

SCHOOL DISTRICT
FREEHOLD TOWNSHIP
OF Monmouth COUNTY

Freehold
FREEHOLD, NEW JERSEY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2016

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Of the

Freehold Township School District
of Monmouth County

Freehold, New Jersey

For the Fiscal Year Ended June 30, 2016

Prepared by

Freehold Township School District
of Monmouth County Board of Education
Finance Department

OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

| INTRODUCTORY SECTION | Page |
|--|-------|
| Letter of Introduction | 1-4 |
| Organizational Chart | 5 |
| Roster of Officials | 6 |
| Consultants, and Advisors | 7 |
| | |
| FINANCIAL SECTION | |
| Independent Auditor's Report | 9-11 |
| | |
| REQUIRED SUPPLEMENTARY INFORMATION - PART I | |
| Management's Discussion and Analysis | 13-20 |
| | |
| BASIC FINANCIAL STATEMENTS | |
| A. District Wide Financial Statements | |
| A-1 Statement of Net Position | 22 |
| A-2 Statement of Activities | 23 |
| | |
| B. Fund Financial Statements | |
| Governmental Funds | |
| B-1 Balance Sheet | 24 |
| B-2 Statement of Revenues, Expenditures and Changes in Fund Balance | 25 |
| B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances Of Governmental Funds to the Statement of Activities | 26 |
| | |
| Proprietary Funds | |
| B-4 Statement of Net Position | 27 |
| B-5 Statement of Revenues, Expenses and Changes in Fund Net Positions | 28 |
| B-6 Statement of Cash Flows | 29 |
| | |
| Fiduciary Funds | |
| B-7 Statement of Fiduciary Net Position | 30 |
| B-8 Statement of Changes in Fiduciary Net Position | 31 |
| | |
| Notes to the Financial Statements | 32-59 |

OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

REQUIRED SUPPLEMENTARY INFORMATION - PART II

C. Budgetary Comparison Schedules

| | | |
|------|---|-------|
| C-1 | Budgetary Comparison Schedule - General Fund | 61-66 |
| C-1a | Combining Schedule of Revenues, Expenditures, and Changes In Fund Balance - Budget and Actual | N/A |
| C-1b | Community Development Block Grant - Budget and Actual | N/A |
| C-2 | Budgetary Comparison Schedule - Special Revenue Fund | 67 |

Notes to the Required Supplementary Information

| | | |
|-----|-------------------------------|----|
| C-3 | Budget-to-GAAP Reconciliation | 68 |
|-----|-------------------------------|----|

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

| | | |
|-----|--|----|
| L-1 | Schedule of the District's Proportionate Share of the Net Pension Liability - PERS | 70 |
| L-2 | Schedule of District Contributions - PERS | 71 |
| L-3 | Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF | 72 |

| | | |
|--|--|----|
| | Notes to the Required Supplementary Information - Part III | 73 |
|--|--|----|

OTHER SUPPLEMENTARY INFORMATION

D. School Based Budget Schedules

| | | |
|-----|--|-----|
| D-1 | Combining Balance Sheet | N/A |
| D-2 | Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual | N/A |
| D-3 | Blended Resource Fund - Schedule of Blended Expenditures Budget and Actual | N/A |

E. Special Revenue Fund

| | | |
|-----|--|-------|
| E-1 | Combining Schedules of Program Revenues and Expenditures, Special Revenue Fund - Budgetary Basis | 75-76 |
| E-2 | Preschool Education Aid Schedule of Expenditures - Budgetary Basis | N/A |

F. Capital Projects Fund

| | | |
|-----|--|-------|
| F-1 | Summary Schedule of Project Revenue, Expenditures and Changes in Fund Balance- Budgetary Basis | 77-85 |
|-----|--|-------|

G. Proprietary Funds

Enterprise Fund

| | | |
|-----|---|----|
| G-1 | Combining Schedule of Net Position | 86 |
| G-2 | Combining Schedule of Revenues, Expenses and Changes in Fund Net Position | 87 |
| G-3 | Combining Schedule of Cash Flows | 88 |

OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

| | | |
|------|--|---------|
| H. | Fiduciary Funds | |
| H-1 | Combining Statement of Fiduciary Net Position | 89 |
| H-2 | Combining Statement of Changes in Fiduciary Net Position | 90 |
| H-3 | Student Activity Agency Fund Schedule of Receipts and Disbursements | 91 |
| H-4 | Payroll Agency Fund Schedule of Receipts and Disbursements | 92 |
| I. | Long-Term Debt | |
| I-1 | Schedule of Serial Bonds | 93-94 |
| I-2 | Schedule of Obligations Under Capital Leases | 95 |
| I-3 | Statement of Loans Payable - N.J.E.D.A. | 96 |
| J. | Introduction to the Statistical Section | |
| | Financial Trends | |
| J-1 | Net Position by Component | 99 |
| J-2 | Changes in Net Asset/Position | 100 |
| J-3 | Fund Balances - Governmental Funds | 101 |
| J-4 | Changes in Fund Balances, Governmental Funds | 102 |
| J-5 | General Fund Other Local Revenue by Source | 103 |
| | Revenue Capacity | |
| J-6 | Assessed Value and Estimated Actual Value of Taxable Property | 104 |
| J-7 | Direct and Overlapping Property Tax Rates | 105 |
| J-8 | Principal Property Taxpayers | 106 |
| J-9 | Property Tax Levies and Collections | 107 |
| | Debt Capacity | |
| J-10 | Ratios of Outstanding Debt by Type | 108 |
| J-11 | Ratios of General Bonded Debt Outstanding | 109 |
| J-12 | Direct and Overlapping Governmental Activities Debt | 110 |
| J-13 | Legal Debt Margin Information | 111 |
| | Demographic and Economic Information | |
| J-14 | Demographic and Economic Statistics | 112 |
| J-15 | Principal Employers | 113 |
| | Operating Information | |
| J-16 | Full-time Equivalent District Employees by Function/Program | 114 |
| J-17 | Operating Statistics | 115 |
| J-18 | School Building Information | 116 |
| J-19 | Schedule of Allowable Maintenance Expenditures by School Facility | 117 |
| J-20 | Insurance Schedule | 118-119 |

OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

K. Single Audit Section

| | | |
|-----|--|---------|
| 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 | 121-122 |
| K-2 | Independent Auditor's Report on Compliance for Each Major Program And on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey OMB Circular Letter 15-08 | 123-125 |
| K-3 | Schedule of Expenditures of Federal Awards, Schedule A | 126 |
| K-4 | Schedule of Expenditures of State Financial Assistance, Schedule B | 127 |
| K-5 | Notes to the Schedules of Awards and Financial Assistance | 128-130 |
| K-6 | Summary of Findings and Questioned Costs | 131-132 |
| K-7 | Summary Schedule of Prior Audit Findings | 133 |

INTRODUCTORY SECTION

Freehold Township Schools

Ross Kasun, Ed.D., Superintendent of Schools

732-462-8400 ext. 8807 ♦ 732-761-1809 fax

rkasun@freeholdtp.k12.nj.us

*"...preparing all students to
be responsible citizens and
life long learners."*

November 18, 2016

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

Dear Board Members:

The comprehensive annual financial report of the Freehold Township School District for the fiscal year ended June 30, 2016 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report are accurate in all material respects, and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U. S. Office of Management and Budget Single Audit Act and 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.". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: Freehold Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by Statement No. 14. All funds and account groups of the District are included in this report. The Freehold Township School District Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular, as well as special education for youngsters with disabilities. The District completed the 2015-2016 fiscal year with an enrollment of 3,824 students, which is 189 students less than the previous year's enrollment. The following details the changes in the student enrollment of the District.

Average Daily Enrollment

| <u>Fiscal</u> <u>Year</u> | <u>Student</u> <u>Enrollment</u> | <u>Percent</u> <u>Change</u> |
|------------------------------|-------------------------------------|---------------------------------|
| 1992-93 | 2,785 | 3.57% |
| 1993-94 | 2,880 | 3.41% |
| 1994-95 | 3,037 | 5.45% |
| 1995-96 | 3,217 | 5.93% |
| 1996-97 | 3,290 | 2.27% |
| 1997-98 | 3,375 | 2.58% |
| 1998-99 | 3,734 | 10.63% |
| 1999-00 | 3,898 | 4.39% |
| 2000-01 | 4,085 | 4.79% |
| 2002-02 | 4,347 | 6.41% |
| 2002-03 | 4,452 | 2.42% |
| 2003-04 | 4,565 | 1.03% |
| 2004-05 | 4,635 | 1.02% |
| 2005-06 | 4,658 | 1.01% |
| 2006-07 | 4,595 | 1.35% |
| 2007-08 | 4,651 | 1.20% |
| 2008-09 | 4,521 | -2.80% |
| 2009-10 | 4,500 | -0.05% |
| 2010-11 | 4,375 | -2.80% |
| 2011-12 | 4,276 | -2.26% |
| 2012-13 | 4,155 | -2.83% |
| 2013-14 | 4,050 | -2.53% |
| 2014-15 | 4,013 | -1.00% |
| 2015-16 | 3,824 | -4.71% |

2) ECONOMIC CONDITION AND OUTLOOK: The economic climate in the State of Jersey continues to be slow in recovering from the recession. The District saw an increase in state aid of \$111,972, bringing its state aid to \$4.25 million. However, for Freehold Township, this is still \$1.4 million less than 2009-2010 levels of state aid. The District was able to manage its funds such that it produced additional fund balance to be used in subsequent years for capital projects.

3) MAJOR INITIATIVES: The school district experienced the second year of the new PARCC testing which was the major driver of technology enhancements the last few years. The district also continued with its one to one Chromebook initiative and is expanding it beyond 6th and 7th grade to the elementary schools. The district continued to move towards a personalized learning environment through the use of digital content and additional professional development for staff. The district also continued to maintain and improve its facilities. Some significant projects included the refurbishing of gutters and shingle roofs at the Barkalow and Catena Schools, the installation of a new generator at the District Central Office to maintain our technology infrastructure, including telephones, in the event of a major power outage and a new gym floor at the Eisenhower Middle School.

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Executive County Superintendent of Schools for 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 cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2016.

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

7) FINANCIAL INFORMATION AT FISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. Readers should refer to the Management's Discussion and Analysis for a summary of the financial statements in relation to the prior year.

8) DEBT ADMINISTRATION: At June 30, 2016, the District's outstanding debt issues included \$39,945,000 of general obligation bonds (Note 9).

9) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the 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 GUDPA.


10) RISK MANAGEMENT: The District maintains a comprehensive insurance program, including (but not limited to) blanket building and contents property insurance, general liability, auto liability, umbrella liability, and workers compensation. In addition, the District purchases special coverage such as boiler and machinery, sports accident, and student trip insurances. Annual reviews of the entire program are done in order to evaluate potential insurance changes.

11) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Jump, Perry and Company, L.L.P. was selected by the Board of Education. In addition to meeting the requirements set forth in

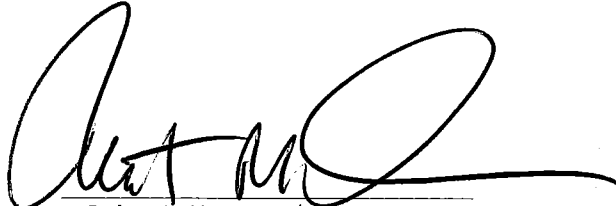
state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related Uniform Guidance and New Jersey OMB's Circular 15-08. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,

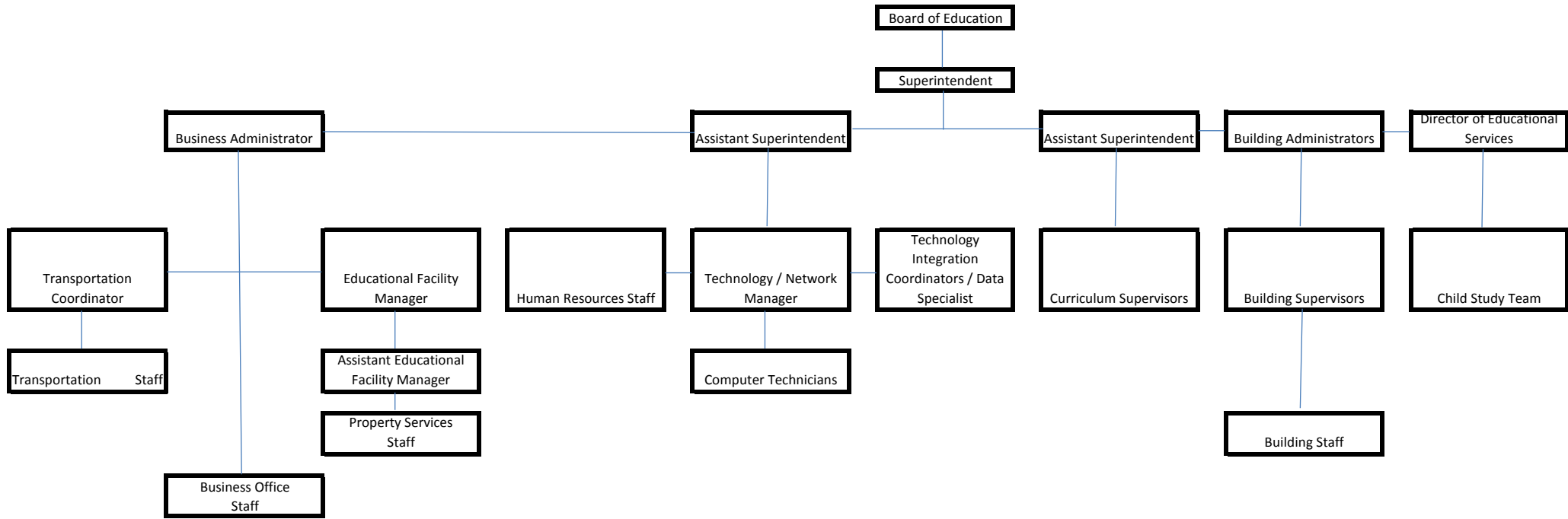


Ross Kasun
Superintendent of Schools



Robert M. De Vita
Business Administrator/Board Secretary

FREEHOLD TOWNSHIP SCHOOLS



Freehold Township School District
Freehold, New Jersey

Roster of Officials
June 30, 2016

| <u>Members of the Board of Education</u> | <u>Term Expires</u> |
|--|---------------------|
| Christopher Marion, President | 2019 |
| Kay Poklemba-Holtz | 2019 |
| Michelle Lambert | 2018 |
| Edward Hudak | 2018 |
| Michael Amoroso | 2018 |
| Daniel DiBlasio | 2017 |
| Jennifer Patten | 2017 |
| Jason Levy | 2016 |
| Staci Triandafellos | 2017 |

Other Officials

Ross Kasun, Superintendent

Robert DeVita, Board Secretary/School Business Administrator

Michael Gross, Attorney

Freehold Township School District
Consultants and Advisors

Architect

Fraytak Veisz Hopkins Duthie PC
1515 Lower Ferry Road
P.O. Box 7371
Trenton, NJ 08628

Audit Firm

Kathryn Perry, CPA
Jump, Perry and Company, L.L.P.
12 Lexington Avenue
Toms River, New Jersey 08753

Attorney

Michael Gross, Esq.
Kenney, Gross, Kovats, & Parton
130 Maple Avenue/Bldg 8
P.O. Box 8610
Red Bank, NJ 07701

Official Depositories

Provident Bank
4331 Route 9 North
Freehold, NJ 07728

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Freehold Township School District:
County of Monmouth
Freehold, New Jersey

Report of 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 Freehold Township School District in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2016, 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 an opinion 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 *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 School 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 School 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 opinion.

Opinion

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Freehold Township School District in the County of Monmouth, State of New Jersey as of June 30, 2016 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as presented 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 Freehold Township School District's basic financial statements. The introductory section, combining fund financial statements and schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis 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, and is also not a required part of the basic financial statements.

Other Information (continued)

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

The introductory and statistical sections 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 15, 2016 on our consideration of the Freehold Township School District in the County of Monmouth, State of New Jersey 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 Freehold Township School District in the County of Monmouth, State of New Jersey internal control over financial reporting and compliance.

Respectfully Submitted

Jump, Perry and Company L.L.P.
Toms River, New Jersey



Kathryn Perry, Partner
Licensed Public School Accountant
No. CS 20CS00226400

November 15, 2016

REQUIRED SUPPLEMENTARY INFORMATION - PART I

FREEHOLD TOWNSHIP SCHOOL DISTRICT

Management Discussion and Analysis

For the year ended June 30, 2016

The Management Discussion and Analysis (MD&A) of the Freehold Township Board of Education provides an overview of the School Board's financial activities for the fiscal year ended June 30, 2016. It should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal which is found starting on page 1 of the Introductory Section, and the School Board's financial statements found in the District-Wide Financial Statements Section starting on page 22, and the notes thereto.

FINANCIAL HIGHLIGHTS

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

In total, net position increased \$269,594 which represents a 1.67% increase from 2015. Total assets of governmental activities decreased by \$2,238,468. Cash and cash equivalents decreased by \$687,879; receivables decreased by \$197,955; and capital assets decreased by \$1,349,332.

Total liabilities of governmental activities decreased by \$1,329,787. Accounts payable decreased by \$460,663, other current liabilities decreased \$3,783, unearned revenue decreased by \$14,325 and non-current liabilities (sick leave reimbursement, pension liability and bonds payable) decreased by \$851,016.

General revenues accounted for \$72,890,693 in revenue or 91.9% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$6,446,589 or 8.1% of the total revenues of \$79,337,282.

Total spending for all programs was \$79,067,688. Expenses in the amount of \$6,446,589 were offset by specific charges for services and grants or contributions. General revenues (primarily local tax levy and state aid) of \$72,890,693 were adequate to provide for the balance of these programs, exclusive of the charge for depreciation.

USING THE ANNUAL REPORT

The School Board's annual report consists of a series of financial statements that show information for the School Board as a whole, its funds, and its fiduciary responsibilities. The Statement of Net Assets and the Statement of Activities Exhibits A-1 and A-2 provide information about the activities of the School Board as a whole and present a longer-term view of the School Board's finances. The School Board's financial statements start with Exhibit B-1. For the School Board's governmental activities, these statements tell how the School Board financed its services in the short-term as well as what remains for future spending. Fund statements also may give the reader some insights into the School Board's overall financial health. Fund financial statements also report the School Board's operations in more detail than the government-wide financial statements by providing information about the School Board's most significant funds-such as the School Board's General Fund, Special Revenue Fund and Capital Project Fund. The remaining statement: Statement of Fiduciary Net Assets presents financial information about activities for which the School Board acts solely as an agent for the benefit of employees and students.

The School Board's auditor has provided assurance in its independent auditor's report, located immediately preceding this Management Discussion and Analysis, that the Basic Financial Statements are fairly stated. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of the Financial Section.

The School Board prepared the Introductory Section and the Statistical Section without association by the independent auditors. Accordingly, the School Board assumes full responsibility for the accuracy of these sections.

THE SCHOOL DISTRICT AS A WHOLE

Table I provides a summary of the School Board's net assets as of June 30, 2016 and 2015.

| | <u>2016</u> | <u>2015</u> | Percentage of Change <u>2015-2016</u> |
|--|-----------------------|-----------------------|---|
| ASSETS | | | |
| Cash and cash equivalents | \$4,629,259 | \$5,317,138 | -12.94% |
| Receivables | 1,013,493 | 1,211,448 | -16.34% |
| Inventory | 11,262 | 18,064 | -37.66% |
| Other Assets | - | - | 0.00% |
| Due from other funds | 3,500 | - | 0.00% |
| Capital Assets | <u>54,722,795</u> | <u>56,072,127</u> | -2.41% |
| Total assets | <u>60,380,309</u> | <u>62,618,777</u> | -3.57% |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows - PERS | 5,707,342 | 814,013 | 601.14% |
| Deferred charge on refunding | <u>712,647</u> | <u>691,983</u> | 2.99% |
| Total deferred outflows of resources | <u>6,419,989</u> | <u>1,505,996</u> | 326.30% |
| LIABILITIES | | | |
| Accounts payable | - | 460,663 | -100.00% |
| Unearned revenue | 202,367 | 216,692 | -91.55% |
| Other current liabilities | 349 | 4,132 | -6.61% |
| Noncurrent liabilities: | | | |
| Due within one year | 3,130,848 | 3,113,070 | 0.57% |
| Due beyond one year | <u>72,001,131</u> | <u>72,869,925</u> | -1.19% |
| Total liabilities | <u>75,334,695</u> | <u>76,664,482</u> | -1.73% |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Inflows - PERS | 505,748 | 1,542,699 | -67.22% |
| Deferred premium on refunding | <u>6,836,373</u> | <u>2,063,704</u> | 231.27% |
| Total deferred inflows of resources | <u>7,342,121</u> | <u>3,606,403</u> | 103.59% |
| NET POSITION | | | |
| Invested in capital assets, net of related debt | 8,149,678 | 7,711,395 | 5.68% |
| Restricted for: | | | |
| Capital projects | 123,556 | 834,022 | -85.19% |
| Debt service | 95,384 | - | 100.00% |
| Other purposes | 3,745,121 | 4,393,591 | -14.76% |
| Unrestricted | <u>(27,990,257)</u> | <u>(29,085,120)</u> | -3.76% |
| Total net position | <u>(\$15,876,518)</u> | <u>(\$16,146,112)</u> | -1.67% |

Total assets decreased by \$2,238,468. Unrestricted net assets are the part of net assets that can be used to finance day-to-day activities without constraints established by grants or legal requirements of the School Board. These assets increased by \$1,094,863.

Total liabilities decreased by \$1,329,787. This was due to the new refinancing bonds used to support past capital projects.

Table II
Changes in Net Assets
For the Years Ended June 30, 2016 and 2015

| | 2016 | 2015 | Percentage of Change 2016-2015 |
|--|---------------------|----------------------|--------------------------------------|
| REVENUE | | | |
| Program revenue: | | | |
| Charges for services | \$1,359,744 | \$1,218,279 | 11.61% |
| Federal, state and local aid-restricted | 5,086,845 | 5,006,033 | 1.61% |
| General revenue: | | | |
| Local tax levy | 66,264,249 | 63,801,987 | 3.86% |
| Federal and State aid-unrestricted | 4,997,854 | 5,011,977 | -0.28% |
| State and local aid-restricted | 1,351,407 | 1,376,905 | -1.85% |
| Other general revenue | <u>277,183</u> | <u>626,990</u> | -55.79% |
| Total revenues | <u>79,337,282</u> | <u>77,042,171</u> | 2.98% |
| FUNCTION/PROGRAM EXPENSES | | | |
| Instruction: | | | |
| Regular instruction | 20,571,015 | 19,688,421 | 4.48% |
| Special instruction | 9,164,105 | 8,728,826 | 4.99% |
| Other instruction | 1,171,105 | 1,266,482 | -7.53% |
| Support services: | | | |
| Instruction | 1,035,016 | 1,229,804 | -15.84% |
| Health services | 728,830 | 732,481 | -.50% |
| Other support services | 6,243,569 | 6,201,535 | .68% |
| Educational media services | 453,148 | 468,406 | -3.26% |
| Instructional staff training | 103,874 | 120,970 | -14.13% |
| General administration | 765,383 | 983,082 | -22.14% |
| School administration | 2,171,277 | 2,224,721 | -2.40% |
| Central services | 840,801 | 731,794 | 14.90% |
| Admin info technology | 1,142,688 | 970,428 | 17.75% |
| Operations and maintenance | 8,151,389 | 7,991,520 | 2.00% |
| Security | 62,065 | 38,099 | 62.90% |
| Student transportation services | 3,482,386 | 3,602,705 | -3.34% |
| Unallocated employee benefits | 15,326,296 | 15,520,745 | -1.25% |
| Non-budgeted expenditures | 4,766,772 | 4,699,742 | 1.43% |
| Special schools | - | - | 0% |
| Transfer to Charter School | - | - | 0% |
| Business type activities | 1,031,483 | 969,567 | 6.39% |
| Interest on long-term debt | <u>1,856,486</u> | <u>2,028,666</u> | -8.49% |
| Total expenses | <u>\$79,067,688</u> | <u>\$78,197,994</u> | 1.11% |
| Increase (decrease) in net assets | <u>\$ 269,594</u> | <u>(\$1,155,823)</u> | 123.32% |

Table II shows the changes in net assets for fiscal year 2016 as compared to fiscal year 2015. This table categorizes total revenue generated by the School Board between program and general revenue, and total expenditures between instruction, support services and special extraordinary items.

