,354	3,242	3,227	884
Other Purchases Services	-	-	-	-	-
Travel	-	-	-	-	-
<b>Total Support Services</b>	<b>-</b>	<b>2,354</b>	<b>3,242</b>	<b>3,227</b>	<b>884</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>Total Expenditures</b>	<b>\$ 2,242</b>	<b>\$ 2,354</b>	<b>\$ 3,242</b>	<b>\$ 3,227</b>	<b>\$ 884</b>

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	NONPUBLIC TECHNOLOGY	SECURITY	CASE GRANT	PERKINS GRANT	VARIOUS LOCAL GRANTS	TOTALS
<b>Revenues:</b>						
State Sources	\$ 879	\$ 2,600	\$ 11,223	\$ -	\$ -	\$ 26,651
Federal Sources	-	-	-	14,081	-	547,861
Local Sources	-	-	-	-	20,994	20,994
<b>Total Revenues</b>	<b>\$ 879</b>	<b>\$ 2,600</b>	<b>\$ 11,223</b>	<b>\$ 14,081</b>	<b>\$ 20,994</b>	<b>\$ 595,506</b>
<b>Expenditures:</b>						
<b>Instruction:</b>						
Salaries of Teachers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,494
Tuition	-	-	-	-	-	416,519
General Supplies	-	-	11,223	14,081	19,719	69,369
Textbooks	-	-	-	-	-	2,242
<b>Total Instruction</b>	<b>-</b>	<b>-</b>	<b>11,223</b>	<b>14,081</b>	<b>19,719</b>	<b>523,624</b>
<b>Support Services:</b>						
Salaries	-	-	-	-	-	19,169
Purchased Professional Education Services	-	-	-	-	-	28,983
Personal Services - Employee Benefits	-	-	-	-	-	7,668
Other Purchases Services	-	-	-	-	775	11,064
Travel	-	-	-	-	500	500
Supplies and Materials	879	2,600	-	-	-	4,498
<b>Total Support Services</b>	<b>879</b>	<b>2,600</b>	<b>-</b>	<b>-</b>	<b>1,275</b>	<b>71,882</b>
<b>Facilities Acquisition &amp; Construction Services:</b>						
Non-Instructional Equipment	-	-	-	-	-	-
Total Facilities Acquisition & Construction Services	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 879</b>	<b>\$ 2,600</b>	<b>\$ 11,223</b>	<b>\$ 14,081</b>	<b>\$ 20,994</b>	<b>\$ 595,506</b>

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F. Capital Projects Fund

Not Applicable

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## G. Proprietary Funds

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

### FOOD SERVICE FUND

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

### 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, 2017**

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	\$ 22,190	\$ 203,561	\$ 52,619	\$ 37,459	\$ 315,829
Cash with Fiscal Agent					
Accounts Receivable:					
State	142	-	-	-	142
Federal	3,057	-	-	-	3,057
Miscellaneous	100	-	9,373	-	9,473
Inventories	5,900	-	-	-	5,900
Total Current Assets	<u>31,389</u>	<u>203,561</u>	<u>61,992</u>	<u>37,459</u>	<u>334,401</u>
Capital Assets:					
Equipment	714,115	-	-	-	714,115
Accumulated Depreciation	(388,372)	-	-	-	(388,372)
Total Capital Assets	<u>325,743</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>325,743</u>
Total Assets	<u>357,132</u>	<u>203,561</u>	<u>61,992</u>	<u>37,459</u>	<u>660,144</u>
Current Liabilities:					
Accounts Payable	30,969	161	80	-	31,210
Unearned Revenue	-	-	1,500	13,900	15,400
Capital Lease Payable	45,836	-	-	-	45,836
Accrued interest payable	51	-	-	-	51
Total Current Liabilities	<u>76,856</u>	<u>161</u>	<u>1,580</u>	<u>13,900</u>	<u>92,497</u>
NET POSITION					
Investment in Capital Capital	279,907	-	-	-	279,907
Unreserved	369	203,400	60,412	23,559	287,740
Total Net Position	<u>\$ 280,276</u>	<u>\$ 203,400</u>	<u>\$ 60,412</u>	<u>\$ 23,559</u>	<u>\$ 567,647</u>

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
ENTERPRISE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
AS OF JUNE 30, 2017**

	<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	\$ 105,145	\$ -	\$ -	\$ -	\$ 105,145
Total - Daily Sales - Reimbursable Programs	105,145	-	-	-	105,145
Daily Sales Nonreimbursable Programs	451,060	-	-	-	451,060
Fees	-	239,533	158,630	20,575	418,738
Miscellaneous Income	3,498	-	-	5	3,503
Total Operating Revenue	559,703	239,533	158,630	20,580	978,446
Operating Expenses:					
Cost of Sales- Reimbursable Programs	141,054	-	-	-	141,054
Cost of Sales- Non-Reimbursable Program:	144,455	-	-	-	144,455
Salaries	281,408	181,317	115,094	10,725	588,544
Employee Benefits	-	32,813	42,250	820	75,883
Purchased Prof./Tech. Services	53,620	-	-	-	53,620
Supplies and Materials	15,651	5,833	204	-	21,688
Depreciation	39,370	-	-	-	39,370
Miscellaneous	1,157	4,989	-	-	6,146
Total Operating Expenses	676,715	224,952	157,548	11,545	1,070,760
Operating/(Loss)/Gain	(117,012)	14,581	1,082	9,035	(92,314)
Nonoperating Revenues/(Expenses):					
State Sources:					
State School Lunch Program	2,032	-	-	-	2,032
Federal Sources:					
National School Lunch Program	42,768	-	-	-	42,768
Food Distribution Program	33,735	-	-	-	33,735
Total Nonoperating Revenues/(Expenses)	78,535	-	-	-	78,535
Change in Net Position	(38,477)	14,581	1,082	9,035	(13,779)
Net Position - July 1	318,753	188,819	59,330	14,524	581,426
Net Position - June 30	\$ 280,276	\$ 203,400	\$ 60,412	\$ 23,559	\$ 567,647



**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
ENTERPRISE FUND  
COMBINING SCHEDULE OF CASH FLOWS  
AS OF JUNE 30, 2017**