Program revenue is up significantly as the district received more revenue from providing transportation services to Freehold Borough, increased sales and federal reimbursements in food services and additional reimbursements from the State for TPAF FICA and pension contributions. The tax levy increase was primarily due to increases in staffing, employee salaries and benefit costs. Other aid from federal and state aid was generally flat.

The 55.79% decrease in other general revenue reflects one-time revenue from miscellaneous revenues such as prior year insurance refunds that did not reoccur in 2016.

Overall expenses increased by 1.10%. Major cost drivers included staffing, health benefits and increases to technology as the district implements a one-to-one Chromebook initiative.

THE SCHOOL BOARD'S FUNDS

The School Board uses funds to control and manage money for particular purposes. The funds' basic financial statements allow the School Board to demonstrate its stewardship over and accountability for resources received from the Federal Government, State of New Jersey and other entities. These statements also allow the reader to obtain more insight into the financial workings of the School Board, and assess further the School Board's overall financial health.

As the School Board completed the fiscal year ended June 30, 2016, it reported combined net assets of negative \$15,876,518 which is an increase of \$269,594. The Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities, Exhibit B-3, presents the reader with a detailed explanation of the decrease in fund balance for the fiscal year.

GENERAL FUND BUDGETING HIGHLIGHTS

The School Board's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the School Board revises its budget as it attempts to take into consideration unexpected changes in revenue and expenditures.

A schedule showing the School Board's original and final budget compared with actual operating results is provided in Section C of the CAFR, entitled Budgetary Comparison Schedules. The School Board generally does better than had been budgeted in its General Fund since it uses conservative budgetary practices in which revenues are forecasted very conservatively and expenditures are budgeted with worst-case scenarios in mind.

The General Fund finished the fiscal year with \$3,512,747 less in expenditures than had been budgeted for appropriations. Revenue-wise, the General Fund finished \$356,222 less than expected due to overestimating extraordinary aid. Both these amounts have been adjusted for the non-budgeted amounts reflected in the comparison schedule for reimbursed TPAF social security contributions and on-behalf TPAF post-retirement medical contributions.

The expenditures were held in check due to fiscal prudence by the administration to slow the rate of spending. At the same time, general supplies were purchased at better prices than expected due to the district joining other schools in cooperative bidding. The district participated in a co-op for energy consumption. Employees increased their contributions to health benefits as required by law.

The results show a decrease in fund balance mainly due to over-budgeting extraordinary aid by \$373,194. The 16-17 budget will reduce extraordinary aid to reflect the actual trend of funds provided by the state.

CAPITAL ASSETS

At June 30, 2016 the School Board had approximately \$54 Million invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, instructional equipment and other equipment. This amount is net of accumulated depreciation to date. Increases during the year represent additions to those categories, while decreases represent retirement of assets during the year, and depreciation of depreciable assets for the year. Table III below shows the book value of capital assets at the end of the 2016 and 2015 fiscal years.

Table III
Capital Assets (net of accumulated depreciation)
June 30, 2016 and 2015

| | <u>2016</u> | <u>2015</u> | Percent of Change <u>2016-2015</u> |
|---|---------------------|---------------------|--|
| Site and site improvements | \$2,079,919 | \$2,079,919 | 0.00% |
| Land, buildings and building improvements | 51,115,425 | 50,298,963 | 1.62% |
| Furniture, vehicles and equipment | 763,620 | 700,247 | 9.05% |
| Construction in progress | <u>763,831</u> | <u>2,992,998</u> | -74.48% |
| | <u>\$54,722,795</u> | <u>\$56,072,127</u> | -2.41% |

During the current fiscal year, \$879,835 of fixed assets was capitalized as additions. Increases in capital assets were offset by depreciation expense for the year.

The School Board anticipates that capital additions for the 2016-2017 fiscal year will be less than the current year to manage our surplus to acceptable levels. The district is exploring alternate means to fund capital improvements including an Energy Savings Improvement Plan (ESIP). An ESIP allows capital projects to be funded through the energy savings they generate over 15 years without issuing bonds.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For the 2015-2016 school year, the School Board was able to sustain its budget through the local tax levy, state education aid and local revenue sources. Approximately 15% of the School Board's revenue is from federal, state and local aid (restricted and not restricted), while 85% of total revenue is from local tax levy.

The -\$27,990,257 in unrestricted net assets for all governmental activities represents the accumulated results of all past years' operations. It means that if the School Board had to pay off all bills today, including all of the School Board's non-capital liabilities (compensated absences, etc.); the School Board would owe \$27,990,257. The implementation of GASB 68 has impacted this number as the Board needs to reflect its pension obligations.

The 2015-2016 budget was adopted based in part on the state education aid the School Board anticipated receiving. The State of New Jersey increased state aid for the 15-16 school year by \$111,972 over the 14-15 school year. However, the economic climate is such that this was not truly an increase but a partial restoration of the amount that was cut in 2010-2011. Future decreases in local revenue and state education aid will place an additional financial burden on the Township of Freehold.

The School Board anticipates an increase in costs for the 2016-2017 fiscal year. This includes higher salaries and increases in health benefit rates. If the School Board were to experience a significant increase in costs for these items with no appreciable increase in state aid for future budgets, the School Board would be faced with the following alternatives: (a) reduce programs and services, (b) increase local tax levy or (c) seek alternative sources of funding.

CONTACTING THE SCHOOL BOARD'S FINANCIAL MANAGEMENT

The School Board's financial report is designed to provide citizen groups, taxpayers, parents, students, other local officials, and investors and creditors with a general overview of the School Board's finances and to show the School Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Robert M. De Vita, School Business Administrator/Board Secretary, at the Freehold Township Schools Board of Education, 384 West Main Street, Freehold, NJ 07728, or e-mail at rdevita@freeholdtwp.k12.nj.us.

BASIC FINANCIAL STATEMENTS

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
June 30, 2016

| | Governmental Activities | Business-type Activities | Total |
|---------------------------------------|----------------------------|-----------------------------|------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 4,494,851 | \$ 134,408 | \$ 4,629,259 |
| Receivables - other | 3,258 | - | 3,258 |
| Receivables - state | 840,992 | 700 | 841,692 |
| Receivables - federal | 151,621 | 16,922 | 168,543 |
| Inventory | - | 11,262 | 11,262 |
| Due from other funds | 3,500 | - | 3,500 |
| Capital assets, non-depreciable | 2,843,750 | - | 2,843,750 |
| Capital assets, depreciable, net: | 51,861,134 | 17,911 | 51,879,045 |
| Total assets | <u>60,199,106</u> | <u>181,203</u> | <u>60,380,309</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows - PERS | 5,707,342 | - | 5,707,342 |
| Deferred charge on refunding | 712,647 | - | 712,647 |
| Total deferred outflows of resources | <u>6,419,989</u> | <u>-</u> | <u>6,419,989</u> |
| LIABILITIES | | | |
| Accounts payable | - | - | - |
| Other liabilities | 349 | - | 349 |
| Unearned revenue | 202,367 | - | 202,367 |
| Noncurrent liabilities: | | | |
| Due within one year | 3,130,848 | - | 3,130,848 |
| Due beyond one year | 72,001,131 | - | 72,001,131 |
| Total liabilities | <u>75,334,695</u> | <u>-</u> | <u>75,334,695</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows - PERS | 505,748 | - | 505,748 |
| Deferred premium on refunding | 6,836,373 | - | 6,836,373 |
| Total deferred inflows of resources | <u>7,342,121</u> | <u>-</u> | <u>7,342,121</u> |
| NET POSITION | | | |
| Net investment in capital assets | 8,131,767 | 17,911 | 8,149,678 |
| Restricted for: | | | |
| Debt service | 95,384 | - | 95,384 |
| Capital projects | 123,556 | - | 123,556 |
| Other purposes | 3,745,121 | - | 3,745,121 |
| Unrestricted | (28,153,549) | 163,292 | (27,990,257) |
| Total net position | <u>\$ (16,057,721)</u> | <u>\$ 181,203</u> | <u>\$ (15,876,518)</u> |

See accompanying notes to financial statements.

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2016

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Governmental activities: | | | | | | | |
| Current: | | | | | | | |
| Regular instruction | \$ 20,571,015 | \$ 205,059 | \$ - | \$ - | \$ (20,365,956) | \$ - | \$ (20,365,956) |
| Special schools instruction | 9,164,105 | - | - | - | (9,164,105) | - | (9,164,105) |
| Other special instruction | 1,171,105 | - | - | - | (1,171,105) | - | (1,171,105) |
| Support services and undistributed costs: | | | | | | | |
| Instruction | 1,035,016 | - | - | - | (1,035,016) | - | (1,035,016) |
| Health services | 728,830 | - | - | - | (728,830) | - | (728,830) |
| Other support services | 6,243,569 | - | - | - | (6,243,569) | - | (6,243,569) |
| Educational media services | 453,148 | - | - | - | (453,148) | - | (453,148) |
| Instruction staff training | 103,874 | - | - | - | (103,874) | - | (103,874) |
| General administrative services | 765,383 | - | - | - | (765,383) | - | (765,383) |
| School administrative services | 2,171,277 | - | - | - | (2,171,277) | - | (2,171,277) |
| Central services | 840,801 | - | - | - | (840,801) | - | (840,801) |
| Admin info technology | 1,142,688 | - | - | - | (1,142,688) | - | (1,142,688) |
| Allowed maintenance for school facilities | 1,339,420 | - | - | - | (1,339,420) | - | (1,339,420) |
| Other operation & maintenance of plant | 6,512,658 | - | - | - | (6,512,658) | - | (6,512,658) |
| Care and upkeep of grounds | 299,311 | - | - | - | (299,311) | - | (299,311) |
| Security | 62,065 | - | - | - | (62,065) | - | (62,065) |
| Student transportation services | 3,439,011 | 405,785 | - | - | (3,033,226) | - | (3,033,226) |
| Unallocated employee benefits | 15,369,671 | - | - | - | (15,369,671) | - | (15,369,671) |
| Non-budgeted expenditures | 4,766,772 | - | 4,766,772 | - | - | - | - |
| Special schools | - | - | - | - | - | - | - |
| Transfer to Charter school | - | - | - | - | - | - | - |
| Interest expense | 1,856,486 | - | - | - | (1,856,486) | - | (1,856,486) |
| Total governmental activities | <u>78,036,205</u> | <u>610,844</u> | <u>4,766,772</u> | <u>-</u> | <u>(72,658,589)</u> | <u>-</u> | <u>(72,658,589)</u> |
| Business-type activities: | | | | | | | |
| Food service | 1,031,483 | 748,900 | 320,073 | - | - | 37,490 | 37,490 |
| Total business-type activities | <u>1,031,483</u> | <u>748,900</u> | <u>320,073</u> | <u>-</u> | <u>-</u> | <u>37,490</u> | <u>37,490</u> |
| Total primary government | <u>\$ 79,067,688</u> | <u>\$ 1,359,744</u> | <u>\$ 5,086,845</u> | <u>\$ -</u> | <u>\$ (72,658,589)</u> | <u>\$ 37,490</u> | <u>\$ (72,621,099)</u> |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes levied for general purpose | | | | | 62,798,706 | - | 62,798,706 |
| Taxes levied for debt service | | | | | 3,465,543 | - | 3,465,543 |
| Federal and state aid - not restricted | | | | | 4,997,854 | - | 4,997,854 |
| Federal and state aid - restricted | | | | | 46,435 | - | 46,435 |
| State aid - restricted | | | | | 1,304,972 | - | 1,304,972 |
| Rents and royalties | | | | | 104,384 | - | 104,384 |
| Miscellaneous income | | | | | 171,949 | - | 171,949 |
| Investment earnings | | | | | 850 | - | 850 |
| Total general revenues, special items, extraordinary items and transfers | | | | | <u>72,890,693</u> | <u>-</u> | <u>72,890,693</u> |
| Change in net position | | | | | 232,104 | 37,490 | 269,594 |
| Net position—beginning | | | | | (16,289,825) | 143,713 | (16,146,112) |
| Net position—ending | | | | | <u>\$ (16,057,721)</u> | <u>181,203</u> | <u>\$ (15,876,518)</u> |

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2016

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|---|---------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 4,331,081 | \$ (3,904) | \$ 62,498 | \$ 95,384 | \$ 4,485,059 |
| Cash on hand with fiscal agent | - | - | - | - | - |
| Investments | - | - | - | - | - |
| Capital reserve | 9,792 | - | - | - | 9,792 |
| Receivables, net | 3,159 | 99 | - | - | 3,258 |
| Due from other funds | 3,500 | - | - | - | 3,500 |
| Receivables - State | 789,726 | - | 51,266 | - | 840,992 |
| Receivables - Federal | - | 151,621 | - | - | 151,621 |
| Total assets | <u>\$ 5,137,258</u> | <u>\$ 147,816</u> | <u>\$ 113,764</u> | <u>\$ 95,384</u> | <u>\$ 5,494,222</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | - | - | - | - | - |
| Interfund payable | - | - | - | - | - |
| Deferred revenue | 54,900 | 147,467 | - | - | 202,367 |
| Due to grantor | - | 349 | - | - | 349 |
| Total liabilities | <u>54,900</u> | <u>147,816</u> | <u>-</u> | <u>-</u> | <u>202,716</u> |
| Fund Balances: | | | | | |
| Restricted for: | | | | | |
| Unexpended additional spending proposal | - | - | - | - | - |
| Capital reserve account | 9,792 | - | - | - | 9,792 |
| Maintenance reserve account | 540,031 | - | - | - | 540,031 |
| Emergency reserve account | 611,301 | - | - | - | 611,301 |
| Excess surplus | - | - | - | - | - |
| Excess surplus -- designated for subsequent year's expenditures | - | - | - | - | - |
| Committed to: | | | | | |
| Other purposes | 267,337 | - | - | - | 267,337 |
| Assigned to: | | | | | |
| Debt service fund | - | - | - | 95,384 | 95,384 |
| Designated by the BOE for subsequent year's expenditures | 2,326,452 | - | - | - | 2,326,452 |
| Capital projects fund | - | - | 113,764 | - | 113,764 |
| Other purposes | - | - | - | - | - |
| Unassigned to: | | | | | |
| General fund | 1,327,445 | - | - | - | 1,327,445 |
| Total Fund balances | <u>5,082,358</u> | <u>-</u> | <u>113,764</u> | <u>95,384</u> | <u>5,291,506</u> |
| Total liabilities and fund balances | <u>\$ 5,137,258</u> | <u>\$ 147,816</u> | <u>\$ 113,764</u> | <u>\$ 95,384</u> | |

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

| | |
|---|------------------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets are \$99,652,180 and the accumulated depreciation is \$44,947,296. | 54,704,884 |
| Deferred outflows related to the PERS pension plan | 5,707,342 |
| Deferred inflows related to the PERS pension plan | (505,748) |
| Bond issuance costs are being amortized over the life of the related bonds. The amortization is not recorded in the funds. The original costs were \$888,390. | 712,647 |
| Bond premium is being amortized over the life of the related bonds. The amortization is not recorded in the funds. The original costs were \$7,618,957. | (6,836,373) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. | (75,131,979) |
| Net position of governmental activities | <u>\$ (16,057,721)</u> |

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | GAAP Total Governmental Funds |
|--|-----------------|----------------------------|-----------------------------|-------------------------|--|
| REVENUES | | | | | |
| Local sources: | | | | | |
| Local tax levy | \$ 62,798,706 | \$ - | \$ - | \$ 3,465,543 | \$ 66,264,249 |
| Tuition charges | 205,059 | - | - | - | 205,059 |
| Interest on investments | - | - | - | - | - |
| Interest earned on capital reserve funds | 850 | - | - | - | 850 |
| Transportation fees | 405,785 | - | - | - | 405,785 |
| Rents and royalties | 104,384 | - | - | - | 104,384 |
| Miscellaneous | 171,949 | - | - | - | 171,949 |
| Total - Local Sources | 63,686,733 | - | - | 3,465,543 | 67,152,276 |
| State sources | 9,764,626 | 1,632 | - | 39,322 | 9,805,580 |
| Federal sources | 46,435 | 1,264,018 | - | - | 1,310,453 |
| Total revenues | \$ 73,497,794 | \$ 1,265,650 | \$ - | \$ 3,504,865 | \$ 78,268,309 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Regular instruction | \$ 19,446,016 | \$ 1,124,999 | \$ - | \$ - | \$ 20,571,015 |
| Special education instruction | 9,164,105 | - | - | - | 9,164,105 |
| Other special instruction | 1,171,105 | - | - | - | 1,171,105 |
| Support services and undistributed costs: | | | | | |
| Instruction | 1,035,016 | - | - | - | 1,035,016 |
| Health services | 728,830 | - | - | - | 728,830 |
| Other support services | 6,102,918 | 140,651 | - | - | 6,243,569 |
| Educational media services | 453,148 | - | - | - | 453,148 |
| Instruction staff training | 103,874 | - | - | - | 103,874 |
| General administrative services | 765,383 | - | - | - | 765,383 |
| School administrative services | 2,171,277 | - | - | - | 2,171,277 |
| Allowed maintenance for school facilities | 1,339,420 | - | - | - | 1,339,420 |
| Other operation & maintenance of plant | 4,038,844 | - | - | - | 4,038,844 |
| Care and upkeep of grounds | 299,311 | - | - | - | 299,311 |
| Security | 62,065 | - | - | - | 62,065 |
| Student transportation services | 3,439,011 | - | - | - | 3,439,011 |
| Central services | 840,801 | - | - | - | 840,801 |
| Admin info technology | 1,142,688 | - | - | - | 1,142,688 |
| Unallocated employee benefits | 15,611,347 | - | - | - | 15,611,347 |
| Non-budgeted expenditures | 4,766,772 | - | - | - | 4,766,772 |
| Special schools | - | - | - | - | - |
| Transfer to charter school | - | - | - | - | - |
| Debt service: | | | | | |
| Principal | - | - | - | 1,515,000 | 1,515,000 |
| Interest and other charges | - | - | - | 1,894,481 | 1,894,481 |
| Capital outlay | 1,324,943 | - | 36,316 | - | 1,361,259 |
| Total expenditures | 74,006,874 | 1,265,650 | 36,316 | 3,409,481 | 78,718,321 |
| Excess (Deficiency) of revenues over expenditures | (509,080) | - | (36,316) | 95,384 | (450,012) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Bond refunding | - | - | - | (28,565,000) | (28,565,000) |
| New bonds issued | - | - | - | 23,775,000 | 23,775,000 |
| Premium and costs for bond issuance | - | - | - | 4,790,000 | 4,790,000 |
| Transfer in | - | - | - | - | - |
| Transfers out | - | - | - | - | - |
| Total other financing sources and uses | - | - | - | - | - |
| Net change in fund balances | (509,080) | - | (36,316) | 95,384 | (450,012) |
| Fund balance—July 1 | 5,591,438 | - | 150,080 | - | 5,741,518 |
| Fund balance—June 30 | \$ 5,082,358 | \$ - | \$ 113,764 | \$ 95,384 | \$ 5,291,506 |

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2016

| | | | | | | | | |
|--|---|--------------------------|-------------|--|-----------------|------------------|-------------|--|
| Total net change in fund balances - governmental funds (from B-2) | | \$ (450,012) | | | | | | |
| <p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> | | | | | | | | |
| <p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p> | | | | | | | | |
| | <table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="padding-right: 10px;">Depreciation expense</td> <td style="text-align: right;">(2,641,626)</td> <td></td> </tr> <tr> <td>Capital outlays</td> <td style="text-align: right;"><u>1,294,451</u></td> <td style="text-align: right;">(1,347,175)</td> </tr> </table> | Depreciation expense | (2,641,626) | | Capital outlays | <u>1,294,451</u> | (1,347,175) | |
| Depreciation expense | (2,641,626) | | | | | | | |
| Capital outlays | <u>1,294,451</u> | (1,347,175) | | | | | | |
| In the Statement of Activities, the PERS pension expense is the amount paid plus net change in the Deferred Outflows, Deferred Inflows and pension liability as reported by the State of New Jersey | | 251,297 | | | | | | |
| 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. | | 1,515,000 | | | | | | |
| The sale of new bonds to refund bonds is reported as an other financing source in the governmental funds but is actually only issued to redeem principal and therefore is not reported in the statement of activities. | | 28,565,000 | | | | | | |
| Expended portion of equipment lease that is not reported in this fund financial statement, but is presented in the statement of net assets. | | - | | | | | | |
| Cash held in depository account for the unspent funds of master equipment lease that is not reported in this fund financial statement, but is presented in the statement of net assets. | | - | | | | | | |
| Repayment of bonds due to refunding of bonds is reported as an other financing source in the governmental funds but is actually only issued to redeem principal and therefore is not reported in the statement of activities. | | (23,775,000) | | | | | | |
| In the Statement of Activities, the bond issuance costs is capitalized as an other asset. In the governmental funds, the costs are expensed in the year incurred. | | 199,451 | | | | | | |
| In the Statement of Activities, the bond premium received is capitalized as an other liability. In the governmental funds, the income are recorded as a source of funds in the year received. | | (5,120,018) | | | | | | |
| In the Statement of Activities, the amortization of bond issuance costs is recorded as interest expense. In the governmental funds, the amortization is not recorded. | | (178,787) | | | | | | |
| In the Statement of Activities, the amortization of bond premium is recorded as a reduction to interest expense. In the governmental funds, the amortization is not recorded. | | 347,349 | | | | | | |
| In the Statement of Activities, the principal payments on capital leases are recorded as a reduction in the long-term liability. In the governmental funds, the payments is an expenditure. | | 234,620 | | | | | | |
| In the statement of activities, certain operating expenses, e.g., compensated absences (sick leave) and special termination benefits (early retirement incentive) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used, essentially, the amounts actually paid. This year, sick leave was increased by \$156,094. | | <u>(9,621)</u> | | | | | | |
| Change in net position of governmental activities | | <u>\$ 232,104</u> | | | | | | |

Freehold Township School District
 Statement of Net Position
 Proprietary Funds
 June 30, 2016

| | <u>Business-type-activities-</u> | |
|--------------------------------------|----------------------------------|------------------|
| | <u>Enterprise Funds</u> | |
| | <u>Food</u> | |
| | <u>Service</u> | |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ | 134,408 |
| Investments | | - |
| Accounts receivable - State | | 700 |
| Account receivable - Federal | | 16,922 |
| Interfund receivable | | - |
| Other receivables | | - |
| Inventories | | 11,262 |
| Total current assets | | <u>163,292</u> |
| Noncurrent assets: | | |
| Restricted cash and cash equivalents | | - |
| Furniture, machinery & equipment | | 135,821 |
| Less accumulated depreciation | | <u>(117,910)</u> |
| Total noncurrent assets | | <u>17,911</u> |
| Total assets | \$ | <u>181,203</u> |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | \$ | - |
| Deposits payable | | - |
| Total current liabilities | | <u>-</u> |
| NET POSITION | | |
| Net investment in capital assets | | 17,911 |
| Contributed capital | | - |
| Unrestricted | | <u>163,292</u> |
| Total net position | | <u>181,203</u> |
| Total liabilities and net position | \$ | <u>181,203</u> |

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2016

| | | Business-type Activities - Enterprise Fund |
|---|----|---|
| | | <u>Food Service</u> |
| Operating revenues: | | |
| Charges for services: | | |
| Daily sales - reimbursable programs | \$ | 445,241 |
| Daily sales - non-reimbursable programs | | 303,659 |
| Special functions | | - |
| Community service activities | | - |
| Transportation fees from other LEA's within the state | | - |
| Deductions from employees' salaries | | - |
| Miscellaneous | | - |
| Total operating revenues | | <u>748,900</u> |
| | | |
| Operating expenses: | | |
| Cost of sales | | 411,766 |
| Salaries | | 388,264 |
| Employee benefits | | 69,364 |
| Purchased property service | | - |
| Other purchased professional services | | 113,667 |
| Cleaning, repair and maintenance services | | - |
| Rentals | | - |
| General supplies | | 46,265 |
| Depreciation | | 2,157 |
| Total Operating Expenses | | <u>1,031,483</u> |
| Operating income (loss) | | <u>(282,583)</u> |
| | | |
| Nonoperating revenues (expenses): | | |
| State sources: | | |
| State school lunch program | | 9,724 |
| Federal sources: | | |
| National school lunch program | | 227,043 |
| Special milk program | | 8,734 |
| Food distribution program | | 74,572 |
| Interest and investment revenue | | - |
| Total nonoperating revenues (expenses) | | <u>320,073</u> |
| Change in net position | | <u>37,490</u> |
| | | |
| Total net position—beginning | | <u>143,713</u> |
| Total net position—ending | \$ | <u><u>181,203</u></u> |

FREEHOLD TOWNSHIP SCHOOL DISTRICT
 Food Services Enterprise Fund
 Statement of Cash Flows
 for the Fiscal Year ended June 30, 2016

| | Food Service |
|---|-----------------|
| Cash Flows from Operating Activities: | |
| Receipts from customers and other funds | 748,900 |
| Payments to employees | (388,264) |
| Payments for employee benefits | (69,364) |
| Payments to suppliers | (549,339) |
| Net cash used for operating activities | (258,067) |
| Cash Flows from Noncapital Financing Activities | |
| State sources | 9,798 |
| Federal sources | 237,088 |
| Net cash provided by noncapital financing activities | 246,886 |
| Cash Flows from Capital and Related Financing Activities | |
| Purchases of fixed assets | - |
| Net cash used for capital and related financing activities | - |
| Net decrease in cash and cash equivalents | (11,181) |
| Balances-beginning of the year | 145,589 |
| Balances-end of the year | 134,408 |
| Reconciliation of operating loss to net cash used for operating activities: | |
| Operating loss | \$ (282,583) |
| Adjustments to reconcile operating loss to cash used by operating activities: | |
| Depreciation | 2,157 |
| Federal commodities | 74,571 |
| Change in assets and liabilities: | |
| Decrease (increase) in interfund receivable | - |
| Decrease (increase) in accounts receivable | (59,014) |
| Decrease (increase) in inventory | 6,802 |
| Increase (decrease) in accounts payable | - |
| Total adjustments | 24,516 |
| Net cash used by operating activities | \$ (258,067) |

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2016

| | Unemployment Compensation Trust | Student Activity | Agency Fund | Total |
|---|------------------------------------|---------------------|-------------------|-------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 280,442 | \$ 17,290 | \$ 242,029 | \$ 539,761 |
| Intergovernmental accounts receivable | - | - | - | - |
| Interfund receivable | - | - | - | - |
| Total assets | <u>\$ 280,442</u> | <u>\$ 17,290</u> | <u>\$ 242,029</u> | <u>\$ 539,761</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| Payroll deductions and withholdings | - | - | 238,529 | 238,529 |
| Payable to student groups | - | 17,290 | - | 17,290 |
| Interfund payable | - | - | 3,500 | 3,500 |
| Other current liabilities | - | - | - | - |
| Total liabilities | <u>-</u> | <u>17,290</u> | <u>242,029</u> | <u>259,319</u> |
| NET POSITION | | | | |
| Held in trust for unemployment claims and other purposes | 280,442 | - | - | 280,442 |
| Reserved for scholarships | - | - | - | - |
| Total net position | <u>280,442</u> | <u>-</u> | <u>-</u> | <u>280,442</u> |
| Total liabilities and net position | <u>\$ 280,442</u> | <u>\$ 17,290</u> | <u>\$ 242,029</u> | <u>\$ 539,761</u> |

See accompanying notes to financial statements.

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2016

| | Unemployment Compensation Trust |
|---|--|
| ADDITIONS | |
| Contributions: | |
| Plan members | \$ - |
| Other | - |
| Total contributions | - |
| Investment earnings: | |
| Net increase (decrease) in fair value of investments | - |
| Interest | 644 |
| Dividends | - |
| Less investment expense | - |
| Net investment earnings | 644 |
| Total additions | 644 |
| DEDUCTIONS | |
| Quarterly contribution reports | - |
| Unemployment claims | 77,605 |
| Scholarships awarded | - |
| Refunds of contributions | - |
| Administrative expenses | - |
| Total deductions | 77,605 |
| Change in net position | (76,961) |
| Net position—beginning of the year | 357,403 |
| Net position—end of the year | \$ 280,442 |

See accompanying notes to financial statements.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

1. Summary of Significant Accounting Policies

The financial statements of the Board of Education (the "Board") of Freehold Township School District ("District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The district-wide financial statements include all funds and account groups of the District over which the Board exercises operating control. The operations of the District include a preschool, elementary schools, and middle schools located in Freehold. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation

The School District's basic financial statements consist of District-wide statements, including a Statement of Net Position and a Statement of Activities, and Fund Financial Statements which provide a more detailed level of financial information. The Statement of Net Position includes the reporting of assets, deferred outflows, liabilities and deferred inflows. Items not meeting that definition of assets and liabilities have been classified as deferred outflows or deferred inflows. The deferred outflows are reported under assets and deferred inflows are reported under liabilities on the Statement of Net Position.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

1. Summary of Significant Accounting Policies (Cont'd)

B. Basis of Presentation, Basis of Accounting (cont'd):

Basis of Presentation

The School District has Bond Costs which have been classified as a Deferred Outflow and the Bond Premium has been classified as a Deferred Inflow. The School District has employees that are enrolled in a defined benefit plan operated by the State of New Jersey which creates deferred outflows and inflows.

In June, 2015, GASB issued Statement No. 74, Financial Reporting for Postemployment Benefits Other Than Pension Plans (Replaces GASB No. 43 and No. 57) and Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (Replaces GASB No. 45 and No. 57). The primary objective of these Statements is to improve accounting and financial reporting by state and local governments for postemployment benefits. It also improves information provided by state and local governmental employers about financial support for postemployment benefits that is provided by other entities. These Statements result from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of these Statements will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net postemployment benefit liability and a more comprehensive measure of pension expense. The requirements of these Statements are effective for financial statements for periods beginning after June 15, 2016 (GASB No. 74) and June 15, 2017 (GASB No. 75). The effect of these new standards on the School District has not been measured.

District-Wide Statements: The district-wide financial statements (A-1 and A-2) include the statement of net position and the statement of activities. These statements include the financial activities of the overall District, except for fiduciary activities. All interfund activity, excluding the fiduciary funds, has been eliminated in the statement of activities. Individual funds are not displayed but the statements distinguish governmental activities, generally financed in whole or in part with fees charged to external customers.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

1. **Summary of Significant Accounting Policies (Cont'd)**

B. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Presentation (Cont'd):

The statement of net position presents the financial condition of the governmental and business-type activity of the District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements: During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in Governmental Accounting Standards. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The general fund is the general operating fund of the District. It 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 non-instructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey State Department of Education, the District includes in this fund budgeted Capital Outlay. 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 the State of New Jersey, district taxes and appropriated fund balances. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

1. Summary of Significant Accounting Policies (Cont'd)

B. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Presentation (Cont'd):

Special Revenue Fund: The special revenue fund is used to account for the proceeds of specific revenue from state and federal Government, (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund: The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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

The District reports the following proprietary fund:

Enterprise Funds: The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund.

Depreciation of all fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

| | |
|-----------|------------|
| Equipment | 5-20 Years |
|-----------|------------|

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Payroll Agency Fund and Unemployment Compensation Insurance Trust Fund.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

1. Summary of Significant Accounting Policies (Cont'd)

B. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Accounting:

Basis of Accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-Wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the Enterprise Fund and Fiduciary Funds use the accrual basis of accounting. Differences in the accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. The tax revenues are recognized in the year for which they are levied (see Note 1.d.). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgements, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital releases are reported as other financing sources.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

C. Property Taxes

Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

1. Summary of Significant Accounting Policies (Cont'd)

D. 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 and are not voted upon in the annual school 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:23-1.2.

All budget amendments/transfers must be approved by School Board resolution. Budget amendments during the year ended June 30, 2016 were insignificant.

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

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

E. Encumbrances

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

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

1. Summary of Significant Accounting Policies (Cont'd)

F. 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 stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:2037 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 Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

G. Tuition Receivable

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

H. Tuition Payable

Tuition charges for the fiscal years 2015-2016 are based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

I. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods are recorded as an expenditure during the year of purchase.

Inventories in the enterprise funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

J. Short-Term Interfund Receivables/Payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

1. Summary of Significant Accounting Policies (Cont'd)

K. Capital Assets

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

| <u>Asset Class</u> | <u>Estimated Useful Lives</u> |
|-----------------------------|-------------------------------|
| School Buildings | 50 |
| Building Improvements | 20 |
| Electrical/Plumbing | 30 |
| Vehicles | 8 |
| Office & computer equipment | 5-10 |
| Instructional equipment | 10 |
| Grounds equipment | 15 |

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

L. Compensated Absences

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

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

M. Unearned/Deferred Revenue

Unearned/Deferred revenue in the general and special revenue funds represent cash which has been received but not yet earned.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

1. Summary of Significant Accounting Policies (Cont'd)

N. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, governmental 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. Bonds are recognized as a liability on the fund financial statements when due.

O. Deferred Outflows/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, represent 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 future periods and so will not be recognized as an inflow of resources (revenue) until that time.

P. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. 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. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

Q. Fund Balance Resources

Governmental Accounting Standards established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

1. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
2. Restricted – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed – includes amounts that can be spent only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.
4. Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned – includes all spendable amounts not contained in the other classifications

R. Revenues – Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year-end.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

1. Summary of Significant Accounting Policies (Cont'd)

R. Revenues – Exchange and Non-exchange Transactions (Cont'd)

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, and tuition.

S. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

T. Management Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents and Investments

Operating cash, in the form of Negotiable Order of Withdrawal ("NOW") accounts, is held in the District's name by a commercial banking institution. At June 30, 2016, the carrying amount of the District's deposits was \$5,169,020 and the bank balance was \$6,305,535. Of the bank balance, \$250,000 was insured with Federal Deposit Insurance.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

2. Cash and Cash Equivalents and Investments (continued)

Pursuant to Government Accounting Standards, the District's NOW accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2016, all of the District's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The District does not have a policy for custodial credit risk.

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

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with GUDPA. 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.

3. Investments

Pursuant to the Enabling Act, the funds of the District may be invested in any direct obligations of, or obligations as to which the principal and interest thereof is guaranteed by, the United States of America or other obligations as the District may approve.

New Jersey Asset and Rebate Management Program - The Program has been established as a joint investment trust, (the "Trust"), by local governmental units in the State of New Jersey, (the "State"), consistent with the Interlocal Services Act, constituting Chapter 208 of the Pamphlet Laws of 1973 of the State of New Jersey and the acts amendatory thereof and supplemental thereto (N.J.S.A. 40:8A-1 et seq.), (the "Interlocal Services Act"), to make available to counties, municipalities, school districts, authorities, or other political subdivisions of the State, and where applicable, any bond trustee acting on behalf of such local government, a convenient method for investing and accounting for surplus cash and tax exempt debt proceeds. The Program seeks to invest tax-exempt bond and note proceeds in compliance with arbitrage management and rebate requirements of the Internal Revenue Code of 1986, as amended. The Program also provides for record keeping, depository and arbitrage rebate calculation.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

3. Investments (continued)

Pursuant to the Enabling Act, the funds of the District may be invested in any direct obligations of, or obligations as to which the principal and interest thereof is guaranteed by the United States of America or other obligations as the District may approve.

In order to maximize liquidity, the District utilized the New Jersey Cash Management Fund ("NJCMF") as its sole investment. The NJCMF is administered by the New Jersey Department of Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments. These investments include: Treasuries, short-term Commercial Paper, U.S. Agency Bonds, Corporate Bonds, and investment rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty. At June 30, 2016, the District's balance was \$7,926.

Custodial Credit Risk: Pursuant to Government Accounting Standards, the NJCMF, which is a pooled investment, is exempt from custodial credit risk disclosure. The District does not have a policy for custodial credit risk.

Credit Risk: The District does not have an investment policy regarding the management of credit risk. Government Accounting Standards, require that disclosure be made as to the credit rating of all debt security investments except for obligations of U.S. government or investments guaranteed by the U.S. government. The NJCMF is not rated by a rating agency.

Interest Rate Risk: The District does not have a policy to limit interest rate risk. The average maturity of the District's sole investment, the NJCMF, is less than one year.

4. Capital Reserve Account

A capital reserve account was established by the District during fiscal year 2001-2002 in which it deposited \$100,000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

4. Capital Reserve Account (continued)

Funds placed in the capital reserve account are restricted to capital projects in the District's Long Range Facilities Plan, ("LRFP"). Upon submission of the LRFP to the department, a district may deposit funds by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A: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 01, 2015 to June 30, 2016 fiscal year is as follows:

| | | |
|-------------------|----|---------------------|
| Beginning Balance | \$ | 683,942 |
| Interest Earned | | 850 |
| Deposits | | - |
| Budgeted | | <u>(675,000)</u> |
| Ending Balance | \$ | <u><u>9,792</u></u> |

The June 30, 2016 LRFP balance of local support costs of uncompleted capital projects is \$6,342,498. There were withdrawals from the capital reserve in the amount of \$675,000 for DOE approved facilities projects.

5. Maintenance Reserve Account

A Maintenance Reserve Account was established by the Freehold Township School District for the accumulation of funds for use as maintenance of Capital Projects 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.

Funds placed in the Maintenance Reserve Account are restricted to maintenance projects in the District's approved Comprehensive Maintenance Plan (CMP). Upon submission of the CMP to the New Jersey Department of Education, the District may increase the balance in the maintenance 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. The District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the account cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The balance in the maintenance reserve does not exceed four percent of the replacement cost of the school district's school facilities for the current year at June 30, 2016.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

5. Maintenance Reserve Account (Continued)

The activity of the Maintenance Reserve for the July 01, 2015 to June 30, 2016 fiscal year is as follows:

| | |
|---------------------------|-------------------|
| Balance, July 1, 2015 | \$ 622,487 |
| Add: | |
| Interest | 2,544 |
| Deposits | - |
| Less: | |
| Budgeted transfer out | <u>(85,000)</u> |
| Balance, at June 30, 2016 | <u>\$ 540,031</u> |

6. Emergency Reserve Account

An Emergency Reserve Account was established by the Freehold Township School District for the accumulation of funds in accordance with N.J.S.A. 18A:7F-41c(1). The Emergency Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget. Funds placed in the Emergency Reserve Account are to finance unanticipated general fund expenditures required for a thorough and efficient education.

The activity of the Emergency Reserve for the July 01, 2015 to June 30, 2016 fiscal year is as follows:

| | |
|------------------------|-------------------|
| Balance July 1, 2015 | \$ 608,857 |
| Add: | |
| Interest | <u>2,444</u> |
| Balance, June 30, 2016 | <u>\$ 611,301</u> |

7. Receivables

Receivables at June 30, 2016, consisted of accounts (rent and tuition), accrued interest, interfund, intergovernmental, and property taxes. All receivables are considered collectible in full. A summary of the principal items of governmental receivables follows:

| | Governmental Fund Financial Statements | District-Wide Financial Statements |
|--------------------------------|--|--|
| State Aid | 840,992 | 841,692 |
| Federal Aid | 151,621 | 168,543 |
| Interfunds | 3,500 | 3,500 |
| Other | <u>3,258</u> | <u>3,258</u> |
| Gross Receivables | 999,371 | 1,016,993 |
| Allowance for Uncollectible | <u>-</u> | <u>-</u> |
| Total Receivables, Net | <u><u>999,371</u></u> | <u><u>1,016,993</u></u> |

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

8. Capital Assets

Capital Assets consisted of the following at June 30, 2016.

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Retirements</u> | <u>Ending Balance</u> |
|---|------------------------------|--------------------|--------------------|---------------------------|
| Governmental Activities: | | | | |
| Capital Assets Not Being Depreciated | | | | |
| Land | \$ 2,079,919 | \$ - | - | \$ 2,079,919 |
| Construction in Progress | <u>2,992,998</u> | <u>157,061</u> | <u>(2,386,228)</u> | <u>763,831</u> |
| Total Capital Assets Not Being Depreciated | <u>5,072,917</u> | <u>157,061</u> | <u>(2,386,228)</u> | <u>2,843,750</u> |
| Capital Assets Being Depreciated | | | | |
| Site Improvements | - | - | - | - |
| Building and Building Improvements | 76,160,629 | 3,056,491 | - | 79,217,120 |
| Machinery and Equipment | <u>17,124,183</u> | <u>467,127</u> | <u>-</u> | <u>17,591,310</u> |
| Totals at Historical Cost | <u>93,284,812</u> | <u>3,523,618</u> | <u>-</u> | <u>96,808,430</u> |
| Less Accumulated Depreciation for: | | | | |
| Site Improvements | - | - | - | - |
| Building and Building Improvements | (25,881,734) | (2,237,872) | - | (28,119,606) |
| Machinery and Equipment | <u>(16,423,936)</u> | <u>(403,754)</u> | <u>-</u> | <u>(16,827,690)</u> |
| Total Accumulated Depreciation | <u>(42,305,670)</u> | <u>(2,641,626)</u> | <u>-</u> | <u>(44,947,296)</u> |
| Total Capital Assets Being Depreciated, Net of Accumulated Depreciation | <u>50,979,142</u> | <u>881,992</u> | <u>-</u> | <u>51,861,134</u> |
| Government Activity Capital Assets, Net | <u>56,052,059</u> | <u>1,039,053</u> | <u>(2,386,228)</u> | <u>54,704,884</u> |
| Business-Type Activities: | | | | |
| Capital Assets Being Depreciated: | | | | |
| Equipment | 135,821 | - | - | 135,821 |
| Less: Accumulated Depreciation | <u>(115,753)</u> | <u>(2,157)</u> | <u>-</u> | <u>(117,910)</u> |
| Enterprise Fund Capital Assets, Net | <u>\$ 20,068</u> | <u>\$ (2,157)</u> | <u>-</u> | <u>\$ 17,911</u> |

Depreciation expense was charged to governmental functions as follows:

| | |
|----------------------------|---------------------|
| Operations and maintenance | \$ <u>2,641,626</u> |
| Total depreciation expense | \$ <u>2,641,626</u> |

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

9. Non-current Liabilities

During the fiscal year ended June 30, 2016 the following changes occurred in the non-current liabilities:

| | Balance <u>July 01, 2015</u> | Increase/ <u>(Decrease)</u> | Balance <u>June 30, 2016</u> | Due within <u>one year</u> |
|----------------------------------|---------------------------------|--------------------------------|---------------------------------|-------------------------------|
| Bonds payable | \$46,250,000 | (6,305,000) | 39,945,000 | \$ 1,490,000 |
| Obligations under capital leases | 739,011 | (234,620) | 504,391 | 242,368 |
| Compensated absences payable | 1,902,701 | 9,621 | 1,912,322 | 83,986 |
| Pension liability - PERS | <u>27,091,283</u> | <u>5,678,983</u> | <u>32,770,266</u> | <u>1,314,494</u> |
| | <u>\$75,982,995</u> | <u>(851,016)</u> | <u>\$75,131,979</u> | <u>\$ 3,130,848</u> |

a. Bonds Payable

Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

Principal and interest due on serial bonds outstanding is as follows:

| Year ended | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------|----------------------|----------------------|----------------------|
| June 30 | | | |
| 2017 | \$ 1,490,000 | \$ 1,841,322 | \$ 3,331,322 |
| 2018 | 1,595,000 | 1,790,300 | 3,385,300 |
| 2019 | 1,715,000 | 1,725,700 | 3,440,700 |
| 2020 | 1,845,000 | 1,656,200 | 3,501,200 |
| 2021 | 2,000,000 | 1,570,325 | 3,570,325 |
| 2022-2026 | 12,965,000 | 6,168,325 | 19,133,325 |
| 2027-2031 | 15,755,000 | 2,645,950 | 18,400,950 |
| 2032 | <u>2,580,000</u> | <u>129,000</u> | <u>2,709,000</u> |
| | <u>\$ 39,945,000</u> | <u>\$ 17,527,122</u> | <u>\$ 57,472,122</u> |

b. Bonds Authorized But Not Issued

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

c. Capital Leases:

The District is leasing equipment under various capital leases. The following is a schedule of the remaining future minimum lease payments under the capital lease and the present value of the net minimum lease payments at June 30, 2016:

| | |
|-------------------------------------|-------------------|
| Year ended June 30, | |
| 2017 | \$ 255,620 |
| 2018 | 136,300 |
| 2019 | <u>135,576</u> |
| Total minimum lease payments | 527,496 |
| Less: amounts representing interest | <u>(23,105)</u> |
| Present value of lease payments | <u>\$ 504,391</u> |

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

10. Pension Plans

Description of Plans

All required employees of the District are covered by either the Public Employees' Retirement System ("PERS"), the Teachers' Pension and Annuity Fund ("TPAF") or the Defined Contribution Retirement Program (DCRP) which have been established by State statute and are administered by the New Jersey Division of Pension and Benefits ("Division"). Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund ("TPAF")

The Teachers' Pension and Annuity Fund was established as of January 1, 1955 under the provision of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The TPAF is considered a cost-sharing multiple-employer plan with a special funding situation as, under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the System's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are classified, professional, and certified.

For the year ended June 30, 2016, the District recognized pension expense of \$1,314,494 and revenue of \$1,314,494 for support provided by the State on the fund financials. These amounts are not included in the district-wide financials as required by GASB 68.

At June 30, 2016, the District has no deferred outflow, deferred inflows or pension liability for the TPAF plan as all future costs are to be incurred by the State of New Jersey. As detailed in GASB 68 the District's proportionate share of the deferred outflows of resources and deferred inflows of resources and pension liability is required to be disclosed. These items are not included on the district-wide financials. The District's proportionate share is 0.2631888032% of the total plan. The information on the following page was provided from the State of New Jersey June 30, 2015 audit of the TPAF fund and has been adjusted to the District's proportionate share.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

10. Pension Plans (Cont'd)

Teachers' Pension and Annuity Fund ("TPAF") (Cont'd)

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 840,460 | \$ 49,816 |
| Changes of assumptions | 18,812,325 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 1,400,726 |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 120,302 | 190,085 |
| District contributions subsequent to the measurement date | <u>-</u> | <u>-</u> |
| Total | <u>\$ 19,773,087</u> | <u>\$ 1,640,627</u> |

The District's proportionate share of the pension liability at June 30, 2015 as it relates to the District is \$166,346,563.