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</u>				TOTAL
	FOOD SERVICE FUND	CHILD WATCH	KINDERGARTEN COMPLEMENT	AHS SUMMER PROGRAMS	BUSINESS-TYPE ACTIVITIES
Cash Flows From Operating Activities:					
Receipts from Customers	\$ 559,703	\$ 239,533	\$ 168,847	\$ 20,580	\$ 988,663
Payments to Employees	(281,408)	(181,317)	(115,094)	(10,725)	(588,544)
Payments to Suppliers	(287,248)	(43,474)	(54,804)	(6,803)	(392,329)
Net Cash Provided/(Used) by Operating Activities	(8,953)	14,742	(1,051)	3,052	7,790
Cash Flows From Noncapital Financing Activities:					
Cash Received From State & Federal Reimbursements	44,117	-	-	-	44,117
Net Cash Provided by Noncapital Financing Activities	44,117	-	-	-	44,117
Cash Flows From Capital & Related Financing Activities:					
(In)/Decrease In Capital Assets	-	-	-	-	-
Proceeds from Capital Lease	-	-	-	-	-
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	11,719	14,742	(1,051)	3,052	28,462
Cash & Cash Equivalents, July 1	9,788	188,819	53,670	34,407	286,684
Cash & Cash Equivalents, June 30	\$ 21,507	\$ 203,561	\$ 52,619	\$ 37,459	\$ 315,146

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

Operating Income/(Loss)	\$ (117,012)	\$ 14,581	\$ 1,082	\$ 9,035	\$ (92,314)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:					
Depreciation Expense	39,370	-	-	-	39,370
Food Distribution Program	33,735	-	-	-	33,735
Bad Debt Expense	-	-	-	-	-
Change in Assets & Liabilities:					
(Increase)/Decrease in Accounts Receivable	(683)	-	10,217	-	9,534
(Increase)/Decrease in Due from Other Funds	-	-	-	-	-
(Increase)/Decrease in Inventory	12,737	-	-	-	12,737
Increase/(Decrease) in Accounts Payable	22,900	161	(410)	(183)	22,468
Increase/(Decrease) in Accrued Interest Payable	-	-	-	-	-
Increase/(Decrease) in Unearned Revenue	-	-	(11,940)	(5,800)	(17,740)
Total Adjustments	108,059	161	(2,133)	(5,983)	100,104
Net Cash Provided/(Used) by Operating Activities	\$ (8,953)	\$ 14,742	\$ (1,051)	\$ 3,052	\$ 7,790

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Internal Service Fund

Not Applicable

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## H. Fiduciary Fund

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

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

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

Unemployment 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, 2017**

ASSETS	PRIVATE PURPOSE		AGENCY		TOTALS
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP TRUST	PAYROLL FUND	STUDENT ACTIVITY	
Cash & Cash Equivalents	\$ 241,054	\$ 53,983	\$ 193,061	\$ 181,094	\$ 669,192
Total Assets	241,054	53,983	193,061	181,094	669,192
LIABILITIES					
Payroll Deductions & Withholdings	-	-	185,061	-	185,061
Interfund Payable	-	-	8,000	-	8,000
Due to Student Groups	-	-	-	181,094	181,094
Total Liabilities	-	-	193,061	181,094	374,155
NET POSITION					
Reserved:					
Unemployment Claims	241,054	-	-	-	241,054
Scholarships Awards	-	53,983	-	-	53,983
Total Net Position	\$ 241,054	\$ 53,983	\$ -	\$ -	\$ 295,037

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
FIDUCIARY FUND  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ADDITIONS:	<u>PRIVATE PURPOSE</u>		<u>TOTALS</u>
	<u>UNEMPLOYMENT COMPENSATION TRUST</u>	<u>SCHOLARSHIP TRUST</u>	
Contributions:			
Deductions From			
Employee's Salaries	\$ 51,388	\$ -	\$ 51,388
Donor Contributions	-	18,530	18,530
Total Contributions	51,388	18,530	69,918
Total Additions	51,388	18,530	69,918
DEDUCTIONS:			
Unemployment Claims	29,767	-	29,767
Scholarships Awarded	-	17,255	17,255
Total Deductions	29,767	17,255	47,022
Change in Net Position	21,621	1,275	22,896
Net Position - Beginning of Year	219,433	52,708	272,141
Net Position - End of Year	\$ 241,054	\$ 53,983	\$ 295,037



**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ASSETS	BALANCE JULY 1, <u>2016</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	BALANCE JUNE 30, <u>2017</u>
Cash and Cash Equivalents:				
High School				
Student Activity Fund	\$ 105,996	\$ 458,532	\$ 438,489	\$ 126,039
Elementary/Middle				
Student Activity Fund	68,250	135,426	148,621	55,055
HS Athletic Fund	-	19,341	19,341	-
MS Athletic Fund	-	7,400	7,400	-
	<hr/>			
Total Assets	\$ 174,246	\$ 620,699	\$ 613,851	\$ 181,094
	<hr/> <hr/>			
LIABILITIES				
Due to Student Groups	\$ 174,246	\$ 620,699	\$ 613,851	\$ 181,094
	<hr/>			
Total Liabilities	\$ 174,246	\$ 620,699	\$ 613,851	\$ 181,094
	<hr/> <hr/>			

**PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ASSETS	BALANCE JULY 1, <u>2016</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	BALANCE JUNE 30, <u>2017</u>
Cash & Cash Equivalents	\$ 168,790	\$ 24,996,457	\$ 24,972,186	\$ 193,061
	<hr/>			
Total Assets	\$ 168,790	\$ 24,996,457	\$ 24,972,186	\$ 193,061
	<hr/> <hr/>			
LIABILITIES				
Payroll Deductions & Withholdings	\$ 168,790	\$ 24,988,457	\$ 24,972,186	\$ 185,061
Interfund Payable	-	8,000	-	8,000
	<hr/>			
Total Liabilities	\$ 168,790	\$ 24,988,457	\$ 24,972,186	\$ 193,061
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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, 2017**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITY		INTEREST RATE	BALANCE	ISSUED	REFUNDED	PAYMENTS	BALANCE
			DATE	AMOUNT		JUNE 30, 2016				JUNE 30, 2017
School Refunding Bonds	2/24/2004	\$5,445,000				\$ 495,000	\$ -	\$ -	\$ 495,000	\$ -
School Bonds	2/1/2005	32,586,000				110,000	-	-	110,000	-
School Refunding Bonds	11/2/2006	9,760,000				9,560,000	-	9,560,000	-	
School Bonds	7/15/2007	12,238,000				400,000	-	-	400,000	-
School Refunding Bonds	5/4/2010	9,175,000	July 15, 2017	750,000	4.000%	6,490,000	-	-	720,000	5,770,000
			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%					
School Refunding Bonds	7/23/2014	9,595,000	2017	450,000	3.000%	9,565,000	-	-	30,000	9,535,000
			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%								
<b>Subtotal</b>						<b>26,620,000</b>	<b>-</b>	<b>9,560,000</b>	<b>1,755,000</b>	<b>15,305,000</b>