The District's proportionate share of other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense by the State of New Jersey as follows:

| Year ended June 30: | |
|---------------------|----------------------|
| 2016 | \$ 2,154,026 |
| 2017 | 2,154,026 |
| 2018 | 2,154,026 |
| 2019 | 3,299,711 |
| 2020 | 2,792,698 |
| Thereafter | <u>5,781,824</u> |
| Total | <u>\$ 18,336,311</u> |

Public Employees' Retirement System ("PERS")

The Public Employees' Retirement System was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

For the year ended June 30, 2016, the District recognized pension expense of \$1,314,494. As detailed in GASB 68 the District's proportionate share of the deferred outflows of resources and deferred inflows of resources and pension liability is required to be disclosed and recorded. These items are included on the district-wide financials. The District's proportionate share is 0.1401273042% of the total plan. The information on the following page was provided from the State of New Jersey June 30, 2015 audit of the PERS fund and has been adjusted to the District's proportionate share. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

10. Pension Plans (Cont'd)

Public Employees' Retirement System ("PERS") (Cont'd)

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 750,424 | \$ - |
| Changes of assumptions | 3,378,099 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 505,748 |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 1,578,819 | - |
| District contributions subsequent to the measurement date | - | - |
| Total | <u>\$ 5,707,342</u> | <u>\$ 505,748</u> |

The District's proportionate share of the pension liability at June 30, 2015 as it relates to the District is \$31,455,772 and has been recorded on the district-wide financials. The current portion due in April 2017 for the June 30, 2015 liability is \$1,314,494 and has been included on the district-wide financials. The total PERS pension liability at June 30, 2016 is \$32,770,266.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | |
|---------------------|---------------------|
| 2016 | \$ 659,527 |
| 2017 | 659,527 |
| 2018 | 659,527 |
| 2019 | 1,050,403 |
| 2020 | 593,789 |
| Thereafter | - |
| Total | <u>\$ 3,622,773</u> |

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

10. Pension Plans (Cont'd)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------|--------------------------|---|
| Cash | 5.00 % | 1.04 % |
| U.S. Treasuries | 1.75 % | 1.64 % |
| Investment Grade Credit | 10.00 % | 1.79 % |
| Mortgages | 2.10 % | 1.62 % |
| High Yield Bonds | 2.00 % | 4.03 % |
| Inflation-Indexed Bonds | 1.50 % | 3.25 % |
| Broad US Equities | 27.25 % | 8.52 % |
| Developed Foreign Equities | 12.00 % | 6.88 % |
| Emerging Market Equities | 6.40 % | 10.00 % |
| Private Equity | 9.25 % | 12.41 % |
| Hedge Funds/Absolute Return | 12.00 % | 4.72 % |
| Real Estate (Property) | 2.00 % | 6.83 % |
| Commodities | 1.00 % | 5.32 % |
| Global Debt ex US | 3.50 % | (0.40)% |
| REIT | 4.25 % | 5.12 % |

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% as of June 30, 2015, based on Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

10. Pension Plans (Cont'd)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2016 and 2015 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | 1% Decrease (3.90 %) | Current Discount Rate (4.90 %) | 1% Increase (5.90 %) |
|---|-----------------------------|---------------------------------------|-----------------------------|
| District's proportionate share of the net pension liability | 39,095,676 | 31,455,772 | 25,050,532 |

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

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by the N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:66 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years or service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

10. Pension Plans (Cont'd)

Contribution Requirements

Three-Year Trend Information for PERS

| Year Funding | Annual Pension Cost (ACP) | Percentage of ACP Contributed | Net Pension Obligation |
|-----------------|------------------------------|-------------------------------------|------------------------------|
| 6/30/16 | \$ 1,227,572 | 100 | 0 |
| 6/30/15 | 1,154,023 | 100 | 0 |
| 6/30/14 | 975,530 | 100 | 0 |

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

| Year Funding | Annual Pension Cost (ACP) | Percentage of ACP Contributed | Net Pension Obligation |
|-----------------|------------------------------|-------------------------------------|------------------------------|
| 06/30/16 | \$ 4,832,034 | 100 | 0 |
| 06/30/15 | 3,681,742 | 100 | 0 |
| 06/30/14 | 2,851,267 | 100 | 0 |

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

There was a current year contribution to the TPAF post-retirement medical benefits made by the State of New Jersey on behalf of the Board in the amount of \$4,832,034. The State did not make any normal contributions on behalf of the Board. Also, in accordance with N.J.S.A. 18A:6666 the State of New Jersey reimbursed the District \$2,140,417 during the year ended June 30, 2016 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

These amounts have been included in the general purpose financial statements, the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with Governmental Accounting Standards.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

Defined Contribution Retirement Plan (DCRP)

The Defined Contribution Retirement Plan is a cost-sharing multiple-employer defined contribution pension plan which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A.43:15C-1 et. seq), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Divisions of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A.43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District's contribution amounts for each pay period are transmitted to Prudential not later than the fifth business day after the date on which the employee is paid for that pay period.

The District's contributions to the DCRP for June 30, 2016 were \$6,650. There was no liability for unpaid contributions at June 30, 2016.

Related Party Investments – The Division of Pensions and Benefits does not invest in securities issued by the School District.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

11. Post-Retirement Benefits

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits of 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, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with, P.L. 1994 Chapter 62. Funding of post-retirement medical benefits changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126 which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

12. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards.

District employees are granted varying amounts of sick leave in accordance with the districts personnel policy. District employees who are employed for twelve months are entitled to twelve paid sick leave days per fiscal school year. Unused sick leave may be accumulated and carried forward to the subsequent years. Upon separation the District shall pay the employee for unused sick leave in accordance with the Districts' agreements with the various employees. Vacation days not used during the year may only be carried forward with approval from the Superintendent.

The liability for vested compensated absences of the governmental fund types is recorded on the District-wide financials. The current portion of the compensated absences balance is shown separately from the long-term liability balance of compensated absences. The liability for vested compensated absences of the proprietary fund type is recorded within those funds as the benefits accrue to employees.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

13. Deferred Compensation

The Board offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit 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 Financial
- The Variable Annuity Life Insurance Co.
- AXA Equitable Life Insurance Co.
- Great American Financial Resources, Inc.
- Metlife Resources
- Security Benefit Corp.
- Legend Equities Corporation

14. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance – The 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.

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

| District Financial Year | Employee Contributions | Interest | Amount Reimbursed | Ending Balance |
|-------------------------|------------------------|----------|-------------------|----------------|
| 2015-2016 | \$ - | 644 | 77,605 | \$ 280,442 |
| 2014-2015 | 35,850 | 822 | 114,156 | 357,403 |
| 2013-2014 | \$ 316,275 | 391 | 62,313 | \$ 434,887 |

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

15. Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at June 30, 2016:

| Fund | Interfund Receivable | Interfund Payable |
|-----------------------|-------------------------|----------------------|
| General Fund | \$ 3,500 | \$ - |
| Special Revenue Fund | - | - |
| Capital Projects Fund | - | - |
| Debt Service Fund | - | - |
| Enterprise Fund | - | - |
| Trust and Agency Fund | - | 3,500 |
| | <u>\$ 3,500</u> | <u>\$ 3,500</u> |

16. Inventory

Inventory in the Food Service Fund at June 30, 2016 consisted of the following:

| | |
|----------|------------------|
| Food | \$ 8,003 |
| Supplies | <u>3,259</u> |
| | <u>\$ 11,262</u> |

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

17. Contingent Liabilities

Grant Programs

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

The District is also involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the Board.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2016

18. Fund Balances

General Fund – Of the \$5,082,358 General Fund balance at June 30, 2016, \$267,337 of encumbrances is committed to other purposes, \$9,792 is restricted for capital reserve, \$540,031 is restricted for maintenance reserve, \$611,301 is restricted for the emergency reserve, \$- is restricted for excess surplus for subsequent year expenditures, \$2,326,452 has been classified as assigned fund balance designated for subsequent year expenditures, \$- is restricted for excess surplus and \$1,327,445 is unassigned.

19. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016 is \$-. The excess fund balance at June 30, 2015 was \$-. Pursuant to the provisions of Executive Order No. 14, \$- of that amount was approved by the Commissioner of the Department of Education for withdrawal to address any budget shortfall in the general fund account group due to the 2015-2016 withholding of state aid.

20. Uncertain Tax Positions

The school district had no unrecognized tax benefits at June 30, 2016. The school district files tax returns in the U.S. federal jurisdiction and various states. The school district has no open year prior to June 30, 2013.

21. Subsequent Events

Management has evaluated subsequent events through November 15, 2016, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-------------------|-------------------|-----------------------------|
| REVENUES: | | | | | |
| Local sources: | | | | | |
| Local tax levy | \$ 62,798,706 | \$ - | \$ 62,798,706 | 62,798,706 | \$ - |
| Tuition | 207,466 | - | 207,466 | 205,059 | (2,407) |
| Transportation Fees from Individuals | 9,990 | - | 9,990 | 10,079 | 89 |
| Transportation Fees from Other LEAs | 150,219 | - | 150,219 | 395,706 | 245,487 |
| Interest earned on capital reserve funds | 750 | - | 750 | 850 | 100 |
| Rents and Royalties | - | - | - | 104,384 | 104,384 |
| Miscellaneous | 282,325 | - | 282,325 | 171,949 | (110,376) |
| Total - local sources | 63,449,456 | - | 63,449,456 | 63,686,733 | 237,277 |
| State sources: | | | | | |
| Transportation aid | 300,655 | - | 300,655 | 300,655 | - |
| Special education aid | 2,597,902 | - | 2,597,902 | 2,597,902 | - |
| Extraordinary aid | 1,145,948 | - | 1,145,948 | 772,754 | (373,194) |
| Other state aids | 78,241 | - | 78,241 | 95,213 | 16,972 |
| Equalization aid | 1,140,072 | - | 1,140,072 | 1,140,072 | - |
| Categorical security aid | 84,658 | - | 84,658 | 84,658 | - |
| TPAF pension (on-behalf - Non-budgeted) | - | - | - | 4,832,034 | 4,832,034 |
| TPAF social security (reimbursed - Non-budgeted) | - | - | - | 2,140,417 | 2,140,417 |
| Total state sources | 5,347,476 | - | 5,347,476 | 11,963,705 | 6,616,229 |
| Federal Sources: | | | | | |
| Medicaid Reimbursement | 33,670 | - | 33,670 | 46,435 | 12,765 |
| Total federal sources | 33,670 | - | 33,670 | 46,435 | 12,765 |
| Total revenues | 68,830,602 | - | 68,830,602 | 75,696,873 | 6,866,271 |
| EXPENDITURES: | | | | | |
| Current Expense: | | | | | |
| Regular Programs - Instruction: | | | | | |
| Preschool/Kindergarten - Salaries of teachers | 1,302,169 | (9,370) | 1,292,799 | 1,292,529 | 270 |
| Grades 1-5 - Salaries of teachers | 8,649,965 | 355,407 | 9,005,372 | 9,005,372 | - |
| Grades 6-8 - Salaries of teachers | 6,869,104 | (57,366) | 6,811,738 | 6,811,738 | - |
| Regular Programs - Home Instruction: | | | | | |
| Salaries of teachers | 23,697 | 2,806 | 26,503 | 26,503 | - |
| Purchased professional-educational services | 16,000 | 13,892 | 29,892 | 24,432 | 5,460 |
| Regular Programs - Undistributed Instruction: | | | | | |
| Other salaries for instruction | 368,165 | 117,341 | 485,506 | 485,405 | 101 |
| Purchased professional technical services | 79,575 | 8,623 | 88,198 | 76,470 | 11,728 |
| Other purchased services (400-500 series) | 147,868 | 1,210 | 149,078 | 107,371 | 41,707 |
| General supplies | 1,385,463 | 291,813 | 1,677,276 | 1,611,149 | 66,127 |
| Textbooks | 106,410 | (95,500) | 10,910 | 3,447 | 7,463 |
| Other objects | 100 | 3,200 | 3,300 | 1,600 | 1,700 |
| TOTAL REGULAR PROGRAMS - INSTRUCTION | 18,948,516 | 632,056 | 19,580,572 | 19,446,016 | 134,556 |
| SPECIAL EDUCATION - INSTRUCTION | | | | | |
| Learning and/or Language Disabilities: | | | | | |
| Salaries of teachers | 65,593 | 103,165 | 168,758 | 168,758 | - |
| Other salaries for instruction | 387,221 | (52,151) | 335,070 | 335,070 | - |
| General supplies | 13,250 | - | 13,250 | 9,971 | 3,279 |
| Total Learning and/or Language Disabilities | 466,064 | 51,014 | 517,078 | 513,799 | 3,279 |
| Behavioral Disabilities: | | | | | |
| Salaries of teachers | 132,602 | 10,381 | 142,983 | 142,858 | 125 |
| Other salaries for instruction | 124,342 | (14,800) | 109,542 | 109,541 | 1 |
| Other purchased services (400-500 series) | 500 | - | 500 | - | 500 |
| General supplies | 6,500 | (5,000) | 1,500 | - | 1,500 |
| Total Behavioral Disabilities | 263,944 | (9,419) | 254,525 | 252,399 | 2,126 |
| Multiple Disabilities: | | | | | |
| Salaries of teachers | 538,334 | (171,185) | 367,149 | 367,147 | 2 |
| Other salaries for instruction | 369,227 | 7,882 | 377,109 | 377,109 | - |
| Other Purch. Serv. (400-500 series) | 2,450 | (1,500) | 950 | - | 950 |
| General supplies | 12,100 | - | 12,100 | 6,415 | 5,685 |
| Total Multiple Disabilities | 922,111 | (164,803) | 757,308 | 750,671 | 6,637 |

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-------------------|-------------------|-----------------------------|
| Resource Room/Resource Center: | | | | | |
| Salaries of teachers | \$ 4,577,957 | \$ 26,895 | \$ 4,604,852 | 4,604,852 | \$ - |
| Other salaries for instruction | 1,222,630 | 159,352 | 1,381,982 | 1,381,302 | 680 |
| Other Purch. Serv. (400-500 series) | 160,750 | (38,206) | 122,544 | 86,684 | 35,860 |
| General supplies | 16,100 | 40,006 | 56,106 | 54,114 | 1,992 |
| Total Resource Room/Resource Center | 5,977,437 | 188,047 | 6,165,484 | 6,126,952 | 38,532 |
| Autism: | | | | | |
| Salaries of teachers | 298,570 | 52,615 | 351,185 | 351,185 | - |
| Other salaries for instruction | 294,640 | 4,920 | 299,560 | 299,560 | - |
| Other purchased services (400-500 series) | 2,000 | (1,500) | 500 | - | 500 |
| General supplies | 15,650 | (7,000) | 8,650 | 3,232 | 5,418 |
| Total Autism | 610,860 | 49,035 | 659,895 | 653,977 | 5,918 |
| Preschool Disabilities - Part Time | | | | | |
| Salaries of teachers | 148,194 | 6,967 | 155,161 | 154,421 | 740 |
| Other salaries for instruction | 248,157 | (64,663) | 183,494 | 183,494 | - |
| Purchased technical services | 250 | - | 250 | - | 250 |
| Other purchased services (400-500 series) | 400 | - | 400 | 135 | 265 |
| General supplies | 3,400 | - | 3,400 | 3,353 | 47 |
| Total Preschool Disabilities - Part Time | 400,401 | (57,696) | 342,705 | 341,403 | 1,302 |
| Preschool Disabilities - Full Time | | | | | |
| Salaries of teachers | 169,579 | 19,124 | 188,703 | 187,744 | 959 |
| Other salaries for instruction | 258,321 | 75,743 | 334,064 | 334,064 | - |
| Purchased technical services | 150 | - | 150 | - | 150 |
| General supplies | 3,100 | - | 3,100 | 3,096 | 4 |
| Total Preschool Disabilities - Full Time | 431,150 | 94,867 | 526,017 | 524,904 | 1,113 |
| TOTAL SPECIAL EDUCATION - INSTRUCTION | 9,071,967 | 151,045 | 9,223,012 | 9,164,105 | 58,907 |
| Basic Skills/Remedial - Instruction | | | | | |
| Salaries of teachers | 663,861 | 10,238 | 674,099 | 671,587 | 2,512 |
| General Supplies | 9,150 | - | 9,150 | 7,445 | 1,705 |
| Total Basic Skills/Remedial - Instruction | 673,011 | 10,238 | 683,249 | 679,032 | 4,217 |
| Bilingual Education - Instruction | | | | | |
| Salaries of teachers | 192,789 | (46,503) | 146,286 | 145,578 | 708 |
| Other purchased services (400-500 series) | 6,450 | - | 6,450 | 3,304 | 3,146 |
| General Supplies | 28,200 | - | 28,200 | 27,257 | 943 |
| Total Bilingual Education - Instruction | 227,439 | (46,503) | 180,936 | 176,139 | 4,797 |
| School-Spon. Cocurricular Activities - Instruction | | | | | |
| Salaries | 111,772 | 74,154 | 185,926 | 185,926 | - |
| Supplies and materials | 5,200 | - | 5,200 | 5,088 | 112 |
| Other objects | 2,800 | - | 2,800 | 2,659 | 141 |
| Total School-Spon. Cocurricular Actvts. - Instruction | 119,772 | 74,154 | 193,926 | 193,673 | 253 |
| School-Spon. Athletics - Instruction | | | | | |
| Salaries | 133,056 | - | 133,056 | 80,766 | 52,290 |
| Purchased services (300-500 series) | 25,000 | - | 25,000 | 18,689 | 6,311 |
| Supplies and materials | 25,000 | - | 25,000 | 21,597 | 3,403 |
| Total School-Spon. Cocurricular Actvts. - Instruction | 183,056 | - | 183,056 | 121,052 | 62,004 |
| Other Instructional Programs - Instruction | | | | | |
| Supplies and materials | 6,000 | 423 | 6,423 | 1,209 | 5,214 |
| Total Other Instructional Programs - Instruction | 6,000 | 423 | 6,423 | 1,209 | 5,214 |
| Total Instruction | 29,229,761 | 821,413 | 30,051,174 | 29,781,226 | 269,948 |
| Undistributed Expenditures - Instruction: | | | | | |
| Tuition to other LEAs within the state - regular | - | - | - | - | - |
| Tuition to other LEAs within the state - special | 107,000 | 6,788 | 113,788 | 99,265 | 14,523 |
| Tuition to Priv. Sch. For Handic. in state | 1,453,407 | (62,449) | 1,390,958 | 935,751 | 455,207 |
| Total Undistributed Expenditures - Instruction: | 1,560,407 | (55,661) | 1,504,746 | 1,035,016 | 469,730 |
| Undist. Expend. - Health Services | | | | | |
| Salaries | 698,306 | (27,000) | 671,306 | 669,244 | 2,062 |
| Purchased professional and technical services | 17,000 | (346) | 16,654 | 16,654 | - |
| Other Purchd. Serv. (400-500 series) | 11,250 | (4,731) | 6,519 | 6,295 | 224 |
| Supplies and materials | 43,910 | (5,921) | 37,989 | 36,488 | 1,501 |
| Other objects | 740 | - | 740 | 149 | 591 |
| Total Undistributed Expenditures - Health Services | 771,206 | (37,998) | 733,208 | 728,830 | 4,378 |

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|------------------|------------------|-----------------------------|
| Undist. Expend. - Other Support Serv - Students Related Service | | | | | |
| Salaries | \$ 914,653 | \$ (37,577) | \$ 877,076 | 873,111 | \$ 3,965 |
| Purchased professional - educational services | 125,676 | - | 125,676 | 97,710 | 27,966 |
| Supplies and materials | 13,000 | 2,000 | 15,000 | 12,375 | 2,625 |
| Total Undist. Expend. - Other Support Serv - Students | 1,053,329 | (35,577) | 1,017,752 | 983,196 | 34,556 |
| Undist. Expend. - Other Support Services - Students - Extraordinary Services | | | | | |
| Salaries | 362,733 | (128,347) | 234,386 | 234,386 | - |
| Purchased Prof. Ed. Services | 15,700 | - | 15,700 | 7,332 | 8,368 |
| Supplies and materials | 19,600 | - | 19,600 | 16,912 | 2,688 |
| Total Undist. Expend. - Other Support Services Students - Extraordinary Services | 398,033 | (128,347) | 269,686 | 258,630 | 11,056 |
| Undist. Expend. - Other Support Serv Students-Regular | | | | | |
| Salaries of other professional staff | 686,911 | (5,359) | 681,552 | 681,552 | - |
| Salaries of secretarial and clerical assistants | 115,414 | (7,117) | 108,297 | 108,297 | - |
| Other purchased services (400-500 series) | 7,300 | - | 7,300 | 1,082 | 6,218 |
| Supplies and materials | 19,050 | (265) | 18,785 | 13,059 | 5,726 |
| Other objects | 15 | - | 15 | 15 | - |
| Total Undist. Expend. - Other Support Serv - Students-Regular | 828,690 | (12,741) | 815,949 | 804,005 | 11,944 |
| Undist. Expend. - Other Support Serv - Students-Special | | | | | |
| Salaries of other professional staff | 2,259,889 | 52,900 | 2,312,789 | 2,312,789 | - |
| Salaries of secretarial and clerical assistants | 264,320 | 3,543 | 267,863 | 267,863 | - |
| Unused Vac Pay to Term/Retired Staff | - | 7,999 | 7,999 | 7,999 | - |
| Other purchased prof. and tech. services | 67,134 | 55,200 | 122,334 | 96,381 | 25,953 |
| Other purchased services (400-500 series) | 28,191 | 10,000 | 38,191 | 34,367 | 3,824 |
| Supplies and materials | 68,825 | 355 | 69,180 | 60,999 | 8,181 |
| Other objects | 6,600 | - | 6,600 | 2,345 | 4,255 |
| Total Undist. Expend. - Other Supp Services - Students-Special | 2,694,959 | 129,997 | 2,824,956 | 2,782,743 | 42,213 |
| Undist. Expend. - Improv of Instruct Serv - Other Sup Serv - Instr | | | | | |
| Salaries of supervisor of instruction | 1,110,448 | (10,477) | 1,099,971 | 1,099,971 | - |
| Other Salaries | 180,704 | - | 180,704 | 108,008 | 72,696 |
| Other purchased services (400-500) | 75,900 | 11,151 | 87,051 | 49,810 | 37,241 |
| Supplies and materials | 12,120 | - | 12,120 | 10,961 | 1,159 |
| Other objects | 7,600 | (1,225) | 6,375 | 5,594 | 781 |
| Total Undist. Expend. - Improv of Instruct Serv - Other Sup Serv - Instr | 1,386,772 | (551) | 1,386,221 | 1,274,344 | 111,877 |
| Undist. Expend. - Educational Media Services/School Library | | | | | |
| Salaries | 416,833 | (6,482) | 410,351 | 410,351 | - |
| Supplies and materials | 47,850 | 125 | 47,975 | 42,797 | 5,178 |
| Total Undist. Expend. - Educational Media Services/School Library | 464,683 | (6,357) | 458,326 | 453,148 | 5,178 |
| Undist. Expend. - Instruction Staff Training Services | | | | | |
| Salaries of other professional staff | 62,985 | 154 | 63,139 | 63,139 | - |
| Purchased professional - educational services | 15,000 | - | 15,000 | 10,975 | 4,025 |
| Other purchased services (400-500) | 32,500 | 825 | 33,325 | 27,149 | 6,176 |
| Supplies and materials | 3,550 | - | 3,550 | 2,611 | 939 |
| Total Undist. Expend. - Instruction Staff Training Services | 114,035 | 979 | 115,014 | 103,874 | 11,140 |
| Undist. Expend. - Support Service - General Administration | | | | | |
| Salaries | 473,598 | 798 | 474,396 | 468,356 | 6,040 |
| Legal services | 105,000 | 17,474 | 122,474 | 93,128 | 29,346 |
| Audit Fees | 31,200 | - | 31,200 | 31,200 | - |
| Architectural/Engineering Services | 75,000 | 2,029 | 77,029 | 26,865 | 50,164 |
| Other purchased professional services | 14,201 | 4,335 | 18,536 | 10,836 | 7,700 |
| Purchased technical services | 18,500 | - | 18,500 | 13,885 | 4,615 |
| Communications/Telephone | 91,700 | - | 91,700 | 45,759 | 45,941 |
| BOE Other purchased services | 15,200 | 114 | 15,314 | 5,805 | 9,509 |
| Other purchased services (400-500 series) | 19,700 | - | 19,700 | 15,910 | 3,790 |
| General supplies | 24,000 | (2,399) | 21,601 | 12,966 | 8,635 |
| BOE In-House Training/Meeting Supplies | - | - | - | - | - |
| Miscellaneous expenditures | 14,800 | 3,000 | 17,800 | 12,312 | 5,488 |
| BOE membership dues and fees | 31,000 | 1,300 | 32,300 | 28,361 | 3,939 |
| Total Undist. Expend. - Support Service - General Administration | 913,899 | 26,651 | 940,550 | 765,383 | 175,167 |
| Undist. Expend. - Support Service - School Administration | | | | | |
| Salaries of principals/Assistant principals | 1,301,758 | (3,934) | 1,297,824 | 1,297,824 | - |
| Salaries of secretarial and clerical assistants | 797,880 | (25,600) | 772,280 | 763,862 | 8,418 |
| Unused Vac Pay to Term/Retired Staff | - | 3,267 | 3,267 | 3,267 | - |
| Other purchased services (400-500 series) | 46,881 | 1,047 | 47,928 | 33,099 | 14,829 |
| Supplies and materials | 66,475 | (7,400) | 59,075 | 55,085 | 3,990 |
| Other objects | 20,825 | (445) | 20,380 | 18,140 | 2,240 |
| Total Undist. Expend. - Support Service - School Administration | 2,233,819 | (33,065) | 2,200,754 | 2,171,277 | 29,477 |