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
LONG-TERM DEBT  
STATEMENT OF SERIAL BONDS  
June 30, 2017**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITY		INTEREST RATE	BALANCE JUNE 30, 2016	ISSUED	REFUNDED	PAYEMENTS	BALANCE JUNE 30, 2017
			DATE	AMOUNT						
School Refunding Bonds	4/1/2015	23,025,000	2018	610,000	3.000%	22,790,000	-	-	-	22,790,000
			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%								
School Refunding Bonds	11/22/2016	9,660,000	2018	30,000	3.000%	-	9,660,000	-	-	9,660,000
			2019	35,000	3.000%					
			2020	35,000	3.000%					
			2021	35,000	3.000%					
			2022	35,000	3.000%					
			2023	45,000	3.000%					
			2024	380,000	3.000%					
			2025	35,000	3.000%					
			2026	35,000	3.000%					
			2027	35,000	3.500%					
			2028	40,000	3.500%					
			2029	40,000	3.500%					
			2030	40,000	3.500%					
			2031	40,000	3.500%					
			2032	45,000	3.500%					
			2033	2,825,000	3.750%					
2034	2,910,000	4.000%								
2034	3,020,000	4.000%								
Subtotal						22,790,000	9,660,000	-	-	32,450,000
Total						\$ 49,410,000	\$ 9,660,000	\$ 9,560,000	\$ 1,755,000	\$ 47,755,000

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ITEM	INTEREST RATE PAYABLE	AMOUNT OF ORIGINAL ISSUE	AMOUNT OUTSTANDING JUNE 30, 2016	ISSUED CURRENT YEAR	RETIRED CURRENT YEAR	ADJUSTMENT	AMOUNT OUTSTANDING JUNE 30, 2017
Technology Equipment	1.42%	400,000	\$ 81,990	\$ -	\$ 81,990	\$ -	\$ -
Technology Equipment	1.31%	237,630	96,765	-	48,101	-	48,664
Technology Equipment	1.80%	248,792	151,104	-	49,319	-	101,785
Technology Equipment	1.80%	256,000	231,527	-	49,681	-	181,846
Technology Equipment	2.31%	279,000	-	279,000	39,176	-	239,824
			\$ 561,386	\$ 279,000	\$ 268,267	\$ -	\$ 572,119

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	June 30, 2017				POSITIVE/ NEGATIVE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:					
Local Sources:					
Local Tax Levy	\$ 3,620,709	\$ -	\$ 3,620,709	\$ 3,620,709	\$ -
State Sources:					
Debt Service Aid Type II	101,160	-	101,160	101,160	-
Total Revenues	<u>3,721,869</u>	<u>-</u>	<u>3,721,869</u>	<u>3,721,869</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Redemption of Principal	1,775,000	(20,000)	1,755,000	1,755,000	-
Interest on Bonds	2,002,454	20,000	2,022,454	2,019,481	2,973
Cost of Issuance of Debt	-	-	-	153,583	(153,583)
Total Expenditures	<u>3,777,454</u>	<u>-</u>	<u>3,777,454</u>	<u>3,928,064</u>	<u>(150,610)</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>(55,585)</u>	<u>-</u>	<u>(55,585)</u>	<u>(206,195)</u>	<u>150,610</u>
Other Financing Sources/(Uses):					
Refunding Bond Proceeds	-	-	-	9,915,072	(9,915,072)
Deposit with Escrow Agent	-	-	-	(9,761,489)	9,761,489
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>153,583</u>	<u>(153,583)</u>
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Sources/(Uses)	<u>(55,585)</u>	<u>-</u>	<u>(55,585)</u>	<u>(52,612)</u>	<u>(2,973)</u>
Fund Balance July 1,	<u>66,189</u>	<u>-</u>	<u>66,189</u>	<u>66,189</u>	<u>-</u>
Fund Balance June 30,	<u>\$ 10,604</u>	<u>\$ -</u>	<u>\$ 10,604</u>	<u>\$ 13,577</u>	<u>\$ (2,973)</u>



**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)*

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
FISCAL YEAR ENDING JUNE 30.										
<b>Governmental Activities:</b>										
Invested in Capital Assets,										
Net of Related Debt	\$ 5,875,978	\$ 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
Restricted	2,471,158	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
Unrestricted	(4,925,989)	(8,970,445)	(8,202,474)	(1,579,872)	(380,786)	(84,153)	(823,892)	(786,870)	(937,392)	(786,399)
<b>Total Governmental Activities</b>	<b>\$ 3,421,147</b>	<b>\$ 3,876,263</b>	<b>\$ 4,053,125</b>	<b>\$ 15,078,861</b>	<b>\$ 18,272,868</b>	<b>\$ 19,320,750</b>	<b>\$ 18,265,704</b>	<b>\$ 16,247,138</b>	<b>\$ 12,564,119</b>	<b>\$ 9,376,546</b>
<b>Business-Type Activities:</b>										
Invested in Capital Assets,										
Net of Related Debt	\$ 279,907	\$ 295,832	\$ 315,071	\$ 321,244	\$ 118,649	\$ 60,234	\$ 76,392	\$ 85,669	\$ 97,317	\$ 108,890
Unrestricted	287,740	285,594	264,111	368,904	354,309	380,670	332,938	285,451	282,430	300,854
<b>Total Business-Type Activities</b>	<b>\$ 567,647</b>	<b>\$ 581,426</b>	<b>\$ 579,182</b>	<b>\$ 690,148</b>	<b>\$ 472,958</b>	<b>\$ 440,904</b>	<b>\$ 409,330</b>	<b>\$ 371,120</b>	<b>\$ 379,747</b>	<b>\$ 301,335</b>
<b>District-Wide:</b>										
Net Investment in										
Capital Assets	\$ 6,155,885	\$ 11,362,066	\$ 8,662,711	\$ 10,979,269	\$ 15,506,154	\$ 16,024,458	\$ 15,992,218	\$ 16,614,210	\$ 12,679,849	\$ 8,259,707
Restricted	2,471,158	1,780,474	2,187,666	1,591,401	1,473,823	2,747,845	3,472,919	2,551,778	4,439,828	5,339,121
Unrestricted	(4,638,249)	(8,684,851)	(9,492,959)	(7,938,363)	(1,210,968)	(26,477)	296,517	(490,954)	(501,419)	(654,962)
<b>Total District Net Position</b>	<b>\$ 3,988,794</b>	<b>\$ 4,457,689</b>	<b>\$ 1,357,418</b>	<b>\$ 4,632,307</b>	<b>\$ 15,769,009</b>	<b>\$ 18,745,826</b>	<b>\$ 19,761,654</b>	<b>\$ 18,675,034</b>	<b>\$ 16,618,258</b>	<b>\$ 12,943,866</b>