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|------------------|------------------|-----------------------------|
| Undistributed Expenditures - Central Services | | | | | |
| Salaries | \$ 655,383 | \$ 15,921 | \$ 671,304 | 671,304 | \$ - |
| Unused Vac Pay to Term/Retired Staff | - | 34,597 | 34,597 | 34,597 | - |
| Purchased professional services | 12,970 | - | 12,970 | 9,120 | 3,850 |
| Purchased technical services | 71,163 | 23,483 | 94,646 | 82,963 | 11,683 |
| Misc. Purchased Services | 11,400 | - | 11,400 | 8,067 | 3,333 |
| Supplies and materials | 21,825 | - | 21,825 | 10,096 | 11,729 |
| Miscellaneous expenditures | 40,175 | 11,367 | 51,542 | 24,654 | 26,888 |
| Total Undist. Expend. - Central Services | 812,916 | 85,368 | 898,284 | 840,801 | 57,483 |
| Undist.- Admin. Info. Technology | | | | | |
| Salaries | 427,993 | - | 427,993 | 424,706 | 3,287 |
| Purchased Professional Services | 276,000 | 2,698 | 278,698 | 259,513 | 19,185 |
| Purchased technical services | - | - | - | - | - |
| Other Purchased Services | 139,454 | - | 139,454 | 120,084 | 19,370 |
| Supplies and materials | 589,000 | (235,923) | 353,077 | 338,385 | 14,692 |
| Total Undist. Expend - Admin. Info. Technology | 1,432,447 | (233,225) | 1,199,222 | 1,142,688 | 56,534 |
| Undist. Expend. - Allowed Maintenance for School Facilities | | | | | |
| Salaries | 482,075 | (17,000) | 465,075 | 461,288 | 3,787 |
| Cleaning, repair and maintenance services | 633,973 | 172,721 | 806,694 | 712,547 | 94,147 |
| General supplies | 151,400 | 20,743 | 172,143 | 165,585 | 6,558 |
| Total Undist. Expend. - Allowed Maintenance for School Facilities | 1,267,448 | 176,464 | 1,443,912 | 1,339,420 | 104,492 |
| Undist. Expend. - Other Operation & Maintenance of Plant | | | | | |
| Salaries | 2,145,266 | (339,080) | 1,806,186 | 1,805,998 | 188 |
| Salaries of non-instructional aides | - | 261,827 | 261,827 | 261,002 | 825 |
| Purchased professional and technical services | 2,500 | - | 2,500 | 60 | 2,440 |
| Cleaning, repair and maintenance services | 49,250 | - | 49,250 | 5,962 | 43,288 |
| Rental of Land & Bldg. Oth. Than Lease Pur Agrmt | 88,810 | - | 88,810 | 88,810 | - |
| Other purchased property services | 61,100 | 5,129 | 66,229 | 66,229 | - |
| Misc Purchased Services | 5,000 | - | 5,000 | - | 5,000 |
| Insurance | 377,510 | 370 | 377,880 | 377,141 | 739 |
| General supplies | 185,707 | (29,841) | 155,866 | 144,002 | 11,864 |
| Energy (electricity) | 1,216,000 | 18,205 | 1,234,205 | 1,048,698 | 185,507 |
| Other objects | 3,500 | - | 3,500 | 600 | 2,900 |
| Energy (natural gas) | 338,000 | 13,827 | 351,827 | 240,342 | 111,485 |
| Total Undist Expend-Other Operation & Maint Of Plant | 4,472,643 | (69,563) | 4,403,080 | 4,038,844 | 364,236 |
| Undist. Expend. - Care & Upkeep of Grounds | | | | | |
| Salaries | 206,105 | (26,730) | 179,375 | 179,340 | 35 |
| Cleaning, repair and maintenance services | 122,500 | - | 122,500 | 93,258 | 29,242 |
| General supplies | 27,150 | 279 | 27,429 | 26,713 | 716 |
| Total Undist Expend-Care & Upkeep of Grounds | 355,755 | (26,451) | 329,304 | 299,311 | 29,993 |
| Security | | | | | |
| Purchased Professional and Technical Services | 35,783 | 10,447 | 46,230 | 25,471 | 20,759 |
| Cleaning, repair and maintenance services | - | 4,494 | 4,494 | 3,854 | 640 |
| General supplies | 42,000 | (2,941) | 39,059 | 32,740 | 6,319 |
| Total Security | 77,783 | 12,000 | 89,783 | 62,065 | 27,718 |
| Undist. Expend. - Student Transportation Services | | | | | |
| Salaries of non-instructional aides | - | - | - | - | - |
| Salaries-pupil transport (between home & school)-Regular | 1,448,958 | 93,899 | 1,542,857 | 1,542,214 | 643 |
| Salaries-pupil transport (between home & school)-Special | 610,972 | 3,143 | 614,115 | 614,115 | - |
| Salaries-pupil transport (other than home & school)-Regular | 1,993 | 7,697 | 9,690 | 9,690 | - |
| Other purchased professional and technical services | 13,400 | - | 13,400 | 13,099 | 301 |
| Cleaning, repair and maintenance services | 460,000 | 40,602 | 500,602 | 445,279 | 55,323 |
| Lease purchase payments - School buses | 225,787 | - | 225,787 | 115,168 | 110,619 |
| Contract Svc (other btw home & Sch.) - Vendors | 11,000 | - | 11,000 | - | 11,000 |
| Contract Svc (Regular students) - ESCs & CTSAs | 100,000 | - | 100,000 | 49,046 | 50,954 |
| Contract Svc (Spl. Ed. Students) - ESCs & CTSAs | 565,245 | 1,861 | 567,106 | 395,235 | 171,871 |
| Contract Svc - Aid in Lieu Pymts - NonPub Sch | 60,000 | 25,276 | 85,276 | 85,276 | - |
| General supplies | 5,000 | 500 | 5,500 | 3,701 | 1,799 |
| Misc Purchased Serv - Transportation | 1,500 | 2,000 | 3,500 | 2,725 | 775 |
| Transportation supplies | 356,602 | 91,187 | 447,789 | 160,413 | 287,376 |
| Other objects | 17,250 | 1,725 | 18,975 | 3,050 | 15,925 |
| Total Undist. Expend. - Student Transportation Services | 3,877,707 | 267,890 | 4,145,597 | 3,439,011 | 706,586 |

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|--------------------|-------------------|-----------------------------|
| UNALLOCATED EMPLOYEE BENEFITS | | | | | |
| Group insurance | \$ 14,700 | \$ - | \$ 14,700 | 11,724 | \$ 2,976 |
| Social security contributions | 1,064,186 | 24,339 | 1,088,525 | 1,088,525 | - |
| Other retirement contributions - PERS | 1,327,987 | (100,000) | 1,227,987 | 1,227,572 | 415 |
| Unemployment Compensation | 150,000 | (25,882) | 124,118 | - | 124,118 |
| Workmen's compensation | 411,919 | - | 411,919 | 390,230 | 21,689 |
| Health benefits | 13,631,972 | (397,407) | 13,234,565 | 12,628,689 | 605,876 |
| Tuition reimbursement | 165,000 | - | 165,000 | 103,195 | 61,805 |
| Other employee benefits | 175,110 | (3,059) | 172,051 | 161,412 | 10,639 |
| TOTAL UNALLOCATED EMPLOYEE BENEFITS | 16,940,874 | (502,009) | 16,438,865 | 15,611,347 | 827,518 |
| On-behalf TPAF pension contributions (non-budgeted) | - | - | - | 4,832,034 | (4,832,034) |
| Reimbursed TPAF social security contributions (non-budgeted) | - | - | - | 2,140,417 | (2,140,417) |
| TOTAL ON-BEHALF CONTRIBUTIONS | - | - | - | 6,972,451 | (6,972,451) |
| TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS | 16,940,874 | (502,009) | 16,438,865 | 22,583,798 | (6,144,933) |
| TOTAL UNDISTRIBUTED EXPENDITURES | 41,657,405 | (442,196) | 41,215,209 | 45,106,384 | (3,891,175) |
| TOTAL GENERAL CURRENT EXPENSE | 70,887,166 | 379,217 | 71,266,383 | 74,887,610 | (3,621,227) |
| CAPITAL OUTLAY | | | | | |
| Interest | 750 | - | 750 | - | 750 |
| Equipment | | | | | |
| Regular Programs - Instruction: | | | | | |
| Grades 1-5 | - | 9,239 | 9,239 | 9,239 | - |
| Grades 6-8 | - | 12,220 | 12,220 | 7,784 | 4,436 |
| Grades 9-12 | - | - | - | - | - |
| Home Instruction | - | - | - | - | - |
| Auditory Impairments | - | - | - | - | - |
| School - Sponsored and other instructional program | - | - | - | - | - |
| Undistributed expenditures - Instruction | - | - | - | - | - |
| Undistributed expenditures-Support services-Child Study Teams | 13,000 | - | 13,000 | 2,531 | 10,469 |
| Undistributed expenditures-Support services-Related & Extra | - | 15,895 | 15,895 | 15,693 | 202 |
| Undistributed expenditures - General administration | - | 2,203 | 2,203 | 2,151 | 52 |
| Undistributed expenditures - Central services | - | - | - | - | - |
| Undistributed expenditures - Admin Info Tech | - | 218,510 | 218,510 | 218,510 | - |
| Undistributed expenditures - Required Maint. For Schools | - | 86,211 | 86,211 | 19,004 | 67,207 |
| Undistributed expenditures - Custodial services | - | - | - | - | - |
| Undistributed expenditures - Care and upkeep of grounds | - | 23,477 | 23,477 | 23,477 | - |
| Total Equipment | 13,000 | 367,755 | 380,755 | 298,389 | 82,366 |
| Facilities Acquisition and Construction Services | | | | | |
| Architectural/Engineering Services | - | - | - | - | - |
| Construction Services | 904,166 | 88,823 | 992,989 | 914,582 | 78,407 |
| Assessment for Debt Service on SDA Funding | 111,972 | - | 111,972 | 111,972 | - |
| Total Facilities Acquisition and Construction Services | 1,016,138 | 88,823 | 1,104,961 | 1,026,554 | 78,407 |
| TOTAL CAPITAL OUTLAY | 1,029,888 | 456,578 | 1,486,466 | 1,324,943 | 161,523 |
| TOTAL EXPENDITURES | 71,917,054 | 835,795 | 72,752,849 | 76,212,553 | (3,459,704) |
| Excess (Deficiency) of Revenues | | | | | |
| Over (Under) Expenditures | (3,086,452) | (835,795) | (3,922,247) | (515,680) | (3,406,567) |

FREEHOLD TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|---------------------|---------------------|---------------------|-------------------------|-----------------------------|
| Other Financing Sources/ (Uses): | | | | | |
| Transfer to capital projects from capital reserve | - | - | - | - | - |
| Transfer out of capital reserve | - | - | - | - | - |
| Transfer to debt service | - | - | - | - | - |
| Total Other Financing Sources: | - | - | - | - | - |
| Excess (Deficiency) of Revenues and Other Financing Sources | | | | | |
| Over (Under) Expenditures & Other Financing Sources (Uses) | (3,086,452) | (835,795) | (3,922,247) | (515,680) | (3,406,567) |
| Fund Balance, July 1 | 5,994,992 | - | 5,994,992 | 5,994,992 | - |
| Fund Balance, June 30 | <u>\$ 2,908,540</u> | <u>\$ (835,795)</u> | <u>\$ 2,072,745</u> | <u>5,479,312</u> | <u>\$ (3,406,567)</u> |
| Recapitulation: | | | | | |
| Restricted Fund Balance: | | | | | |
| Capital reserve | | | | 9,792 | |
| Maintenance reserve | | | | 540,031 | |
| Emergency reserve | | | | 611,301 | |
| Excess surplus-current year | | | | - | |
| Excess surplus - designated for subsequent year's expenditures | | | | - | |
| Committed Fund Balance: | | | | | |
| Other purposes | | | | - | |
| Year-end encumbrances | | | | 267,337 | |
| Assigned Fund Balance: | | | | | |
| Designated for subsequent year's expenditures | | | | <u>2,326,452</u> | |
| Unrestricted/undesignated fund balance | | | | <u>1,724,399</u> | |
| Reconciliation to governmental funds statements (GAAP) | | | | | |
| Fund balance per governmental funds (Budgetary) | | | | 5,479,312 | |
| Last state aid payment not recognized on GAAP basis | | | | <u>(396,954)</u> | |
| Fund balance per governmental funds (GAAP) - B-1 | | | | <u>5,082,358</u> | |
| Restricted fund balances | | | | 3,754,913 | |
| Unrestricted fund balances | | | | <u>1,327,445</u> | |
| Fund balance per governmental funds (GAAP) - B-1 | | | | <u>5,082,358</u> | |

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|------------------|-------------------------------------|
| REVENUES | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - |
| State sources | - | 1,981 | 1,981 | 1,632 | (349) |
| Federal sources | 964,187 | 254,049 | 1,218,236 | 1,218,236 | - |
| Total Revenues | <u>964,187</u> | <u>256,030</u> | <u>1,220,217</u> | <u>1,219,868</u> | <u>(349)</u> |
| EXPENDITURES | | | | | |
| Instruction: | | | | | |
| Salaries of teachers | 964,187 | (159,053) | 805,134 | 805,134 | - |
| Other salaries for instruction | - | - | - | - | - |
| Purchased professional services | - | 280,883 | 280,883 | 280,584 | 299 |
| Textbooks | - | 571 | 571 | 523 | 48 |
| Miscellaneous expense | - | - | - | - | - |
| General supplies | - | 8,591 | 8,591 | 8,589 | 2 |
| Tuition | - | - | - | - | - |
| Total instruction | <u>964,187</u> | <u>130,992</u> | <u>1,095,179</u> | <u>1,094,830</u> | <u>349</u> |
| Support services: | | | | | |
| Other professional staff salaries | - | 35,103 | 35,103 | 35,103 | - |
| Secretarial/clerical salaries | - | - | - | - | - |
| Personal services - employee benefits | - | 61,209 | 61,209 | 61,209 | - |
| Purchased professional - educational services | - | - | - | - | - |
| Other purchased professional services | - | - | - | - | - |
| Purchased technical services | - | - | - | - | - |
| Travel | - | - | - | - | - |
| Miscellaneous purchased services (400-500 series) | - | 21,572 | 21,572 | 21,572 | - |
| Miscellaneous expenditures | - | - | - | - | - |
| Supplies & materials | - | 7,154 | 7,154 | 7,154 | - |
| Total support services | <u>-</u> | <u>125,038</u> | <u>125,038</u> | <u>125,038</u> | <u>-</u> |
| EXPENDITURES (CONT'D): | | | | | |
| Facilities acquisition and const. serv.: | | | | | |
| Instructional equipment | - | - | - | - | - |
| Total facilities acquisition and const. serv. | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>964,187</u> | <u>256,030</u> | <u>1,220,217</u> | <u>1,219,868</u> | <u>349</u> |
| Other financing sources (uses) | | | | | |
| Transfer in from general fund | - | - | - | - | - |
| Contribution to whole school reform | - | - | - | - | - |
| Total outflows | <u>964,187</u> | <u>256,030</u> | <u>1,220,217</u> | <u>1,219,868</u> | <u>349</u> |
| Excess (deficiency) of revenues Over (under) expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Reconciliation to governmental funds statements (GAAP) | | | | | |
| Last state aid payment not recognized on GAAP basis | | | | \$ - | |
| Fund balance per governmental funds (GAAP) | | | | <u>\$ -</u> | |

FREEHOLD TOWNSHIP SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to Required Supplementary Information
 For the Fiscal Year Ended June 30, 2016

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

| | | General Fund | | Special Revenue Fund |
|--|-------|-----------------|-------|----------------------------|
| Sources/inflows of resources | | | | |
| Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule | [C-1] | \$ 75,696,873 | [C-2] | \$ 1,219,868 |
| Difference - budget to GAAP: | | | | |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. | | - | | 45,782 |
| TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements. | | (2,205,679) | | |
| The 2014-15 last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GAAP 33). | | 403,554 | | - |
| The 2015-16 last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GAAP 33). | | (396,954) | | - |
| Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. | [B-2] | \$ 73,497,794 | [B-2] | \$ 1,265,650 |
| Uses/outflows of resources | | | | |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule | [C-1] | \$ 76,212,553 | [C-2] | \$ 1,219,868 |
| Differences - budget to GAAP | | | | |
| TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements. | | (2,205,679) | | |
| Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes. | | - | | 45,782 |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | [B-2] | \$ 74,006,874 | [B-2] | \$ 1,265,650 |

REQUIRED SUPPLEMENTARY INFORMATION - PART III

Freehold Township School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share of Net Pension Liability-PERS
 For the Fiscal Year Ended June 30, 2016

Last 10 Fiscal Years*

| | <u>2015</u> | <u>2016</u> |
|---|---------------|---------------|
| District's proportion of the net pension liability | 0.1382627295% | 0.1401273042% |
| District's proportionate share of the net pension liability | \$ 27,091,283 | \$ 32,770,266 |
| District's covered-employee payroll | 9,903,070 | 9,699,657 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 36.55% | 29.60% |
| Plan fiduciary net position as a percentage of the total pension liability | 67.89% | 61.84% |

The amounts presented were determined as of the fiscal year-end that occurred one year before the District's fiscal year end.

* The schedule is presented to illustrate the requirements 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.

Freehold Township School District
 Required Supplementary Information
 Schedule of the District Contributions-PERS
 For the Fiscal Year Ended June 30, 2016

Last 10 Fiscal Years*

| | <u>2015</u> | <u>2016</u> |
|--|--------------------|------------------|
| Contractually required contributions | \$ 1,139,818 | \$ 1,227,572 |
| Contributions in relation to the contractually required contribution | <u>1,154,023</u> | <u>1,227,572</u> |
| Contribution deficiency (excess) | <u>\$ (14,205)</u> | <u>\$ -</u> |
| District's covered-employee payroll | \$ 9,903,070 | \$ 9,699,657 |
| Contributions as a percentage of covered-employee payroll | 11.51% | 12.66% |

* The schedule is presented to illustrate the requirements 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.

Freehold Township School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share of Net Pension Liability-TPAF
 For the Fiscal Year Ended June 30, 2016

Last 10 Fiscal Years*

| | <u>2015</u> | <u>2016</u> |
|---|----------------|----------------|
| District's proportion of the net pension liability | 0.2553368545% | 0.2631888032% |
| District's proportionate share of the net pension liability | \$ 136,469,238 | \$ 166,346,563 |
| District's covered-employee payroll | 28,272,442 | 29,143,617 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 20.72% | 17.52% |
| Plan fiduciary net position as a percentage of the total pension liability | 33.64% | 28.71% |

The District has a special funding situation as is not required to make any payments for this liability therefore it is not recorded on the CAFR.

The amounts presented were determined as of the fiscal year-end that occurred one year before the District's fiscal year end.

* The schedule is presented to illustrate the requirements 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.

Freehold Township School District

Notes to Required Supplementary Information - Part III

For the Year Ended June 30, 2016

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

| | |
|--------------------------------|-------------------------------|
| Inflation Rate | 3.04 % |
| Salary increases: 2012-2021 | 2.15 - 4.40 % based on age |
| Thereafter | 3.15 - 5.40 % based on age |
| Investment rate of return | 7.90 % |

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

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

OTHER SUPPLEMENTARY INFORMATION

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

| | Title I Part A 15/16 | Title II Part A 15/16 | Title III Part A 15/16 | IDEA-Part B-Basic Reg Prog 15/16 | IDEA-Part B-Preschool Reg Prog 15/16 |
|---|----------------------------|-----------------------------|------------------------------|---|---|
| Revenues: | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - | - |
| Federal sources | <u>208,672</u> | <u>54,386</u> | <u>11,176</u> | <u>905,791</u> | <u>38,211</u> |
| Total revenues | <u>208,672</u> | <u>54,386</u> | <u>11,176</u> | <u>905,791</u> | <u>38,211</u> |
| Expenditures: | | | | | |
| Instruction: | | | | | |
| Salaries of teachers | 156,111 | 8,910 | 7,318 | 632,795 | - |
| Other salaries/instruction | - | - | - | - | - |
| Purchased professional services | - | - | - | 241,522 | 38,211 |
| General supplies | - | - | 2,226 | 6,105 | - |
| Tuition | - | - | - | - | - |
| Textbooks | - | - | - | - | - |
| Miscellaneous expenses | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total instruction | <u>156,111</u> | <u>8,910</u> | <u>9,544</u> | <u>880,422</u> | <u>38,211</u> |
| Support services: | | | | | |
| Other support services - students - special: | | | | | |
| Other professional staff salaries | - | 20,061 | - | 15,042 | - |
| Secretarial/Clerical salaries | - | - | - | - | - |
| Purchased professional services | - | - | - | - | - |
| Other purchased professional services | - | - | - | - | - |
| Purchased technical services | - | - | - | - | - |
| Employee benefits | 52,561 | 2,761 | 560 | 5,327 | - |
| Travel | - | - | - | - | - |
| Miscellaneous purchased services | - | 15,500 | 1,072 | 5,000 | - |
| General supplies | - | 7,154 | - | - | - |
| Miscellaneous expenses | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other support services - students - special | <u>52,561</u> | <u>45,476</u> | <u>1,632</u> | <u>25,369</u> | <u>-</u> |
| Total support services | <u>52,561</u> | <u>45,476</u> | <u>1,632</u> | <u>25,369</u> | <u>-</u> |
| Equipment: | | | | | |
| Regular programs instruction | - | - | - | - | - |
| Non-instructional equipment | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total equipment | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>\$ 208,672</u> | <u>\$ 54,386</u> | <u>\$ 11,176</u> | <u>\$ 905,791</u> | <u>\$ 38,211</u> |

(continued on next page)

FREEHOLD TOWNSHIP SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2016

(Continued from prior page)

| | Nonpublic Technology 15/16 | Nonpublic Textbook 15/16 | Nonpublic Nursing 15/16 | Total 2016 |
|---|----------------------------------|--------------------------------|-------------------------------|---------------------|
| Revenues: | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - |
| State sources | 258 | 523 | 851 | 1,632 |
| Federal sources | - | - | - | 1,218,236 |
| Total revenues | <u>258</u> | <u>523</u> | <u>851</u> | <u>1,219,868</u> |
| Expenditures: | | | | |
| Instruction: | | | | |
| Salaries of teachers | - | - | - | 805,134 |
| Other salaries/instruction | - | - | - | - |
| Purchased professional services | - | - | 851 | 280,584 |
| General supplies | 258 | - | - | 8,589 |
| Tuition | - | - | - | - |
| Textbooks | - | 523 | - | 523 |
| Miscellaneous expenses | - | - | - | - |
| Total instruction | <u>258</u> | <u>523</u> | <u>851</u> | <u>1,094,830</u> |
| Support services: | | | | |
| Other support services - students - special: | | | | |
| Other professional staff salaries | - | - | - | 35,103 |
| Secretarial/Clerical salaries | - | - | - | - |
| Purchased professional services | - | - | - | - |
| Other purchased professional services | - | - | - | - |
| Purchased technical services | - | - | - | - |
| Employee benefits | - | - | - | 61,209 |
| Travel | - | - | - | - |
| Miscellaneous purchased services | - | - | - | 21,572 |
| General supplies | - | - | - | 7,154 |
| Miscellaneous expenses | - | - | - | - |
| Total other support services - students - special | <u>-</u> | <u>-</u> | <u>-</u> | <u>125,038</u> |
| Total support services | <u>-</u> | <u>-</u> | <u>-</u> | <u>125,038</u> |
| Equipment: | | | | |
| Regular programs instruction | - | - | - | - |
| Non-instructional equipment | - | - | - | - |
| Total equipment | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>\$ 258</u> | <u>\$ 523</u> | <u>\$ 851</u> | <u>\$ 1,219,868</u> |