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

FISCAL YEAR ENDING JUNE 30,

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 10,588,673	\$ 11,072,993	\$ 10,922,950	\$ 11,253,265	\$ 11,230,594	\$ 10,416,719	\$ 13,700,058	\$ 13,835,996	\$ 13,991,836	\$ 13,352,518
Special Education	4,373,932	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
Other Special Instruction	480,675	300,184	162,253	220,688	184,556	277,994	435,855	472,049	453,310	462,458
Other Instruction	867,691	657,355	693,370	671,181	686,647	848,497	848,497	1,162,236	1,117,387	1,014,198
Support Services:										
Tuition	850,494	967,648	628,523	620,038	861,425	1,034,879	1,011,547	870,929	820,954	675,455
Student & Instruction Related Services	4,452,520	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
General & Business Administrative Services	633,000	498,276	568,745	569,667	580,187	605,049	693,849	705,259	714,971	806,985
School Administrative Services	1,366,974	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
Central Services	440,249	425,397	448,404	414,077	414,077	406,278	490,081	456,974	438,861	601,378
Administrative Information Technology	111,581	104,202	113,251	111,130	122,052	78,909	170,212	242,999	345,634	248,841
Plant Operations and Maintenance	2,998,292	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
Pupil Transportation	2,012,824	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
Unallocated Benefits	19,812,922	15,842,812	13,507,472	9,087,954	9,154,772	7,854,638	-	-	-	-
Interest on Long-Term Debt	2,240,071	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
Unallocated Depreciation	2,162,437	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
Amortization Expense	-	-	-	54,715	-	54,715	-	-	-	-
Unallocated Compensated Absences Expense	-	-	-	20,790	-	20,790	-	-	-	-
Unallocated Adjustment to Capital Assets	(122,888)	256,393	119,231	184,000	-	184,000	-	-	-	-
Total Governmental Activities Expenses	53,269,447	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
Business-Type Activities:										
Food Service	676,715	703,574	697,965	757,201	757,201	787,417	734,119	755,572	699,848	619,348
Child Watch	224,952	190,116	199,799	197,101	197,101	201,633	215,748	299,683	359,468	370,939
Community Education	-	-	-	-	-	-	-	12,651	22,241	38,294
Kindergarten Complement	157,548	161,603	158,398	149,303	149,303	131,143	190,674	-	-	-
AHS Summer Programs	11,545	10,210	-	-	-	-	801,330	-	-	-
Millstone Busing	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Expense	1,070,760	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
Total District Expenses	\$ 54,340,207	\$ 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
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ 8,690,154	\$ 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
Pupil Transportation	82,777	62,704	103,123	58,430	58,430	91,965	101,123	17,692	53,463	16,016
Operating Grants & Contributions	12,655,266	9,389,354	7,682,693	580,584	580,584	605,984	4,087,006	5,114,033	4,238,731	4,283,912
Capital Grants and Contributions	-	-	-	-	-	-	952,856	4,011,447	-	30,693
Total Governmental Activities Program Revenues	21,428,197	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
Business-Type Activities:										
Charges for Services:										
Food Service	556,205	543,924	449,568	554,141	554,141	634,121	646,298	607,391	597,379	580,349
Child Watch	239,533	224,223	215,076	204,920	204,920	233,525	229,612	329,575	344,399	317,303
Community Education	-	-	-	-	-	-	-	16,179	17,354	31,826
Kindergarten Complement	158,630	171,580	171,600	192,299	192,299	142,454	146,900	-	-	-
AHS Summer Programs	20,580	24,734	-	-	-	-	801,330	-	-	-
Millstone Busing	-	-	-	-	-	-	-	-	-	-
Operating Grants & Contributions:										
Food Service	78,535	79,768	143,545	128,464	128,464	140,467	109,654	103,395	86,625	69,218
Total Business-Type Activities Program										

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

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues	1,053,483	1,044,229	979,789	1,079,824	1,079,824	1,150,567	1,933,794	1,056,540	1,045,757	998,696
Total District Program Revenues	\$ 22,481,680	\$ 18,883,002	\$ 16,938,404	\$ 10,030,154	\$ 10,030,154	\$ 10,949,629	\$ 17,091,021	\$ 19,593,666	\$ 14,096,991	\$ 13,347,376
Net (Expense)/Revenue:										
Governmental Activities	\$ (31,841,250)	\$ (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)
Business-Type Activities	(17,277)	(21,274)	(130,373)	(23,781)	(23,781)	30,374	(8,077)	(11,366)	(35,800)	(29,885)
Total Government-Wide Net Expense	\$ (31,858,527)	\$ (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)
General Revenues & Other Changes in Net Assets:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 21,573,349	\$ 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
Taxes Levied for Debt Service	3,620,709	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
Unrestricted Grants & Contributions	5,822,621	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
Investment Earnings	-	-	-	-	-	-	51,788	180,497	631,705	1,640,121
Miscellaneous Income	369,455	330,959	387,827	282,502	282,502	698,770	163,008	69,302	177,118	201,775
Transfers	-	-	-	(24,322)	(24,322)	-	(43,774)	-	(4,887)	(6,468)
Total Governmental Activities	31,386,134	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
Business-Type Activities:										
Investment Earnings	3,498	23,518	27,100	27,100	1,200	2,513	2,739	916	8,031	7,824
Adjustments to Fixed Assets	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	43,774	-	4,887	6,468	(1,309)
Total Business-Type Activities	3,498	23,518	27,100	27,100	1,200	46,287	2,739	5,803	14,499	6,515
Total Government-Wide	\$ 31,389,632	\$ 30,889,899	\$ 30,171,197	\$ 31,298,931	\$ 31,273,031	\$ 30,669,521	\$ 24,573,926	\$ 23,570,775	\$ 23,947,273	\$ 23,955,944
Change in Net Position:										
Governmental Activities	\$ (455,116)	\$ (176,862)	\$ (256,378)	\$ (2,373,185)	\$ (1,047,883)	\$ 1,048,652	\$ 2,018,566	\$ 3,683,019	\$ 240,431	\$ 823,367
Business-Type Activities	(13,779)	2,244	(103,273)	3,319	(22,581)	76,661	(5,338)	(5,563)	(21,301)	(23,370)
Total District	\$ (468,895)	\$ (174,618)	\$ (359,651)	\$ (2,369,866)	\$ (1,070,464)	\$ 1,125,313	\$ 2,013,228	\$ 3,677,456	\$ 219,130	\$ 799,997

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

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>General Fund:</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 855,591	\$ 1,412,286	\$ 848,512
Unreserved	-	-	-	-	-	-	-	420,350	354,899	507,406
Restricted	2,457,581	1,714,285	1,535,816	1,473,820	2,747,842	3,454,014	1,991,403	-	-	-
Assigned	47,862	162,580	180,000	250,000	-	140,112	437,830	-	-	-
Unassigned	181,309	255,087	357,622	259,188	311,452	369,583	442,338	-	-	-
<b>Total General Fund</b>	<b>\$ 2,686,752</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>All Other Governmental Funds:</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,652,585	\$ 20,431,607	\$ 460,672
Unreserved, Reported in:										
Debt Service Fund	-	-	-	-	-	-	-	148	445,001	366,263
Designated for Subsequent Year's Expenditures	-	-	-	-	-	-	-	88,895	(1,802,287)	37,206,360
Restricted	13,577	-	55,585	3	3	18,905	372,545	-	-	-
<b>Total All Other Governmental Funds</b>	<b>\$ 13,577</b>	<b>\$ -</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>



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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Revenues:</b>										
Taxes Local	\$ 25,194,058	\$ 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
Tuition Charges	8,690,154	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
Interest Earnings	82,777	62,704	103,123	57,540	58,430	91,965	51,788	180,497	631,705	1,640,121
Rents and Royalties		11,018	12,163	-	-	-	-	-	-	-
Miscellaneous	340,614	261,032	375,664	174,325	282,502	240,775	289,157	99,363	268,488	242,211
State Sources	10,481,013	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
Federal Sources	558,263	558,190	513,855	421,158	405,789	594,055	510,544	1,187,545	362,001	366,166
<b>Total Revenue</b>	<b>45,346,879</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>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	10,588,673	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
Special Education Instruction	4,373,932	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
Other Instruction	1,348,366	957,539	855,623	891,869	871,203	950,945	993,329	1,171,398	1,167,183	1,112,726
<b>Support Services:</b>										
Tuition	850,494	967,648	628,523	620,038	861,425	1,034,879	1,011,547	870,929	820,954	675,455
Student & Instruction Related Services	4,452,520	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
General & Business Administration Services	633,000	498,276	568,745	569,667	580,187	598,655	619,453	626,723	660,869	694,594
School Administrative Services	1,366,974	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
Central Services	440,249	425,397	448,404	426,307	414,077	406,278	408,511	380,280	361,042	380,117
Administrative Information Technology	111,581	104,202	113,251	111,130	122,052	78,909	141,198	199,955	287,687	248,841
Plant Operations & Maintenance	3,266,559	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
Pupil Transportation	2,012,824	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
Unallocated Benefits	11,282,282	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
Capital outlay	650,597	646,660	527,529	448,474	969,119	644,372	4,687,845	19,823,552	19,211,535	6,677,775
Debt service:										
Principal	1,755,000	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
Interest & Other Charges	2,173,064	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
<b>Total Expenditures</b>	<b>45,306,115</b>	<b>44,195,511</b>	<b>42,780,449</b>	<b>41,370,777</b>	<b>41,569,801</b>	<b>39,683,798</b>	<b>42,026,529</b>	<b>58,518,535</b>	<b>56,011,715</b>	<b>42,130,951</b>
<b>Excess (Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>40,764</b>	<b>(245,791)</b>	<b>(366,754)</b>	<b>(1,341,610)</b>	<b>(1,323,318)</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>

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
Other Financing Sources/(Uses):										
Bond Proceeds	9,915,072	-	35,347,638	-	-	-	-	-	-	12,238,000
Deposit with Escrow Agent	(9,761,489)	-	(35,083,664)	-	-	-	-	-	-	-
Compensation for Loss on Fixed Assets	-	-	-	-	-	457,995	-	-	-	-
Proceeds from Capital Leases	279,000	256,000	248,792	237,630	400,000	-	356,000	592,500	480,000	200,000
Transfers in	28,841	58,909	-	10,477	(7,999)	187,053	168,662	392,037	624,317	1,581,287
Transfers Out	-	-	-	-	-	(187,053)	16,329	(392,037)	(629,204)	(1,587,755)
	-	-	-	-	-	-	(30,103)	-	-	-
Total Other Financing Sources/(Uses)	461,424	314,909	512,766	248,107	392,001	457,995	510,888	592,500	475,113	12,431,532
Net Change in Fund Balances	\$ 502,188	\$ 69,118	\$ 146,012	\$ (1,093,503)	\$ (931,317)	\$ 738,498	\$ (1,743,453)	\$ (15,823,937)	\$ (18,547,707)	\$ 6,605,158
Debt Service as a Percentage of Noncapital Expenditures	8.8%	8.9%	9.8%	9.6%	9.7%	10.2%	10.6%	10.4%	8.2%	9.7%

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
2017	\$ -	\$ 8,690,154	\$ 82,777	\$ 319,620	\$ 9,092,551
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

Source: District records

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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>													
2017	\$701,200	172,349,200		700	14,298,800		4,892,900	192,242,800		192,242,800	40,451,100	1.8730	204,709,616
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
<b>Upper Freehold Township</b>													
2017	22,096,900	979,791,000	148,151,200	9,015,900	45,588,600	12,767,900	424,500	1,217,836,000		1,217,836,000	192,418,500	1.7780	1,255,377,062
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		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

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
	BASIC RATE	GENERAL OBLIGATION DEBT SERVICE	TOTAL DIRECT	BOROUGH OF ALLENTOWN	MONMOUTH COUNTY	
<b>Allentown Borough</b>						
2017	1.6044	0.2693	1.8737	N/A	N/A	1.8737
2016	1.587	0.2860	1.8730	0.8110	0.3060	2.9900
2015	1.419	0.2700	1.6890	0.8110	0.3060	2.8060
2014	1.411	0.2790	1.6900	0.7790	0.3120	2.7810
2013	1.3690	0.2780	1.6470	0.7220	0.3050	2.6740
2012	1.3421	0.2819	1.6240	0.6630	0.3080	2.5950
2011	1.3172	0.2617	1.5789	1.2360	0.5820	3.3969
2010	2.4429	0.4641	2.9070	1.2070	0.5490	4.6630
2009	2.3381	0.4449	2.7830	1.1230	0.5470	4.4530
2008	2.4036	0.3664	2.7700	1.0540	0.5390	4.3630