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budgetary Basis
For the Year Ended June 30, 2016

Revenues and Other Financing Sources

| | | |
|----------------------------------|----|---|
| State Sources - SCC Grant | \$ | - |
| Bond proceeds and transfers | | - |
| Contribution from private source | | - |
| Transfer from capital reserve | | - |
| Transfer from capital outlay | | - |
| Total revenues | | - |

Expenditures and Other Financing Uses

| | | |
|---|--|--------|
| Purchased professional and technical services | | - |
| Land and improvements | | - |
| Construction services | | 36,316 |
| Equipment purchases | | - |
| Total expenditures | | 36,316 |

| | | |
|---|--|----------|
| Excess (deficiency) of revenues over (under) expenditures | | (36,316) |
|---|--|----------|

| | | |
|--------------------------|--|---------|
| Fund balance - beginning | | 150,080 |
|--------------------------|--|---------|

| | | |
|-----------------------|----|---------|
| Fund balance - ending | \$ | 113,764 |
|-----------------------|----|---------|

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund

Exhibit F-1a

Additions and Renovations to various Schools
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budgetary Basis
Errickson Middle School - Security Enhancements
From Inception and for the Year Ended June 30, 2016

| | Prior Periods | Current Year | Totals | Revised Authorized Cost |
|--|------------------|-------------------|-----------------|-------------------------------|
| Revenues and Other Financing Sources | | | | |
| State Sources - SDA Grant | \$ 17,564 | \$ - | \$ 17,564 | \$ - |
| Bond proceeds and transfers | - | - | - | - |
| Contribution from private sources | - | - | - | - |
| Transfer from capital reserve | 44,280 | - | 44,280 | - |
| Transfer from capital outlay | - | - | - | - |
| Total revenues | <u>61,844</u> | <u>-</u> | <u>61,844</u> | <u>-</u> |
| Expenditures and Other Financing Uses | | | | |
| Purchased prof. and technical services | - | - | - | - |
| Land and improvements | - | - | - | - |
| Construction services | 49,277 | 3,163 | 52,440 | - |
| Equipment purchases | - | - | - | - |
| Total expenditures | <u>49,277</u> | <u>3,163</u> | <u>52,440</u> | <u>-</u> |
| Excess (deficiency) or revenues over (under) expenditures | <u>\$ 12,567</u> | <u>\$ (3,163)</u> | <u>\$ 9,404</u> | <u>\$ -</u> |

Additional project information:

| | |
|----------------------------|----------------------|
| Project Number | 1660-025-14-1006-G04 |
| Grant Date | 1/6/2013 |
| Bond Authorization Date | - |
| Bonds Authorized | - |
| Bonds Issued | - |
| Original Authorized Cost | \$ 71,049 |
| Additional Authorized Cost | (71,049) |
| Revised Authorized Cost | \$ - |

Percentage Increase over Original
Authorized Cost

| | |
|---------------------------------|----|
| Percentage Completion | 0% |
| Original target completion date | - |
| Revised target completion date | - |

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Additions and Renovations for various schools
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budgetary Basis
Barkalow Middle School - Security Enhancements
From Inception and for the Year Ended June 30, 2016

| | Prior Periods | Current Year | Totals | Revised Authorized Cost |
|--|----------------------|-------------------|-----------------|----------------------------|
| Revenues and Other Financing Sources | | | | |
| State Sources - SDA Grant | \$ 19,292 | \$ - | \$ 19,292 | \$ - |
| Bond proceeds and transfers | - | - | - | - |
| Contribution from private sources | - | - | - | - |
| Transfer from capital reserve | 75,382 | - | 75,382 | - |
| Transfer from capital outlay | - | - | - | - |
| Total revenues | <u>94,674</u> | <u>-</u> | <u>94,674</u> | <u>-</u> |
| Expenditures and Other Financing Uses | | | | |
| Purchased prof. and technical services | - | - | - | - |
| Land and improvements | - | - | - | - |
| Construction services | 85,219 | 3,464 | 88,683 | - |
| Equipment purchases | - | - | - | - |
| Total expenditures | <u>85,219</u> | <u>3,464</u> | <u>88,683</u> | <u>-</u> |
| Excess (deficiency) or revenues over (under) expenditures | <u>\$ 9,455</u> | <u>\$ (3,464)</u> | <u>\$ 5,991</u> | <u>\$ -</u> |
| Additional project information: | | | | |
| Project Number | 1660-023-14-1004-G04 | | | |
| Grant Date | 1/6/2014 | | | |
| Bond Authorization Date | - | | | |
| Bonds Authorized | - | | | |
| Bonds Issued | - | | | |
| Original Authorized Cost | \$ 78,038 | | | |
| Additional Authorized Cost | \$ (78,038) | | | |
| Revised Authorized Cost | \$ - | | | |
| Percentage Increase over Original Authorized Cost | | | | |
| Percentage Completion | | | | |
| Original target completion date | - | | | |
| Revised target completion date | - | | | |

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Additions and Renovations for various schools
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budgetary Basis
Applegate Elementary School - Security Enhancements
From Inception and for the Year Ended June 30, 2016

| | Prior Periods | Current Year | Totals | Revised Authorized Cost |
|--|------------------|-------------------|-----------------|----------------------------|
| Revenues and Other Financing Sources | | | | |
| State Sources - SDA Grant | \$ 17,564 | \$ - | \$ 17,564 | \$ - |
| Bond proceeds and transfers | - | - | - | - |
| Contribution from private sources | - | - | - | - |
| Transfer from capital reserve | 44,307 | - | 44,307 | - |
| Transfer from capital outlay | - | - | - | - |
| Total revenues | <u>61,871</u> | <u>-</u> | <u>61,871</u> | <u>-</u> |
| Expenditures and Other Financing Uses | | | | |
| Purchased prof. and technical services | - | - | - | - |
| Land and improvements | - | - | - | - |
| Construction services | 51,692 | 2,148 | 53,840 | - |
| Equipment purchases | - | - | - | - |
| Total expenditures | <u>51,692</u> | <u>2,148</u> | <u>53,840</u> | <u>-</u> |
| Excess (deficiency) or revenues over (under) expenditures | <u>\$ 10,179</u> | <u>\$ (2,148)</u> | <u>\$ 8,031</u> | <u>\$ -</u> |

Additional project information:

| | |
|--|----------------------|
| Project Number | 1660-021-14-1003-G04 |
| Grant Date | 1/6/2014 |
| Bond Authorization Date | - |
| Bonds Authorized | - |
| Bonds Issued | - |
| Original Authorized Cost | \$ 71,049 |
| Additional Authorized Cost | (71,049) |
| Revised Authorized Cost | \$ - |
| Percentage Increase over Original Authorized Cost | |
| Percentage Completion | |
| Original target completion date | - |
| Revised target completion date | - |

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Additions and Renovations for various schools
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budgetary Basis
Donovan Elementary School - Security Enhancements
From Inception and for the Year Ended June 30, 2016

| | Prior Periods | Current Year | Totals | Revised Authorized Cost |
|--|-----------------|-------------------|-----------------|----------------------------|
| Revenues and Other Financing Sources | | | | |
| State Sources - SDA Grant | \$ 14,328 | \$ - | \$ 14,328 | \$ - |
| Bond proceeds and transfers | - | - | - | - |
| Contribution from private sources | - | - | - | - |
| Transfer from capital reserve | 55,594 | - | 55,594 | - |
| Transfer from capital outlay | - | - | - | - |
| Total revenues | <u>69,922</u> | <u>-</u> | <u>69,922</u> | <u>-</u> |
| Expenditures and Other Financing Uses | | | | |
| Purchased prof. and technical services | - | - | - | - |
| Land and improvements | - | - | - | - |
| Construction services | 65,934 | 1,990 | 67,924 | - |
| Equipment purchases | - | - | - | - |
| Total expenditures | <u>65,934</u> | <u>1,990</u> | <u>67,924</u> | <u>-</u> |
| Excess (deficiency) or revenues over (under) expenditures | <u>\$ 3,988</u> | <u>\$ (1,990)</u> | <u>\$ 1,998</u> | <u>\$ -</u> |

Additional project information:

| | |
|----------------------------|----------------------|
| Project Number | 1660-026-14-1007-G04 |
| Grant Date | 1/6/2014 |
| Bond Authorization Date | - |
| Bonds Authorized | - |
| Bonds Issued | - |
| Original Authorized Cost | \$ 57,959 |
| Additional Authorized Cost | \$ (57,959) |
| Revised Authorized Cost | \$ - |

Percentage Increase over Original
Authorized Cost

Percentage Completion

Original target completion date -

Revised target completion date -

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund

Exhibit F-1e

Additions and Renovations to various Schools
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budgetary Basis
Eisenhower Middle School - Security Enhancements
From Inception and for the Year Ended June 30, 2016

| | Prior Periods | Current Year | Totals | Revised Authorized Cost |
|---|------------------|-------------------|-----------------|-------------------------|
| Revenues and Other Financing Sources | | | | |
| State Sources - SDA Grant | \$ 13,800 | \$ - | \$ 13,800 | \$ - |
| Bond proceeds and transfers | - | - | - | - |
| Contribution from private sources | - | - | - | - |
| Transfer from capital reserve | 95,754 | - | 95,754 | - |
| Transfer from capital outlay | - | - | - | - |
| Total revenues | <u>109,554</u> | <u>-</u> | <u>109,554</u> | <u>-</u> |
| Expenditures and Other Financing Uses | | | | |
| Purchased prof. and technical services | - | - | - | - |
| Land and improvements | - | - | - | - |
| Construction services | 99,210 | 4,014 | 103,224 | - |
| Equipment purchases | - | - | - | - |
| Total expenditures | <u>99,210</u> | <u>4,014</u> | <u>103,224</u> | <u>-</u> |
| Excess (deficiency) or revenues over (under) expenditures | <u>\$ 10,344</u> | <u>\$ (4,014)</u> | <u>\$ 6,330</u> | <u>\$ -</u> |

Additional project information:

| | |
|----------------------------|----------------------|
| Project Number | 1660-024-14-1005-G04 |
| Grant Date | 1/6/2014 |
| Bond Authorization Date | - |
| Bonds Authorized | - |
| Bonds Issued | - |
| Original Authorized Cost | \$ 55,823 |
| Additional Authorized Cost | (55,823) |
| Revised Authorized Cost | \$ - |

Percentage Increase over Original Authorized Cost

Percentage Completion

Original target completion date -

Revised target completion date -

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Additions and Renovations for various schools
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budgetary Basis
Early Childhood Learning Center - Security Enhancements
From Inception and for the Year Ended June 30, 2016

| | Prior Periods | Current Year | Totals | Revised Authorized Cost |
|--|----------------------|-----------------|-----------------|----------------------------|
| Revenues and Other Financing Sources | | | | |
| State Sources - SDA Grant | \$ 7,062 | \$ - | \$ 7,062 | \$ - |
| Bond proceeds and transfers | - | - | - | - |
| Contribution from private sources | - | - | - | - |
| Transfer from capital reserve | 46,409 | - | 46,409 | - |
| Transfer from capital outlay | - | - | - | - |
| Total revenues | <u>53,471</u> | <u>-</u> | <u>53,471</u> | <u>-</u> |
| Expenditures and Other Financing Uses | | | | |
| Purchased prof. and technical services | - | - | - | - |
| Land and improvements | - | - | - | - |
| Construction services | 48,654 | 689 | 49,343 | - |
| Equipment purchases | - | - | - | - |
| Total expenditures | <u>48,654</u> | <u>689</u> | <u>49,343</u> | <u>-</u> |
| Excess (deficiency) or revenues over (under) expenditures | <u>\$ 4,817</u> | <u>\$ (689)</u> | <u>\$ 4,128</u> | <u>\$ -</u> |
| Additional project information: | | | | |
| Project Number | 1660-070-14-1009-G04 | | | |
| Grant Date | 1/6/2014 | | | |
| Bond Authorization Date | - | | | |
| Bonds Authorized | - | | | |
| Bonds Issued | - | | | |
| Original Authorized Cost | \$ 26,566 | | | |
| Additional Authorized Cost | (26,566) | | | |
| Revised Authorized Cost | \$ - | | | |
| Percentage Increase over Original Authorized Cost | | | | |
| Percentage Completion | | | | |
| Original target completion date | - | | | |
| Revised target completion date | - | | | |

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund

Exhibit F-1g

Additions and Renovations to various Schools
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budgetary Basis
Catina Elementary School - Security Enhancements
From Inception and for the Year Ended June 30, 2016

| | Prior Periods | Current Year | Totals | Revised Authorized Cost |
|---|-----------------|-----------------|-----------------|-------------------------|
| Revenues and Other Financing Sources | | | | |
| State Sources - SDA Grant | \$ 8,220 | \$ - | \$ 8,220 | \$ - |
| Bond proceeds and transfers | - | - | - | - |
| Contribution from private sources | - | - | - | - |
| Transfer from capital reserve | 20,714 | - | 20,714 | - |
| Transfer from capital outlay | - | - | - | - |
| Total revenues | <u>28,934</u> | <u>-</u> | <u>28,934</u> | <u>-</u> |
| Expenditures and Other Financing Uses | | | | |
| Purchased prof. and technical services | - | - | - | - |
| Land and improvements | - | - | - | - |
| Construction services | 22,351 | 422 | 22,773 | - |
| Equipment purchases | - | - | - | - |
| Total expenditures | <u>22,351</u> | <u>422</u> | <u>22,773</u> | <u>-</u> |
| Excess (deficiency) or revenues over (under) expenditures | <u>\$ 6,583</u> | <u>\$ (422)</u> | <u>\$ 6,161</u> | <u>\$ -</u> |

Additional project information:

| | |
|----------------------------|----------------------|
| Project Number | 1660-020-14-1002-G04 |
| Grant Date | 1/6/2014 |
| Bond Authorization Date | - |
| Bonds Authorized | - |
| Bonds Issued | - |
| Original Authorized Cost | \$ 33,250 |
| Additional Authorized Cost | (33,250) |
| Revised Authorized Cost | \$ - |

Percentage Increase over Original Authorized Cost

| | |
|---------------------------------|----|
| Percentage Completion | 0% |
| Original target completion date | - |
| Revised target completion date | - |

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund

Exhibit F-1h

Additions and Renovations to various Schools
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budgetary Basis
Clifton T. Barkalow Middle School - Boiler/Asbestos
From Inception and for the Year Ended June 30, 2016

| | Prior Periods | Current Year | Totals | Revised Authorized Cost |
|--|------------------|--------------------|------------------|-------------------------------|
| Revenues and Other Financing Sources | | | | |
| State Sources - SCC Grant | \$ 88,580 | \$ - | \$ 88,580 | \$ - |
| Bond proceeds and transfers | - | - | - | - |
| Contribution from private sources | - | - | - | - |
| Transfer from capital reserve | 188,000 | - | 188,000 | - |
| Transfer from capital outlay | - | - | - | - |
| Total revenues | <u>276,580</u> | <u>-</u> | <u>276,580</u> | <u>-</u> |
| Expenditures and Other Financing Uses | | | | |
| Purchased prof. and technical services | - | - | - | - |
| Land and improvements | - | - | - | - |
| Construction services | 184,433 | 20,426 | 204,859 | - |
| Equipment purchases | - | - | - | - |
| Total expenditures | <u>184,433</u> | <u>20,426</u> | <u>204,859</u> | <u>-</u> |
| Excess (deficiency) or revenues over (under) expenditures | <u>\$ 92,147</u> | <u>\$ (20,426)</u> | <u>\$ 71,721</u> | <u>\$ -</u> |

Additional project information:

| | |
|----------------------------|----------------------|
| Project Number | 1660-023-14-1001-G04 |
| Grant Date | 1/6/2014 |
| Bond Authorization Date | - |
| Bonds Authorized | - |
| Bonds Issued | - |
| Original Authorized Cost | \$ 469,235 |
| Additional Authorized Cost | (469,235) |
| Revised Authorized Cost | \$ - |

Percentage Increase over Original
Authorized Cost

| | |
|---------------------------------|----|
| Percentage Completion | 0% |
| Original target completion date | - |
| Revised target completion date | - |

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Enterprise Fund
Statement of Net Position
June 30, 2016

| | Food Service |
|--|-------------------------|
| Assets: | |
| Current assets: | |
| Cash and cash equivalents | \$ 134,408 |
| Accounts receivable: | |
| State | 700 |
| Federal | 16,922 |
| Interfunds | - |
| Other | - |
| Inventories | 11,262 |
| Total current assets | 163,292 |
| Fixed assets: | |
| Equipment | 135,821 |
| Accumulated depreciation | (117,910) |
| Total fixed assets | 17,911 |
| Total assets | 181,203 |
| Liabilities and Net Position: | |
| Liabilities: | |
| Accounts payable | - |
| Deferred revenue | - |
| Total liabilities | - |
| Net position: | |
| Net investment in capital assets | 17,911 |
| Restricted for other purposes | - |
| Contributed capital | - |
| Unrestricted net position | 163,292 |
| Total net position | 181,203 |
| Total liabilities and net position | \$ 181,203 |

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Food Services Enterprise Fund
Statement of Revenues, Expenses and
Changes in Net Position
for the Fiscal Year ended June 30, 2016

| | Food Service |
|---|-------------------------|
| Operating revenues: | |
| Local sources: | |
| Daily sales-reimbursable programs: | |
| School lunch program | \$ 445,241 |
| Special milk program | - |
| Total-daily sales-reimbursable programs | 445,241 |
| Daily sales non-reimbursable programs | 303,659 |
| Total operating revenues | 748,900 |
| Operating expenses: | |
| Salaries | 388,264 |
| Employee benefits | 69,364 |
| Purchased property | - |
| Other purchased services | 113,667 |
| Supplies and materials | 46,265 |
| Depreciation | 2,157 |
| Cost of sales | 411,766 |
| Total operating expenses | 1,031,483 |
| Operating loss | (282,583) |
| Nonoperating revenues: | |
| State sources: | |
| State school lunch program | 9,724 |
| Federal sources: | |
| National school lunch program | 227,043 |
| National School Breakfast program | 8,734 |
| U.S.D.A. commodities | 74,572 |
| Total nonoperating revenues | 320,073 |
| Change in net position | 37,490 |
| Total net position beginning | 143,713 |
| Total net position ending | \$ 181,203 |

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Food Services Enterprise Fund
Statement of Cash Flows
for the Fiscal Year ended June 30, 2016

| | Food Service |
|---|-------------------------|
| Cash Flows from Operating Activities: | |
| Receipts from customers and other funds | \$ 748,900 |
| Payments to employees | (388,264) |
| Payments for employee benefits | (69,364) |
| Payments to suppliers | (549,339) |
| Net cash provided by (used for) operating activities | (258,067) |
| Cash Flows from Noncapital Financing Activities: | |
| State sources | 9,798 |
| Federal sources | 237,088 |
| Operating subsidies | - |
| Net cash provided by (used for) noncapital financing activities | 246,886 |
| Cash Flows from Capital and Related Financing Activities: | |
| Purchases of fixed assets | - |
| Net cash provided by (used for) capital and related financing activities | - |
| Net increase (decrease) in cash and cash equivalents | (11,181) |
| Balances-beginning of the year | 145,589 |
| Balances-end of the year | 134,408 |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | |
| Operating loss | \$ (282,583) |
| Adjustments to reconcile operating loss to cash provided by (used for) operating activities: | |
| Depreciation | 2,157 |
| Federal commodities | 74,571 |
| Change in assets and liabilities: | |
| Decrease (increase) in interfund receivable | - |
| Decrease (increase) in accounts receivable | (59,014) |
| Decrease (increase) in inventory | 6,802 |
| Increase (decrease) in accounts payable | - |
| Total adjustments | 24,516 |
| Net cash provided by (used for) operating activities | \$ (258,067) |

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Statement of Agency Fund Assets and Liabilities
Fiduciary Funds
June 30, 2016

| | <u>Unemployment Compensation Trust</u> | <u>Student Activity</u> | <u>Agency Fund</u> | <u>Total</u> |
|---|--|-----------------------------|------------------------|-------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 280,442 | \$ 17,290 | \$ 242,029 | \$ 539,761 |
| Intergovernmental Accounts Receivable | - | - | - | - |
| Interfund receivable | - | - | - | - |
| Total assets | <u>280,442</u> | <u>17,290</u> | <u>242,029</u> | <u>539,761</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| Payroll deductions and withholdings | - | - | 238,529 | 238,529 |
| Payable to student groups | - | 17,290 | - | 17,290 |
| Interfund payable | - | - | 3,500 | 3,500 |
| Other current liabilities | - | - | - | - |
| Total liabilities | <u>-</u> | <u>17,290</u> | <u>242,029</u> | <u>259,319</u> |
| NET POSITION | | | | |
| Held in trust for unemployment claims and other purposes | 280,442 | - | - | 280,442 |
| Reserved for scholarships | - | - | - | - |
| Total net position | <u>280,442</u> | <u>-</u> | <u>-</u> | <u>280,442</u> |
| Total liabilities and net position | <u>\$ 280,442</u> | <u>\$ 17,290</u> | <u>\$ 242,029</u> | <u>\$ 539,761</u> |

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2016

| | Unemployment Compensation Trust |
|---|--|
| ADDITIONS | |
| Contributions: | |
| Plan member | \$ - |
| Other | - |
| Total Contributions | - |
| Investment earnings: | |
| Net increase (decrease) in fair value of investments | - |
| Interest | 644 |
| Dividends | - |
| Less investment expense | - |
| Net investment earnings | 644 |
| Total additions | 644 |
| DEDUCTIONS | |
| Quarterly contribution reports | - |
| Unemployment claims | 77,605 |
| Scholarships awarded | - |
| Refunds of contributions | - |
| Administrative expenses | - |
| Total deductions | 77,605 |
| Change in net position | (76,961) |
| Net position—beginning of the year | 357,403 |
| Net position—end of the year | \$ 280,442 |

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year ended June 30, 2016

| | <u>Balance</u> <u>July 1, 2015</u> | <u>Receipts</u> | <u>Disbursements</u> | <u>Balance</u> <u>June 30, 2016</u> |
|-----------------------------|---------------------------------------|------------------|----------------------|--|
| Clifton T. Barkalow School | \$ 10,599 | \$ 36,873 | \$ 39,601 | \$ 7,871 |
| Dwight D. Eisenhower School | 16,217 | 41,814 | 48,613 | 9,419 |
| Total all schools | <u>\$ 26,816</u> | <u>\$ 78,687</u> | <u>\$ 88,214</u> | <u>\$ 17,290</u> |

FREEHOLD TOWNSHIP SCHOOL DISTRICT
 Payroll Agency Fund
 Schedule of receipts and disbursements
 For the Fiscal Year ended June 30, 2016

| | <u>Balance July 1, 2015</u> | <u>Cash Receipts</u> | <u>Cash Disbursements</u> | <u>Balance June 30, 2016</u> |
|-------------------------------------|---------------------------------|--------------------------|-------------------------------|----------------------------------|
| Payroll deductions and withholdings | \$ 138,194 | 48,715,721 | 48,611,886 | \$ 242,029 |
| Total | <u>\$ 138,194</u> | <u>48,715,721</u> | <u>48,611,886</u> | <u>\$ 242,029</u> |

FREEHOLD TOWNSHIP SCHOOL DISTRICT
 Long-Term Debt
 Statement of Serial Bonds
 June 30, 2016

| <u>Issue</u> | <u>Date of Issue</u> | <u>Amount Of Issue</u> | <u>Annual Maturities</u> | | <u>Interest Rate</u> | <u>Balance July 1, 2015</u> | <u>Issued</u> | <u>Retired</u> | <u>Balance June 30, 2016</u> |
|--|----------------------|------------------------|--------------------------|---------------|----------------------|-----------------------------|---------------|----------------|------------------------------|
| | | | <u>Date</u> | <u>Amount</u> | | | | | |
| Refunding School Bonds Series 2006 (original issue 2/15/02) | 2/15/06 | \$ 31,035,000 | 2/15/2017 | 855,000 | 4.000% | 29,190,000 | | 29,190,000 | - |
| | | | 2/15/2018 | 940,000 | 4.000% | | | | |
| | | | 2/15/2019 | 1,030,000 | 4.000% | | | | |
| | | | 2/15/2020 | 1,130,000 | 4.125% | | | | |
| | | | 2/15/2021 | 1,235,000 | 4.125% | | | | |
| | | | 2/15/2022 | 1,350,000 | 4.200% | | | | |
| | | | 2/15/2023 | 1,475,000 | 4.200% | | | | |
| | | | 2/15/2024 | 1,615,000 | 4.750% | | | | |
| | | | 2/15/2025 | 1,765,000 | 4.750% | | | | |
| | | | 2/15/2026 | 1,935,000 | 4.250% | | | | |
| | | | 2/15/2027 | 2,105,000 | 4.300% | | | | |
| | | | 2/15/2028 | 2,290,000 | 4.375% | | | | |
| | | | 2/15/2029 | 2,495,000 | 4.375% | | | | |
| | | | 2/15/2030 | 2,655,000 | 4.375% | | | | |
| | | | 2/15/2031 | 2,785,000 | 4.375% | | | | |
| | | | 2/15/2032 | 2,905,000 | 4.375% | | | | |
| Refunding of Additions and Renovations Bond issue (original issue 7/15/97) | 4/17/2012 | 12,130,000 | 7/15/2016 | 875,000 | 4.000% | 10,435,000 | - | 845,000 | 9,590,000 |
| | | | 7/15/2017 | 915,000 | 4.000% | | | | |
| | | | 7/15/2018 | 955,000 | 4.000% | | | | |
| | | | 7/15/2019 | 1,000,000 | 4.000% | | | | |
| | | | 7/15/2020 | 1,050,000 | 4.500% | | | | |
| | | | 7/15/2021 | 1,105,000 | 5.000% | | | | |
| | | | 7/15/2022 | 1,165,000 | 5.000% | | | | |
| | | | 7/15/2023 | 1,225,000 | 5.000% | | | | |
| | | | 7/15/2024 | 1,300,000 | 5.000% | | | | |

FREEHOLD TOWNSHIP SCHOOL DISTRICT
 Long-Term Debt
 Statement of Serial Bonds
 June 30, 2016

| <u>Issue</u> | <u>Date of Issue</u> | <u>Amount Of Issue</u> | <u>Annual Maturities</u> | | <u>Interest Rate</u> | <u>Balance July 1, 2015</u> | <u>Issued</u> | <u>Retired</u> | <u>Balance June 30, 2016</u> |
|---|----------------------|------------------------|--------------------------|---------------|----------------------|-----------------------------|----------------------|----------------------|------------------------------|
| | | | <u>Date</u> | <u>Amount</u> | | | | | |
| (Continued from prior page) | | | | | | | | | |
| Refunding of Additions and Renovations Bond issue (original issue 3/9/05) | | 6,625,000 | 7/15/2025 | 1,540,000 | 4.000% | | | | |
| | | | 7/15/2026 | 1,610,000 | 4.000% | | | | |
| | | | 7/15/2027 | 1,675,000 | 4.000% | | | | |
| | | | 7/15/2028 | 1,755,000 | 4.000% | 6,625,000 | - | 45,000 | 6,580,000 |
| | | | | | | | | | |
| Refunding School Bonds Series 2016 | 2/16/16 | 23,775,000 | 2/15/2017 | 615,000 | 3.000% | | | | |
| | | | 2/15/2018 | 680,000 | 4.000% | | | | |
| | | | 2/15/2019 | 760,000 | 4.000% | | | | |
| | | | 2/15/2020 | 845,000 | 5.000% | | | | |
| | | | 2/15/2021 | 950,000 | 5.000% | | | | |
| | | | 2/15/2022 | 1,060,000 | 5.000% | | | | |
| | | | 2/15/2023 | 1,180,000 | 5.000% | | | | |
| | | | 2/15/2024 | 1,320,000 | 5.000% | | | | |
| | | | 2/15/2025 | 1,455,000 | 5.000% | | | | |
| | | | 2/15/2026 | 1,615,000 | 5.000% | | | | |
| | | | 2/15/2027 | 1,785,000 | 5.000% | | | | |
| | | | 2/15/2028 | 1,970,000 | 5.000% | | | | |
| | | | 2/15/2029 | 2,170,000 | 5.000% | | | | |
| | | | 2/15/2030 | 2,330,000 | 5.000% | | | | |
| | | | 2/15/2031 | 2,460,000 | 5.000% | | | | |
| | | | 2/15/2032 | 2,580,000 | 5.000% | | | - | 23,775,000 |
| | | | | | | <u>\$ 46,250,000</u> | <u>\$ 23,775,000</u> | <u>\$ 30,080,000</u> | <u>\$ 39,945,000</u> |

FREEHOLD TOWNSHIP SCHOOL DISTRICT
 Long-Term Debt
 Schedule of Obligations Under Capital Leases
 Year Ended June 30, 2016

| <u>Purpose</u> | <u>Date of Lease</u> | <u>Term of Lease</u> | <u>Amount of Original</u> | | <u>Interest Rate</u> | <u>Balance 06/30/15</u> | <u>Issued</u> | <u>Retired</u> | <u>Balance 06/30/16</u> |
|----------------|----------------------|----------------------|---------------------------|-----------------|----------------------|-------------------------|---------------|----------------|-------------------------|
| | | | <u>Principal</u> | <u>Interest</u> | | | | | |
| Equipment | 11/10/2009 | 5 Years | \$ 776,000 | \$ 81,709 | 2.00% | \$ - | - | - | \$ - |
| Equipment | 10/20/2011 | 5 Years | \$ 544,000 | \$ 56,253 | 2.00% | 231,000 | - | 113,000 | 118,000 |
| Equipment | 9/24/2013 | 5 Years | \$ 350,000 | \$ 49,644 | various | 285,000 | - | 67,000 | 218,000 |
| Equipment | 6/25/2014 | 5 Years | \$ 279,617 | \$ 8,084 | 1.37% | 223,011 | - | 54,620 | 168,391 |
| | | | | | | <u>\$ 739,011</u> | <u>-</u> | <u>234,620</u> | <u>\$ 504,391</u> |

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|--|--------------------|---------------------|------------------|------------------|--|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 3,465,543 | \$ - | \$ 3,465,543 | \$ 3,465,543 | \$ - |
| State Sources: | | | | | |
| Debt Service Aid Type II | 39,322 | - | 39,322 | 39,322 | - |
| Total - State Sources | 39,322 | - | 39,322 | 39,322 | - |
| Total Revenues | 3,504,865 | - | 3,504,865 | 3,504,865 | - |
| EXPENDITURES: | | | | | |
| Regular Debt Service: | | | | | |
| Interest | 2,034,865 | (45,000) | 1,989,865 | 1,894,481 | 95,384 |
| Redemption of Principal | 1,470,000 | 45,000 | 1,515,000 | 1,515,000 | - |
| Total Regular Debt Service | 3,504,865 | - | 3,504,865 | 3,409,481 | 95,384 |
| Total expenditures | 3,504,865 | - | 3,504,865 | 3,409,481 | 95,384 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | - | - | - | 95,384 | (95,384) |
| Other Financing Sources (uses): | | | | | |
| Bond premium | - | - | - | 5,120,018 | (5,120,018) |
| Bond refunding costs | - | - | - | (199,451) | 199,451 |
| Interest on bond payoff | - | - | - | (130,567) | 130,567 |
| Payoff old bonds | - | - | - | (28,565,000) | 28,565,000 |
| Issue new bonds | - | - | - | 23,775,000 | (23,775,000) |
| Operating transfer in | - | - | - | - | - |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures | - | - | - | 95,384 | (95,384) |
| Fund Balance, July 1 | - | - | - | - | - |
| Fund Balance, June 30 | \$ - | \$ - | \$ - | \$ 95,384 | \$ (95,384) |
| Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures | | | | | |
| Budgeted Fund Balance | \$ - | \$ - | \$ - | \$ - | \$ - |

STATISTICAL SECTION

**Freehold Township School District
Statistical Section**

Contents**Pages****Financial Trends****99-103**

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

Revenue Capacity**104-107**

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

Debt Capacity**108-111**

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

Demographic and Economic Information**112-113**

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

Operating Information**114-119**

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

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.*

Freehold Township School District
Net Assets/ Position by Component
Last Ten Fiscal Years
UNAUDITED
(accrual basis of accounting)

| | 2007 | 2008 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|------------------------|------------------------|
| Governmental activities | | | | | | | |
| Net investment in capital assets | \$ 9,193,571 | \$ 7,708,309 | \$ 6,435,070 | \$ 5,868,706 | \$ 3,478,290 | \$ 2,618,410 | \$ 8,131,767 |
| Restricted | 6,424,392 | 7,018,644 | 7,834,549 | 7,786,350 | 5,574,187 | 5,227,613 | 3,964,061 |
| Unrestricted | 111,167 | 702,906 | 125,150 | 620,891 | 3,629,137 | (24,135,848) | (28,153,549) |
| Total governmental activities net assets/position | <u>\$ 15,729,130</u> | <u>\$ 15,429,859</u> | <u>\$ 14,394,769</u> | <u>\$ 14,275,947</u> | <u>\$ 12,681,614</u> | <u>\$ (16,289,825)</u> | <u>\$ (16,057,721)</u> |
| Business-type activities | | | | | | | |
| Net investment in capital assets | \$ 1,169 | \$ 16,335 | \$ 10,950 | \$ 8,500 | \$ 7,517 | \$ 20,068 | \$ 17,911 |
| Restricted | - | - | - | - | - | - | - |
| Unrestricted | 94,995 | 82,419 | 118,442 | 21,385 | 75,648 | 123,645 | 163,292 |
| Total business-type activities net assets/position | <u>\$ 96,164</u> | <u>\$ 98,754</u> | <u>\$ 129,392</u> | <u>\$ 29,885</u> | <u>\$ 83,165</u> | <u>\$ 143,713</u> | <u>\$ 181,203</u> |
| District-wide | | | | | | | |
| Net investment in capital assets | \$ 9,194,740 | \$ 7,724,644 | \$ 6,446,020 | \$ 5,877,206 | \$ 3,485,807 | \$ 2,638,478 | \$ 8,149,678 |
| Restricted | 6,424,392 | 7,018,644 | 7,834,549 | 7,786,350 | 5,574,187 | 5,227,613 | 3,964,061 |
| Unrestricted | 206,162 | 785,325 | 243,592 | 642,276 | 3,704,785 | (24,012,203) | (27,990,257) |
| Total district net assets/position | <u>\$ 15,825,294</u> | <u>\$ 15,528,613</u> | <u>\$ 14,524,161</u> | <u>\$ 14,305,832</u> | <u>\$ 12,764,779</u> | <u>\$ (16,146,112)</u> | <u>\$ (15,876,518)</u> |

Freehold Township School District
Changes in Net Assets/Position
Last Ten Fiscal Years
UNAUDITED
(accrual basis of accounting)

| | Fiscal Year Ending June 30, | | | | | | |
|--|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2007 | 2008 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Expenses | | | | | | | |
| Governmental activities | | | | | | | |
| Instruction | | | | | | | |
| Regular | \$ 16,781,066 | \$ 17,121,314 | \$ 16,967,321 | \$ 17,928,224 | \$ 19,419,697 | \$ 19,688,421 | \$ 20,571,015 |
| Special education | 4,280,593 | 5,151,862 | 7,760,459 | 8,099,430 | 8,387,187 | 8,728,826 | 9,164,105 |
| Other special education | 857,762 | 1,132,928 | 1,118,409 | 1,351,171 | 1,405,281 | 1,266,482 | 1,171,105 |
| Support Services: | | | | | | | |
| Instruction | 2,572,438 | 2,472,231 | 2,154,962 | 1,468,708 | 1,264,988 | 1,229,804 | 1,035,016 |
| Health services | 549,783 | 668,865 | 636,295 | 624,192 | 690,829 | 732,481 | 728,830 |
| Other support services | 3,808,856 | 4,527,393 | 5,058,531 | 5,844,845 | 6,089,565 | 6,201,535 | 6,243,569 |
| Educational media services | 661,682 | 747,457 | 479,578 | 465,749 | 443,356 | 468,406 | 453,148 |
| Instruction staff training | 182,465 | 136,513 | 76,656 | 72,206 | 65,385 | 120,970 | 103,874 |
| General administration | 822,372 | 874,137 | 788,052 | 849,568 | 859,196 | 983,082 | 765,383 |
| School administrative services | 1,760,649 | 1,905,401 | 1,975,788 | 2,035,946 | 2,105,775 | 2,224,721 | 2,171,277 |
| Central services | 659,966 | 711,611 | 739,690 | 733,475 | 766,629 | 731,794 | 840,801 |
| Plant operations and maintenance | 7,101,527 | 7,503,164 | 6,746,080 | 6,868,380 | 7,610,419 | 7,731,436 | 7,852,078 |
| Care & upkeep of grounds | - | - | 274,790 | 225,360 | 199,820 | 260,084 | 299,311 |
| Security | - | - | - | - | 21,975 | 38,099 | 62,065 |
| Administrative information technolc | 816,708 | 710,567 | 561,690 | 725,710 | 728,490 | 970,428 | 1,142,688 |
| Pupil transportation | 3,646,404 | 4,729,358 | 3,372,461 | 3,466,345 | 3,814,473 | 3,602,705 | 3,439,011 |
| Special schools | 300,000 | 177,658 | 8,812 | 6,634 | 16,514 | - | - |
| Transfer to charter school | - | - | 17,026 | - | - | - | - |
| Interest on long-term debt | 2,454,446 | 2,505,772 | 2,381,534 | 1,967,046 | 2,052,121 | 2,028,666 | 1,856,486 |
| Unallocated employee benefits | 10,319,400 | 12,231,548 | 14,713,885 | 15,084,741 | 14,810,078 | 15,520,745 | 15,369,671 |
| Non-budgeted expenditures | 3,340,257 | 5,206,363 | 4,283,874 | 5,355,028 | 4,938,450 | 4,699,742 | 4,766,772 |
| Total governmental activities expenses | 60,916,374 | 68,514,142 | 70,115,893 | 73,172,758 | 75,690,228 | 77,228,427 | 78,036,205 |
| Business-type activities: | | | | | | | |
| Food service | 1,034,551 | 1,058,446 | 956,840 | 1,027,533 | 896,916 | 969,567 | 1,031,483 |
| Total business-type activities expense | 1,034,551 | 1,058,446 | 956,840 | 1,027,533 | 896,916 | 969,567 | 1,031,483 |
| Total district expenses | \$ 61,950,925 | \$ 69,572,588 | \$ 71,072,733 | \$ 74,200,291 | \$ 76,587,144 | \$ 78,197,994 | \$ 79,067,688 |
| Program Revenues | | | | | | | |
| Governmental activities: | | | | | | | |
| Charges for services: | | | | | | | |
| Instruction (tuition) | \$ - | \$ - | \$ 164,972 | \$ 350,386 | \$ 180,214 | \$ 211,413 | \$ 205,059 |
| Pupil transportation | - | - | - | - | 245,249 | 283,042 | 405,785 |
| Operating grants and contributions | 3,340,257 | 5,206,363 | 4,283,874 | 5,355,028 | 4,938,450 | 4,699,742 | 4,766,772 |
| Total governmental activities program revenue | 3,340,257 | 5,206,363 | 4,448,846 | 5,705,414 | 5,363,913 | 5,194,197 | 5,377,616 |
| Business-type activities: | | | | | | | |
| Charges for services: | | | | | | | |
| Food service | 837,340 | 837,999 | 735,708 | 660,219 | 669,462 | 723,824 | 748,900 |
| Operating grants and contributions | 199,741 | 223,037 | 249,885 | 267,807 | 280,734 | 306,291 | 320,073 |
| Total business type activities program revenue | 1,037,081 | 1,061,036 | 985,593 | 928,026 | 950,196 | 1,030,115 | 1,068,973 |
| Total district program revenues | \$ 4,377,338 | \$ 6,267,399 | \$ 5,434,439 | \$ 6,633,440 | \$ 6,314,109 | \$ 6,224,312 | \$ 6,446,589 |
| Net (Expense)/Revenue | | | | | | | |
| Governmental activities | \$ (57,576,117) | \$ (63,307,779) | \$ (65,667,047) | \$ (67,467,344) | \$ (70,326,315) | \$ (72,034,230) | \$ (72,658,589) |
| Business-type activities | 2,530 | 2,590 | 28,753 | (99,507) | 53,280 | 60,548 | 37,490 |
| Total district-wide net expense | \$ (57,573,587) | \$ (63,305,189) | \$ (65,638,294) | \$ (67,566,851) | \$ (70,273,035) | \$ (71,973,682) | \$ (72,621,099) |
| General Revenues and Other Changes in Net Assets/Position | | | | | | | |
| Governmental activities: | | | | | | | |
| Property taxes levied for general purp | \$ 49,976,081 | \$ 52,264,040 | \$ 56,734,169 | \$ 57,446,816 | \$ 58,589,742 | \$ 60,383,969 | \$ 62,798,706 |
| Taxes levied for debt service | 3,144,916 | 3,263,588 | 3,449,149 | 3,312,772 | 3,365,692 | 3,418,018 | 3,465,543 |
| Unrestricted grants and contributions | 5,445,882 | 5,588,942 | 4,409,843 | 4,815,481 | 5,022,916 | 5,011,977 | 4,997,854 |
| Restricted federal and state aid | - | - | 190,864 | 4,644 | 11,894 | 46,397 | 46,435 |
| Payments in lieu of taxes | 945,493 | 1,357,330 | 1,363,672 | 1,349,981 | 1,360,397 | 1,330,508 | 1,304,972 |
| Investment earnings | 361,229 | 370,205 | 15,245 | 1,639 | 1,518 | 606 | 850 |
| Rents and royalties | - | - | - | - | - | - | 104,384 |
| Miscellaneous income | 61,744 | 164,403 | 210,398 | 417,189 | 379,823 | 626,384 | 171,949 |
| Total governmental activities | 59,935,345 | 63,008,508 | 66,373,340 | 67,348,522 | 68,731,982 | 70,817,859 | 72,890,693 |
| Business-type activities: | | | | | | | |
| Investment earnings | - | - | - | - | - | - | - |
| Transfers | - | - | - | - | - | - | - |
| Total business-type activities | - | - | - | - | - | - | - |
| Total district-wide | \$ 59,935,345 | \$ 63,008,508 | \$ 66,373,340 | \$ 67,348,522 | \$ 68,731,982 | \$ 70,817,859 | \$ 72,890,693 |
| Change in Net Assets/Position | | | | | | | |
| Governmental activities | \$ 2,359,228 | \$ (299,271) | \$ 706,293 | \$ (118,822) | \$ (1,594,333) | \$ (1,216,371) | \$ 232,104 |
| Business-type activities | 2,530 | 2,590 | 28,753 | (99,507) | 53,280 | 60,548 | 37,490 |
| Total district | \$ 2,361,758 | \$ (296,681) | \$ 735,046 | \$ (218,329) | \$ (1,541,053) | \$ (1,155,823) | \$ 269,594 |

Freehold Township School District
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
UNAUDITED
(modified accrual basis of accounting)

| | <u>2007</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund | | | | | | | |
| Reserved | \$ 6,097,183 | \$ 5,124,013 | \$ 7,622,450 | \$ 7,786,350 | \$ 5,003,747 | \$ 5,077,533 | \$ 3,754,913 |
| Unreserved | 1,086,334 | 2,123,205 | 1,699,768 | 1,610,980 | 1,080,496 | 513,905 | 1,327,445 |
| Total general fund | <u>\$ 7,183,517</u> | <u>\$ 7,247,218</u> | <u>\$ 9,322,218</u> | <u>\$ 9,397,330</u> | <u>\$ 6,084,243</u> | <u>\$ 5,591,438</u> | <u>\$ 5,082,358</u> |
| All Other Governmental Funds | | | | | | | |
| Reserved | \$ 327,209 | \$ 1,237,000 | \$ 212,101 | \$ - | \$ 570,440 | \$ 150,080 | \$ 209,148 |
| Unreserved, reported in: | | | | | | | |
| Special revenue fund | - | - | - | - | - | - | - |
| Capital projects fund | - | - | - | - | - | - | - |
| Debt service fund | - | - | - | - | - | - | - |
| Permanent fund | - | - | - | - | - | - | - |
| Total all other governmental funds | <u>\$ 327,209</u> | <u>\$ 1,237,000</u> | <u>\$ 212,101</u> | <u>\$ -</u> | <u>\$ 570,440</u> | <u>\$ 150,080</u> | <u>\$ 209,148</u> |