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES		TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	GENERAL OBLIGATION DEBT SERVICE	TOTAL DIRECT	UPPER FREEHOLD TOWNSHIP	MONMOUTH COUNTY	
<b>Upper Freehold Township</b>						
2017	1.5098	0.2534	1.7632	N/A	N/A	1.7632
2016	1.5070	0.2710	1.7780	0.2850	0.0350	2.0980
2015	1.4790	0.2810	1.7600	0.2760	0.3110	2.3470
2014	1.4610	0.2890	1.7500	0.2680	0.3140	2.3320
2013	1.3820	0.2900	1.6720	1.4680	0.3190	3.4590
2012	1.3560	0.2940	1.6500	1.9100	0.3110	3.8710
2011	1.3426	0.2821	1.6247	0.2300	0.3100	2.1647
2010	1.2033	0.2287	1.4320	0.2080	0.2700	1.9100
2009	1.1123	0.2117	1.3240	0.1890	0.2550	1.7680
2008	1.0725	0.1635	1.2360	0.1740	0.2480	1.6580



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

		2017			2017		
ALLENTOWN BOROUGH TAXPAYERS	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE	UPPER FREEHOLD TOWNSHIP TAXPAYERS	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
Towne Mews	\$4,400,000	1	2.28%	Alletown Caging Equip Co.	\$9,815,000	1	0.81%
11 Church St., LLC	971,800	2	0.50%	Tractor Supply	3,985,200	2	0.33%
First Comm Real Estate	865,600	3	0.45%	Ashford Estate, LLC	3,947,800	3	0.32%
Individual Taxpayer 1	845,200	4	0.44%	Individual Taxpayer 1	3,453,900	4	0.28%
24 Hadley Georgia, LLC	824,600	5	0.43%	Cream Ridge Golf Club	3,167,300	5	0.26%
Owen Seeland, LLC	811,000	6	0.42%	Kube Pak	3,036,900	6	0.25%
Pepler Funeral Home	801,700	7	0.42%	Peronic Enterprises, LLC	2,973,400	7	0.24%
First Washington State Bank	741,000	8	0.39%	MCE Upper Freehold, LLC	2,548,000	8	0.21%
NJ Bell Telephone	725,100	9	0.38%	WP Wellington, LLC	2,400,700	9	0.20%
VAF Assoc	710,800	10	0.37%	Individual Taxpayer 2	2,364,000	10	0.19%
Total	<u>\$11,696,800</u>		<u>6.08%</u>	Total	<u>\$37,692,200</u>		<u>3.09%</u>

		2007			2007		
TAXPAYERS	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE	TAXPAYERS	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
Towne Mews, LLC	\$2,510,500	1	2.46%	Allentown Caging Equipment Co.	\$10,663,600	1	0.83%
New Jersey Bell Telephone Co.	979,600	2	0.96%	Peronic Enterprises, LLC	8,310,300	2	0.65%
Natwest Bank	524,600	3	0.51%	Orleans @ Upper Freehold, LLC	7,597,900	3	0.59%
NJ Bell Telephone	490,200	4	0.48%	NJ DEP & Twp. Of Upper Freehold	7,470,800	4	0.58%
Individual Taxpayer #1	467,500	5	0.46%	Crosswicks Farms, Inc.	3,995,300	5	0.31%
Individual Taxpayer #2	457,900	6	0.45%	WP Wellington, LLC	3,634,100	6	0.28%
Pepler Funeral Home	427,100	7	0.42%	Individual Taxpayer #1	3,527,200	7	0.25%
Individual Taxpayer #3	407,000	8	0.40%	Individual Taxpayer #2	3,033,500	8	0.24%
First Washington State Bank	379,600	9	0.37%	Kube Pak	3,028,500	9	0.24%
Individual Taxpayer #4	374,000	10	0.37%	Bell Atlantic Prop Tax Dept	2,509,829	10	0.20%
Total	<u>\$7,018,000</u>		<u>6.88%</u>	Total	<u>\$53,771,029</u>		<u>4.17%</u>

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, <b>Allentown Borough</b>	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY(a)		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2017	\$3,592,962	\$3,592,962	100.00%	N/A
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
<b>Upper Freehold Township</b>				
2017	\$21,601,096	\$21,601,096	100.00%	N/A
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

(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				
2017	\$ 47,755,000	\$ 572,119		N/A	\$ 45,836	\$	48,372,955	10.46%	7,026
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	11.40%	7,791
2012	56,103,000	657,435		N/A	N/A		56,760,435	12.31%	6,502
2011	57,648,000	1,105,336		N/A	N/A		58,753,336	12.63%	6,740
2010	59,238,000	1,055,073		N/A	N/A		60,293,073	12.37%	6,917
2009	60,851,000	934,954		N/A	N/A		61,785,954	13.00%	7,092

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 NONE 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		
2017	\$ 47,755,000		\$ 47,755,000	3.921%	N/A
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

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2017**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	PERCENTAGE APPLICABLE	OVERLAPPING DEBT
<b>Allentown Borough:</b>			
Debt Repaid With Property Taxes:			
Allentown Borough	\$2,394,239	100.000%	\$2,394,239
Monmouth County General Obligation Debt	435,341,390	0.18163%	<u>790,711</u>
Subtotal, Overlapping Debt			3,184,950
Allentown Borough School District			<u>-</u>
Total Direct & Overlapping Debt			<u><u>\$3,184,950</u></u>
<b>Upper Freehold Township:</b>			
Debt Repaid With Property Taxes:			
Upper Freehold Township	\$17,876,665	100.000%	\$17,876,665
Monmouth County General Obligation Debt	435,341,390	1.09752%	<u>4,777,959</u>
Subtotal, Overlapping Debt			22,654,624
Upper Freehold School District Direct Debt			<u>48,372,955</u>
Total Direct & Overlapping Debt			<u><u>\$71,027,579</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**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt Limit	\$ 57,833,277	\$ 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
Total Net Debt Applicable to Limit	47,755,000	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
Legal Debt Margin	\$10,078,277	\$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
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	82.57%	86.66%	90.09%	92.40%	92.81%	93.24%	78.31%	80.48%	85.15%	93.18%

**Legal Debt Margin Calculation for Fiscal Year 2016**

	Equalized Valuation Basis		
	Allentown	Upper Freehold	Total
2016	\$207,789,570	\$1,243,668,810	\$1,451,458,380
2015	\$210,168,539	\$1,263,545,689	\$1,473,714,228
2014	\$184,826,347	\$1,227,496,834	\$1,412,323,181
			<u>\$4,337,495,789</u>
Average Equalized Valuation of Taxable Property			<u>\$1,445,831,930</u>
Debt Limit (4.0 % of Average Equalization Value)			<u>\$57,833,277</u>
Net Bonded School Debt			<u>47,755,000</u>
Legal Debt Margin			<u>\$10,078,277</u>

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



## Demographic and Economic 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)
2017	N/A	N/A	N/A	N/A
2016	1,810	N/A	N/A	N/A
2015	1,825	69,410	126,673,250	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%
<b>UPPER FREEHOLD TOWNSHIP</b>				
2017	N/A	N/A	N/A	N/A
2016	6,881	N/A	N/A	N/A
2015	6,887	69,410	478,026,670	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%

**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**

2017

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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	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction:										
Regular	137	137	142	141	140	134	136	150	147	168
Special Education	63	61	60	58	51	56	58	59	58	20
Other Special Instruction	2	1	1	1	1	1	1			3
Support Services:										
Student & Instruction										
Related Services	60	61	65	65	55	53	54	61	56	30
General Administrative	3	3	3	3	3	3	3	3	2	7
School Administrative	17	17	19	20	18	17	17	20	21	21
Services										
Plant Operations &										
Maintenance	40	40	40	41	38	38	39	31	20	15
Pupil Transportation	1	1			3	8	19	19	18	19
Business & Other										
Support Services	7	7	7	8	7	8	8	7	9	1
<b>Total</b>	<b>330</b>	<b>328</b>	<b>337</b>	<b>337</b>	<b>316</b>	<b>318</b>	<b>335</b>	<b>350</b>	<b>331</b>	<b>284</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			AVERAGE DAILY ENROLLMENT (ADA) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
						ELEMENTARY	MIDDLE	HIGH SCHOOL				
2017	2,297	\$ 40,131,948	17,471	2.94%	205	8:1	10:1	13:1	2,289	2,189	-0.30%	95.64%
2016	2,303	39,087,250	16,972	6.08%	203	8:1	10:1	13:1	2,296	2,179	-1.50%	94.91%
2015	2,348	37,564,559	15,999	-1.21%	203	7:1	10:1	18:1	2,331	2,230	-0.21%	95.67%
2014	2,255	36,517,360	16,194	6.20%	200	0.33	9.6:1	15:1	2,336	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	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	2,232	-0.26%	95.75%
2011	2,331	33,367,967	14,315	-4.21%	195	10.8:1	10.8:1	11.3:1	2,337	2,231	0.17%	95.46%
2010	2,321	34,683,329	14,943	6.85%	205	10.6:1	10.6:1	11.1:1	2,337	2,233	4.62%	95.55%
2009	2,360	33,005,185	13,985	0.73%	191	10.4:1	10.4:1	11.3:1	2,333	2,239	-2.28%	95.97%
2008	2,307	32,029,461	13,884	7.31%	168	11.5:1	11.5:1	11.0:1	2,230	2,132		95.61%

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	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
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	1,273	1,262	1,240	1,240	1,218	1,166	1,144	1,139	1,078
Middle School:										
Square Feet	14,200	14,200	14,200	142,000	142,000	142,000	142,000	-	-	-
Capacity (Students)	806	806	806	806	806	806	806	-	-	-
Enrollment	515	515	515	515	515	515	515	-	-	-
Elementary School:										
Square Feet	104,610	104,610	104,610	104,610	104,610	104,610	104,610	-	-	-
Capacity (Students)	650	650	650	650	650	650	650	-	-	-
Enrollment	509	532	564	568	575	587	633	-	-	-
Elementary/Middle School:										
Square Feet	-	-	-	-	-	-	-	104,610	104,610	104,610
Capacity (Students)	-	-	-	-	-	-	-	1,286	1,286	1,286
Enrollment	-	-	-	-	-	-	-	1,177	1,221	1,229
Administration Building:										
Square Feet	-	-	-	-	-	-	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
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**

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
*										
Allentown Regional	\$ 403,088	\$ 422,261	\$ 260,205	\$ 200,775	\$ 220,062	\$ 239,434	\$ 178,158	\$ 276,794	\$ 62,767	\$ 60,293
Stone Bridge Middle	121,337	89,284	14,721	113,442	142,174	158,710	79,246			
Newell Elementary	109,450	76,694	121,258	105,093	127,272	137,149	101,898			
Upper Freehold Elementary/Middle								153,888	73,710	99,778
Imalystown School Annex		8,421	6,927	7,256	8,135	8,996	1,302	1,297	3,775	1,206
							9,230	15,012	4,334	7,796
<b>Total School Facilities</b>	<b>633,875</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>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>\$ 633,875</b>	<b>\$ 596,660</b>	<b>\$ 403,111</b>	<b>\$ 426,566</b>	<b>\$ 499,209</b>	<b>\$ 548,512</b>	<b>\$ 374,092</b>	<b>\$ 463,756</b>	<b>\$ 171,495</b>	<b>\$ 176,125</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	125,862,314	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 <input type="checkbox"/>		
 Public Employees' Faithful Performance Blanket Position Bond		
 Workers' Compensation - Employer's Liability Limit		
Part I: Workers' Compensation:	1,000,000	
Part II: Employers' Liability	1,000,000	
Supplemental Workers' Compensation	250,000	
 Public Official Bond:		
Board Secretary	100,000	

Source: District records

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**SINGLE AUDIT SECTION**

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194 East Bergen Place, Red Bank, NJ 07701 • Tel: 732.747.0010  
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[www.hfacpas.com](http://www.hfacpas.com)

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 activities, the 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, 2017, and the related notes to the financial statements, which collectively comprise the Upper Freehold Regional School District’s basic financial statements, and have issued our report thereon dated November 2, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 the School District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Upper Freehold Regional School District’s internal control.

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

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

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 School 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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Toms River, New Jersey  
November 2, 2017





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EXHIBIT K-2

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY 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 the Upper Freehold Regional School District’s compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District’s major state programs for the fiscal year ended June 30, 2017. The 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 state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of the 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; New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards 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 the 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 the School District's compliance.

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

In our opinion, the 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, 2017.

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

Management of the 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 the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB'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 the 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 New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Toms River, New Jersey  
November 2, 2017

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UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

FEDERAL GRANTOR PROGRAM TITLE	FEDERAL NUMBER	FEDERAL AWARD INDENTIFICATION NUMBER	PASS THROUGH ENTITLING NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2016	CARRYOVER/ (W/OVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	SUB RECEIPTS/ EXPENDITURES	(ACCOUNTS RECEIVABLE AT JUNE 30, 2017)	UNEARNED REVENUE AT JUNE 30, 2017	DUE TO GRANTOR AT JUNE 30, 2017
<b>U.S. Department of Health and Human Services</b> Passed Through State Department of Human Services; Medical Assistance Program (SEMI)	93.778	1708NJ5MAP	100-054-7540-211	10,402	7/1/16-6/30/17	\$ -	\$ -	10,402	(10,402)	-	\$ -	\$ -	\$ -
<b>Total U.S. Department of Health and Human Services</b>													
<b>U.S. Department of Agriculture</b> Passed Through State Department of Education; Child Nutrition Cluster:	10-555	171NJ304NI099	Unavailable	\$ 33,735	7/1/16-6/30/17	-	-	33,735	(33,735)	-	-	-	-
	10-555	171NJ304NI099	100-010-5350-026	42,768	7/1/16-6/30/17	(2,400)	-	3,711	(42,768)	-	(3,057)	-	-
		16161NI504NI099	100-010-5350-026	42,766	7/1/15-6/30/16	(2,400)	-	75,846	(76,503)	-	(3,057)	-	-
Total Child Nutrition Cluster													
<b>Total U.S. Department of Agriculture</b>													
<b>U.S. Department of Education</b> Passed Through State Department of Education; No Child Left Behind:	84.010	S010A160030	100-034-5064-194	63,396	9/1/16-8/31/17	-	-	42,873	(56,545)	-	(13,672)	-	-
	84.010	S010A150030	100-034-5064-194	63,312	9/1/15-8/31/16	(17,016)	-	26,513	(9,497)	-	-	-	-
	84.010	S010A140030	100-034-5064-194	64,564	9/1/14-8/31/15	(3,429)	-	72,815	(66,042)	-	(13,672)	-	-
Subtotal													
	84.367	S367A160029	100-034-5063-290	30,389	9/1/16-8/31/17	-	-	24,761	(24,762)	-	(1)	-	-
	84.367	S367A150029	100-034-5063-290	31,826	9/1/15-8/31/16	(14,908)	-	25,948	(11,040)	-	-	-	-
	84.367	S367A140029	100-034-5063-290	32,214	9/1/14-8/31/15	(6,536)	-	8,437	(1,900)	-	-	-	-
Subtotal													
	84.365	S365A160030	100-034-5064-187	-	9/1/16-8/31/17	(1,118)	-	1,118	-	-	-	-	-
Title III, English Language Acquisition													
I.D.E.A. Part B (Special Education Cluster):													
	84.027	H027A160100	100-034-5065-016	404,522	9/1/16-8/31/17	-	-	379,983	(601,940)	-	(31,957)	-	-
	84.027	H027A150100	100-034-5065-016	429,311	9/1/15-8/31/16	(73,408)	-	73,408	(14,579)	-	(14,579)	-	-
	84.027	H027A140100	100-034-5065-016	408,982	9/1/14-8/31/15	(2,400)	-	12,400	(12,400)	-	-	-	-
Subtotal													
	84.173	H173A160114	100-034-5065-020	13,516	9/1/16-8/31/17	(600)	-	4,729	(13,516)	-	(8,787)	-	-
	84.173	H173A150114	100-034-5065-020	13,356	9/1/15-8/31/16	(600)	-	5,329	(13,516)	-	(8,787)	-	-
Subtotal													
Total Special Education Cluster													
	84.048	V048A160030	100-034-5062-084	14,096	9/1/16-8/31/17	-	-	11,807	(14,081)	-	(2,274)	-	-
	84.048	V048A150030	100-034-5062-084	13,372	9/1/15-8/31/16	(571)	-	11,807	(14,081)	-	(2,845)	-	-
Subtotal													
<b>Total U.S. Department of Education</b>													
Total Expenditures of Federal Awards													
							\$ -	\$ 702,254	\$ (634,746)	\$ -	\$ (61,841)	\$ -	\$ (64,898)



**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Note 1. Basis of Presentation**

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Upper Freehold Regional School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) 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*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

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

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The School District did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2017. 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, 2017.

**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 UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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 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 (\$6,267) for the general fund and \$0 for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, 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 expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 10,402	\$ 10,353,202	\$ 10,363,604
Special Revenue Fund	547,861	26,651	574,512
Debt Service Fund	-	101,160	101,160
Food Service Fund	76,503	2,032	78,535
	<hr/>	<hr/>	<hr/>
Total Awards & Financial Assistance	<u>\$ 634,766</u>	<u>\$ 10,483,045</u>	<u>\$ 11,117,811</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. Federal and State Loans Outstanding**

The Upper Freehold Regional School District had no loan balances outstanding at June 30, 2017.



**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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? \_\_\_\_\_ yes   X   no

2) Significant deficiency(ies) identified? \_\_\_\_\_ yes   X   none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes   X   no

**Federal Awards**

**SECTION IS N/A - NOT REQUIRED**

Internal control over major programs:

1) Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_ no

2) Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_\_\_ none reported

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 Uniform Guidance? \_\_\_\_\_ yes \_\_\_\_\_ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Dollar threshold used to determine Type A programs \_\_\_\_\_

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes \_\_\_\_\_ no

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**State Financial Assistance**

Dollar threshold used to determine Type A programs \$750,000.00

Auditee qualified as low-risk auditee?  X  yes   no

Internal control over major programs:

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

    2) Significant deficiency(ies) identified?   yes  X  no

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported  
in accordance with New Jersey OMB's Circular 15-08?   yes  X  no

Identification of major programs:

**State Grant/Project Number(s)**

**Name of State Program**

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>17-495-034-5120-078</u>	<u>State Aid Public Cluster:</u>
<u>17-495-034-5120-084</u>	<u>Equalization Aid</u>
<u>17-495-034-5120-089</u>	<u>Security Aid</u>
<u>17-495-034-5120-068</u>	<u>Special Education Categorical Aid</u>
<u>17-495-034-5120-097</u>	<u>School Choice Aid</u>
<u>17-495-034-5120-098</u>	<u>Per Pupil Growth Aid</u>
<u>17-495-034-5120-101</u>	<u>PARCC Readiness Aid</u>
<u> </u>	<u>Professional Learning Community Aid</u>
<u> </u>	<u> </u>

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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.

None.

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

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

**FEDERAL AWARDS**

N/A – No Federal Single Audit in current year.

**STATE FINANCIAL ASSISTANCE**

None.

**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, 2017**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

No Prior Year Findings.

Federal Awards

N/A – No Federal Single Audit in prior year.

State Financial Assistance

No Prior Year Findings.