Freehold Township School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
UNAUDITED
(modified accrual basis of accounting)

| | Fiscal Year Ending June 30, | | | | | | | | | |
|---|-----------------------------|---------------------|---------------------|---------------------|-------------------|---------------------|---------------------|-----------------------|-----------------------|---------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Revenues | | | | | | | | | | |
| Tax levy | \$ 53,120,997 | \$ 55,527,628 | \$ 56,341,417 | \$ 58,847,172 | \$ 58,887,862 | \$ 60,183,318 | \$ 60,759,588 | \$ 61,955,434 | \$ 63,801,987 | \$ 66,264,249 |
| Tuition charges | - | - | 70,615 | 74,213 | 5,110 | 121,431 | 244,773 | 180,214 | 211,413 | 205,059 |
| Interest earnings | 361,229 | 370,205 | 156,725 | 41,493 | 18,692 | 15,245 | 1,639 | 1,518 | 606 | 850 |
| Rents and royalties | - | - | - | - | - | - | - | - | - | 104,384 |
| Miscellaneous | 61,744 | 164,403 | 206,007 | 240,783 | 232,848 | 210,398 | 417,189 | 379,823 | 626,384 | 171,949 |
| Transportation fees | - | - | - | 121,992 | 25,218 | 43,541 | 105,613 | 245,249 | 283,042 | 405,785 |
| State sources | 8,639,099 | 11,020,925 | 10,078,133 | 8,807,607 | 7,817,815 | 8,740,386 | 10,216,029 | 9,998,352 | 9,938,008 | 9,805,580 |
| Federal sources | 1,092,533 | 1,131,710 | 1,102,655 | 1,911,290 | 1,764,056 | 1,507,867 | 1,309,105 | 1,335,305 | 1,150,616 | 1,310,453 |
| Total revenue | 63,275,602 | 68,214,871 | 67,955,552 | 70,044,550 | 68,751,601 | 70,822,186 | 73,053,936 | 74,095,895 | 76,012,056 | 78,268,309 |
| Expenditures | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular Instruction | 16,781,066 | 17,121,314 | 17,411,815 | 18,325,288 | 16,766,651 | 16,967,321 | 17,928,224 | 19,419,697 | 19,688,421 | 20,571,015 |
| Special education instruction | 4,280,593 | 5,151,862 | 6,138,006 | 6,764,491 | 6,618,571 | 7,760,459 | 8,099,430 | 8,387,187 | 8,728,826 | 9,164,105 |
| Other special instruction | 857,762 | 1,132,928 | 1,178,085 | 1,051,618 | 935,634 | 1,118,409 | 1,351,171 | 1,405,281 | 1,266,482 | 1,171,105 |
| Support Services: | | | | | | | | | | |
| Tuition | 2,572,438 | 2,472,231 | 2,975,952 | 2,707,378 | 2,510,459 | 2,154,962 | 1,468,708 | 1,264,988 | 1,229,804 | 1,035,016 |
| Student & inst. related services | 1,393,930 | 1,552,835 | 1,619,848 | 1,591,993 | 1,231,035 | 1,192,529 | 1,162,147 | 1,199,570 | 1,321,857 | 1,285,852 |
| General administration | 822,372 | 874,137 | 938,678 | 906,972 | 783,530 | 788,052 | 849,568 | 859,196 | 983,082 | 765,383 |
| School administrative services | 1,760,649 | 1,905,401 | 1,892,484 | 1,905,909 | 1,891,199 | 1,975,788 | 2,035,946 | 2,105,775 | 2,224,721 | 2,171,277 |
| Central services | 659,966 | 711,611 | 732,698 | 762,903 | 716,620 | 739,690 | 733,475 | 766,629 | 731,794 | 840,801 |
| Admin. information technology | 816,708 | 710,567 | 762,397 | 687,139 | 522,942 | 561,690 | 725,710 | 728,490 | 970,428 | 1,142,688 |
| Plant operations and maintenance | 5,113,975 | 5,209,977 | 5,455,180 | 5,189,461 | 5,038,583 | 4,547,690 | 4,546,489 | 5,220,809 | 5,297,196 | 5,378,264 |
| Pupil transportation | 4,273,704 | 4,089,304 | 3,982,569 | 3,923,154 | 3,475,591 | 3,372,461 | 3,466,345 | 3,814,473 | 3,602,705 | 3,439,011 |
| Other Support Services | 3,808,856 | 4,527,393 | 4,842,689 | 5,255,099 | 4,936,401 | 5,058,531 | 5,844,845 | 6,089,565 | 6,201,535 | 6,243,569 |
| Care & upkeep of grounds | - | - | - | 269,162 | 301,312 | 274,790 | 225,360 | 199,820 | 260,084 | 299,311 |
| Security | - | - | - | - | - | - | - | 21,975 | 38,099 | 62,065 |
| Employee benefits | 10,369,255 | 12,023,947 | 12,999,174 | 13,911,739 | 14,686,799 | 14,397,301 | 15,061,040 | 14,703,141 | 15,258,401 | 15,611,347 |
| Non-budgeted expenditures | 3,340,257 | 5,206,363 | 3,250,119 | 3,511,005 | 3,509,504 | 4,283,874 | 5,355,028 | 4,938,450 | 4,699,742 | 4,766,772 |
| Transfer to charter school | - | - | - | - | - | 17,026 | - | - | - | - |
| Special Schools | 300,000 | 177,658 | 17,236 | 18,793 | 15,266 | 8,812 | 6,634 | 16,514 | - | - |
| Capital outlay | 613,817 | 640,054 | 515,727 | 805,185 | 688,248 | 1,060,584 | 975,065 | 2,296,167 | 964,704 | 1,361,259 |
| Debt service: | | | | | | | | | | |
| Principal | 750,000 | 820,000 | 915,000 | 985,000 | 1,060,000 | 1,150,000 | 1,310,000 | 1,270,000 | 1,370,000 | 1,515,000 |
| Interest and other charges | 2,442,371 | 2,493,697 | 2,464,679 | 2,430,317 | 2,388,516 | 2,342,116 | 2,045,740 | 2,130,815 | 2,087,340 | 1,894,481 |
| Total expenditures | 60,957,719 | 66,821,279 | 68,092,336 | 71,002,606 | 68,076,861 | 69,772,085 | 73,190,925 | 76,838,542 | 76,925,221 | 78,718,321 |
| Excess (Deficiency) of revenues over (under) expenditures | 2,317,883 | 1,393,592 | (136,784) | (958,056) | 674,740 | 1,050,101 | (136,989) | (2,742,647) | (913,165) | (450,012) |
| Other Financing sources (uses) | | | | | | | | | | |
| Proceeds from borrowing | - | - | - | - | - | (13,310,000) | - | - | (7,255,000) | (28,565,000) |
| Proceeds from refunding | - | - | - | - | - | 12,130,000 | - | - | 6,625,000 | 23,775,000 |
| Payments to escrow agent | - | - | - | - | - | - | - | - | - | - |
| State school building aid - Section 15 gr: | - | - | - | - | - | - | - | - | - | - |
| Premium and costs for bond issuance | - | - | - | - | - | 1,180,000 | - | - | 630,000 | 4,790,000 |
| Accrued interest | - | - | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - | 570,442 | 570,442 | - |
| Transfers out | - | - | - | - | - | - | - | (570,442) | (570,442) | - |
| Costs of issuance | - | - | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - | - | - | - |
| Net change in fund balances | \$ 2,317,883 | \$ 1,393,592 | \$ (136,784) | \$ (958,056) | \$ 674,740 | \$ 1,050,101 | \$ (136,989) | \$ (2,742,647) | \$ (2,742,647) | \$ (450,012) |
| Debt service as a percentage of noncapital expenditures | 5.29% | 5.01% | 5.00% | 4.87% | 5.12% | 5.08% | 4.65% | 4.56% | 4.55% | 4.41% |

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.
 Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005.
 Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services

Freehold Township School District
General Fund - Other Local Revenue by Source
Last Ten Fiscal Years

UNAUDITED

(modified accrual basis of accounting)

| Fiscal Year Ending June 30, | Sale of Capital Assets | Donations | Rentals | Prior Year Refunds | Sale and Leaseback of Textbooks | Miscellaneous | Annual Totals |
|--------------------------------|------------------------------|-----------|---------|-----------------------|--|---------------|------------------|
| 2007 | - | - | - | - | - | 49,583 | 49,583 |
| 2008 | - | - | - | - | - | 72,945 | 72,945 |
| 2009 | - | - | - | - | - | 165,928 | 165,928 |
| 2010 | - | - | - | - | - | 155,267 | 155,267 |
| 2011 | - | - | - | - | - | 172,515 | 172,515 |
| 2012 | - | - | - | - | - | 108,823 | 108,823 |
| 2013 | - | - | - | - | - | 191,295 | 191,295 |
| 2014 | 69,300 | - | 81,539 | - | - | 39,103 | 189,942 |
| 2015 | 150,000 | - | 84,602 | - | - | 280,864 | 515,466 |
| 2016 | - | - | 104,384 | - | - | 140,886 | 245,270 |

Source: District records

Freehold Township School District
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
UNAUDITED

| Fiscal Year Ended June 30, | Vacant Land | Residential | Farm Reg. | Qfarm | Commercial | Industrial | Apartment | Total Assessed Value | Less: Tax-Exempt Property | Public Utilities ^a | Net Valuation Taxable | Total Direct School Tax Rate ^b | Estimated Actual (County Equalized Value) |
|----------------------------|-------------|---------------|------------|-----------|---------------|-------------|------------|----------------------|---------------------------|-------------------------------|-----------------------|---|---|
| 2007 | 65,790,600 | 2,146,671,100 | 15,123,200 | 1,726,900 | 642,767,600 | 79,946,600 | 30,948,600 | 2,982,974,600 | - | 42,025,816 | 3,025,000,416 | 1.722 | 5,391,727,021 |
| 2008 | 49,811,400 | 2,205,318,600 | 14,730,600 | 1,764,500 | 633,230,100 | 71,697,200 | 30,948,600 | 3,007,501,000 | - | 36,970,360 | 3,044,471,360 | 1.791 | 6,037,954,660 |
| 2009 | 43,886,000 | 2,245,621,400 | 14,932,600 | 1,700,500 | 644,466,200 | 74,628,300 | 30,165,900 | 3,055,400,900 | - | 32,780,996 | 3,088,181,896 | 1.792 | 6,427,750,216 |
| 2010 | 95,225,000 | 4,529,646,900 | 30,709,200 | 1,670,000 | 1,341,345,700 | 154,573,100 | 64,320,400 | 6,217,490,300 | - | 68,077,410 | 6,285,567,710 | 0.922 | 6,734,691,283 |
| 2011 | 79,832,500 | 4,549,534,600 | 30,233,300 | 1,654,900 | 1,291,205,600 | 154,573,100 | 61,500,000 | 6,168,534,000 | - | 49,220,887 | 6,217,754,887 | 0.936 | 6,647,432,225 |
| 2012 | 69,363,900 | 4,551,925,900 | 31,282,000 | 1,541,900 | 1,247,563,400 | 154,791,300 | 61,500,000 | 6,117,968,400 | - | 41,218,304 | 6,159,186,704 | 0.966 | 6,427,603,681 |
| 2013 | 67,931,000 | 4,548,659,400 | 32,524,700 | 1,509,700 | 1,245,930,300 | 156,782,100 | 61,500,000 | 6,114,837,200 | - | - | 6,114,837,200 | 0.983 | 6,197,354,750 |
| 2014 | 56,004,900 | 3,949,909,700 | 28,280,200 | 1,466,400 | 1,243,834,300 | 146,521,200 | 60,794,300 | 5,486,811,000 | - | - | 5,486,811,000 | 1.117 | 5,873,438,863 |
| 2015 | 50,881,700 | 3,955,292,200 | 27,666,200 | 1,440,900 | 1,239,936,400 | 146,563,700 | 60,794,300 | 5,482,575,400 | - | - | 5,482,575,400 | 1.151 | 5,837,654,006 |
| 2016 | 55,908,800 | 4,266,398,600 | 29,970,000 | 1,464,900 | 1,320,216,200 | 148,905,300 | 71,094,300 | 5,893,958,100 | - | - | 5,893,958,100 | | |

Source: District records and Monmouth County Board of Taxation

Freehold Township School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
UNAUDITED
(rate per \$100 of assessed value)

| Fiscal Year Ended June 30, | Freehold Township School District | | | Overlapping Rates | | | Total Direct and Overlapping Tax Rate |
|-------------------------------|-----------------------------------|--|-----------------|--|----------------------|--------------------|--|
| | Basic Rate ^a | General Obligation Debt Service ^b | Total Direct | Freehold Regional School District | Freehold Township | Monmouth County | |
| 2007 | 1.619 | 0.104 | 1.723 | 0.700 | 0.439 | 0.541 | 3.403 |
| 2008 | 1.651 | 0.107 | 1.758 | 0.700 | 0.439 | 0.541 | 3.438 |
| 2009 | 1.684 | 0.107 | 1.791 | 0.707 | 0.475 | 0.523 | 3.496 |
| 2010 | 0.869 | 0.053 | 0.922 | 0.373 | 0.265 | 0.282 | 1.842 |
| 2011 | 0.882 | 0.054 | 0.936 | 0.39 | 0.28 | 0.286 | 1.892 |
| 2012 | 0.911 | 0.055 | 0.966 | 0.399 | 0.304 | 0.291 | 1.960 |
| 2013 | 0.929 | 0.054 | 0.983 | 0.411 | 0.324 | 0.292 | 2.010 |
| 2014 | 1.057 | 0.061 | 1.117 | 0.471 | 0.378 | 0.327 | 2.293 |
| 2015 | 1.089 | 0.062 | 1.151 | 0.48 | 0.388 | 0.33 | 2.349 |
| 2016 | 1.060 | 0.053 | 1.113 | 0.452 | 0.38 | 0.33 | 2.275 |

Source: District Records and Municipal Tax Collector

**Freehold Township School District
Principal Property Tax Payers,
Current Year and Nine Years Ago
UNAUDITED**

| Taxpayer | 2016 | | | 2007 | | |
|-------------------------------------|------------------------|-----------------|--|------------------------|-----------------|--|
| | Taxable Assessed Value | Rank [Optional] | % of Total District Net Assessed Value | Taxable Assessed Value | Rank [Optional] | % of Total District Net Assessed Value |
| Freemall Associates | \$ 380,215,900 | 1 | 6.45% | \$ 154,401,000 | 1 | 5.07% |
| Avalon Bay Communities | \$ 60,585,800 | 2 | 1.03% | \$ 25,065,900 | 3 | 0.82% |
| Iron Mountain, Inc. | \$ 47,490,700 | 3 | 0.81% | \$ 17,500,000 | 5 | 0.57% |
| Applewood Estates | \$ 30,000,000 | 4 | 0.51% | \$ 19,270,200 | 4 | 0.63% |
| Macy's East, Inc. | \$ 26,823,300 | 5 | 0.46% | | | |
| Silver Shore Land Company, LLC | \$ 25,852,100 | 6 | 0.44% | | | |
| Raintree Towne Center Associates | \$ 24,748,700 | 7 | 0.42% | \$ 14,500,000 | 6 | 0.48% |
| Freehold Shopping Associates | \$ 24,515,200 | 8 | 0.42% | | | |
| Ronardi Freehold Enterprises | \$ 24,039,600 | 9 | 0.41% | | | |
| Wal-Mart Real Estate Business Trust | \$ 23,790,000 | 10 | 0.40% | | | |
| Verizon, NJ | | | | \$ 36,970,360 | 2 | 1.21% |
| American Milti-Cinema, Inc. | | | | \$ 12,557,600 | 7 | 0.41% |
| NJ Bell | | | | \$ 12,437,500 | 8 | 0.41% |
| Gannett NJ Partners, LP | | | | \$ 12,352,700 | 9 | 0.41% |
| Sam's Real Estate Business Trust | | | | \$ 11,913,300 | 10 | 0.39% |
| Total | \$ 668,061,300 | | 11.35% | 316,968,560 | | 10.40% |

Source: District CAFR & Municipal Tax Assessor

**Freehold Township School District
Property Tax Levies and Collections,
Last Ten Fiscal Years
UNAUDITED**

| Fiscal Year Ended June 30, | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years |
|--|--|---|-----------------------|--|
| | | Amount | Percentage of Levy | |
| 2007 | 53,120,997 | 53,120,997 | 100.00% | - |
| 2008 | 55,527,628 | 55,527,628 | 100.00% | - |
| 2009 | 56,341,417 | 56,341,417 | 100.00% | - |
| 2010 | 58,847,172 | 58,847,172 | 100.00% | - |
| 2011 | 58,887,862 | 58,887,862 | 100.00% | - |
| 2012 | 60,183,318 | 60,183,318 | 100.00% | - |
| 2013 | 60,759,588 | 60,759,588 | 100.00% | - |
| 2014 | 61,955,434 | 61,955,434 | 100.00% | - |
| 2015 | 63,801,987 | 63,801,987 | 100.00% | - |
| 2016 | 67,254,812 | 67,254,812 | 100.00% | - |

Source: District records including the Certificate
and Report of School Taxes (A4F form)

**Freehold Township School District
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years
 UNAUDITED**

| Fiscal Year Ended June 30, | <u>Governmental Activities</u> | | | | <u>Business- Type Activities</u> | <u>Total District</u> |
|--|---|--|---------------------------|---|--|-----------------------|
| | <u>General Obligation Bonds</u> | <u>Certificates of Participation</u> | <u>Capital Leases</u> | <u>Bond Anticipation Notes (BANs)</u> | <u>Capital Leases</u> | |
| 2007 | 55,780,000 | n/a | - | n/a | n/a | 55,780,000 |
| 2008 | 56,120,000 | n/a | - | n/a | n/a | 56,120,000 |
| 2009 | 55,205,000 | n/a | - | n/a | n/a | 55,205,000 |
| 2010 | 54,220,000 | n/a | 776,000 | n/a | n/a | 54,996,000 |
| 2011 | 53,160,000 | n/a | 641,000 | n/a | n/a | 53,801,000 |
| 2012 | 52,010,000 | n/a | 1,031,000 | n/a | n/a | 53,041,000 |
| 2013 | 49,520,000 | n/a | 776,000 | n/a | n/a | 50,296,000 |
| 2014 | 48,250,000 | n/a | 1,155,617 | n/a | n/a | 49,405,617 |
| 2015 | 46,250,000 | n/a | 751,617 | n/a | n/a | 47,001,617 |
| 2016 | 39,945,000 | n/a | 1,038,942 | n/a | n/a | 49,405,618 |

Source: District CAFR Schedules I-1, I-2

Freehold Township School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
UNAUDITED

| Fiscal Year Ended June 30, | General Bonded Debt Outstanding | | | Percentage of Actual Taxable Value ^a of Property | Per Capita ^b |
|-------------------------------------|---------------------------------|------------|---|---|-------------------------|
| | General Obligation Bonds | Deductions | Net General Bonded Debt Outstanding | | |
| 2007 | 55,780,000 | - | 55,780,000 | 1.83% | \$ 1,643 |
| 2008 | 56,120,000 | - | 56,120,000 | 1.82% | \$ 1,609 |
| 2009 | 55,205,000 | - | 55,205,000 | 0.88% | \$ 1,590 |
| 2010 | 54,220,000 | - | 54,220,000 | 0.87% | \$ 1,568 |
| 2011 | 53,160,000 | - | 53,160,000 | 0.86% | \$ 1,469 |
| 2012 | 52,010,000 | - | 52,010,000 | 0.85% | \$ 1,436 |
| 2013 | 49,520,000 | - | 49,520,000 | 0.81% | \$ 1,372 |
| 2014 | 48,250,000 | - | 48,250,000 | 0.88% | \$ 1,333 |
| 2015 | 46,250,000 | - | 46,250,000 | 0.78% | \$ 1,278 |
| 2016 | 39,945,000 | - | 39,945,000 | 0.66% | \$ 1,116 |

Freehold Township School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2016
UNAUDITED

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable ^a</u> | <u>Estimated Share of Overlapping Debt</u> |
|--|-------------------------|---|--|
| Debt repaid with property taxes | | | |
| Freehold Township | \$33,273,597 | 100.000% | \$33,273,597 |
| Other debt | | | |
| Water Sewer System | 14,216,000 | 100.000% | 14,216,000 |
| Freehold Regional High School | 19,300,000 | 20.359% | 3,929,274 |
| Manasquan River Regional Sewerage Authority | 4,710,000 | 37.717% | 1,776,457 |
| Monmouth County | 437,190,688 | 5.427% | <u>23,726,037</u> |
| Subtotal, overlapping debt | | | 76,921,365 |
| Freehold Township School District Direct Debt | | | <u>44,735,000</u> |
| Total direct and overlapping debt | | | <u>\$ 121,656,365</u> |

Sources: Freehold Township Finance Officer, Monmouth County Finance Office
and Utility Authorities

^a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assets. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that falls within the district's boundaries and dividing it by each unit's total taxable value.

**Freehold Township School District
Legal Debt Margin Information,
Last Ten Fiscal Years
UNAUDITED**

| | |
|---------------------------|--------------------------|
| Equalized valuation basis | |
| 2016 | \$ 5,893,958,100 |
| 2015 | 5,482,575,400 |
| 2014 | <u>5,486,811,000</u> |
| [A] | <u>\$ 16,863,344,500</u> |
| [A/3] | \$ 5,621,114,833 |
| [B] | 168,633,445 ^a |
| [C] | - |
| [B-C] | <u>\$ 168,633,445</u> |

| | Fiscal Year | | | | | | | |
|---|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Debt limit | \$ 194,773,177 | \$ 135,475,345 | \$ 199,751,382 | \$ 192,723,907 | \$ 168,633,445 | \$ 179,084,476 | \$ 170,842,236 | \$ 168,633,445 |
| Total net debt applicable to limit | <u>55,205,000</u> | <u>54,220,000</u> | <u>53,160,000</u> | <u>52,010,000</u> | <u>50,000,000</u> | <u>48,250,000</u> | <u>46,250,000</u> | <u>39,945,000</u> |
| Legal debt margin | <u>\$ 139,568,177</u> | <u>\$ 81,255,345</u> | <u>\$ 146,591,382</u> | <u>\$ 140,713,907</u> | <u>\$ 118,633,445</u> | <u>\$ 130,834,476</u> | <u>\$ 124,592,236</u> | <u>\$ 128,688,445</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 28.34% | 40.02% | 26.61% | 26.99% | 29.65% | 26.94% | 27.07% | 23.69% |

Source: Abstract of Ratables and District Records CAFR Schedule J-7

^a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

**Freehold Township School District
Demographic and Economic Statistics
Last Ten Fiscal Years
UNAUDITED**

| Year | Population ^a | Personal Income (thousands of dollars) ^b | Per Capita Personal Income ^c | Unemployment Rate ^d |
|------|-------------------------|---|--|-----------------------------------|
| 2007 | 33,953 | - | - | 3.3% |
| 2008 | 34,875 | - | - | 4.1% |
| 2009 | 34,730 | - | - | 4.2% |
| 2010 | 34,589 | - | - | 7.5% |
| 2011 | 36,184 | - | - | 7.7% |
| 2012 | 36,219 | - | - | 8.2% |
| 2013 | 36,806 | - | - | 7.0% |
| 2014 | 36,184 | - | - | 5.0% |
| 2015 | 35,812 | - | - | 4.7% |
| 2016 | 35,807 | - | - | 4.4% |

Source:

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

^b Personal income not available by municipality.

^c Per Capita Income not available by municipality.

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

Freehold Township School District
Principal Employers,
Current Year and Nine Years Ago
UNAUDITED

| Employer | 2016 | | | 2007 | | |
|------------------------------------|-----------|--------------------|---|-----------|--------------------|---|
| | Employees | Rank (Optional) | Percentage of Total Employment ^b | Employees | Rank (Optional) | Percentage of Total Employment ^b |
| CentraState Medical Center | 2,196 | 1 | 11.76% | 1,831 | 1 | 10.12% |
| YMCA of Freehold | 906 | 2 | 4.85% | | | |
| iPlay America, Inc. | 600 | 3 | 3.21% | | | |
| Center for Aging | 476 | 4 | 2.55% | 483 | 3 | 2.67% |
| Nordstrom | 350 | 5 | 1.87% | 354 | 5 | |
| Macy's | 344 | 6 | 1.84% | 300 | 6 | 1.66% |
| IVC Industries, Inc. | 300 | 7 | 1.61% | 298 | 7 | |
| Verizon | 246 | 8 | 1.32% | 487 | 2 | 2.69% |
| Shore Point Distributing Co., Inc. | 240 | 9 | 1.28% | | | |
| Sam's Club | 224 | 10 | 1.20% | 290 | 8 | 1.60% |
| Asbury Park Press | | | | 400 | 4 | 2.21% |
| Sears | | | | 225 | 9 | 1.24% |
| WalMart | | | | 215 | 10 | 1.19% |
| | 5,882 | | 31.49% | 4,883 | | 23.38% |

Source: Freehold Township Official Statement

^b Total labor force provided by U.S. Department of Labor, Bureau of Labor Statistics

Freehold Township School District
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years
UNAUDITED

| <u>Function/Program</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Instruction | | | | | | | | |
| Regular | 284 | 277 | 271 | 271 | 282 | 298 | 295 | 295 |
| Special education | 186 | 187 | 195 | 191 | 200 | 214 | 221 | 220 |
| Other special education | - | - | - | - | - | - | - | - |
| Vocational | - | - | - | - | - | - | - | - |
| Other instruction | - | - | - | - | - | - | - | - |
| Nonpublic school programs | - | - | - | - | - | - | - | - |
| Adult/continuing education programs | - | - | - | - | - | - | - | - |
| Support Services: | | | | | | | | |
| Tuition | - | - | - | - | - | - | - | - |
| Student & instruction related services | 67 | 72 | 66 | 69 | 80 | 82 | 84 | 82 |
| General administrative services | 5 | 5 | 4 | 4 | 4 | 4 | 4 | 4 |
| School administrative services | 24 | 24 | 24 | 30 | 29 | 26 | 27 | 27 |
| Business administrative services | 16 | 17 | 14 | 14 | 15 | 14 | 15 | 16 |
| Plant operations and maintenance | 73 | 71 | 75 | 73 | 75 | 67 | 82 | 82 |
| Pupil transportation | 92 | 89 | 66 | 71 | 67 | 72 | 69 | 76 |
| Special Schools | - | - | - | - | - | - | - | - |
| Food Service | - | - | - | - | - | - | - | - |
| Total | <u>747</u> | <u>742</u> | <u>715</u> | <u>723</u> | <u>752</u> | <u>777</u> | <u>797</u> | <u>802</u> |

Source: District Personnel Records

Freehold Township School District
Operating Statistics
Last Ten Fiscal Years
UNAUDITED

| Fiscal Year | Enrollment | Operating Expenditures ^a | Cost Per Pupil | Percentage Change | Teaching Staff ^b | Pupil/Teacher Ratio | | Average Daily Enrollment (ADE) | Average Daily Attendance (ADA) | % Change in Average Daily Enrollment | Student Attendance Percentage |
|----------------|------------|--|-------------------|----------------------|--------------------------------|---------------------|------------------|---|---|--|-------------------------------------|
| | | | | | | Elementary | Middle School | | | | |
| 2007 | 4,652 | 57,463,173 | 12,352 | 3.88% | 272 | 17:01 | 25:01 | 4,629 | 4,418 | -0.62% | 95.50% |
| 2008 | 4,622 | 61,739,327 | 13,358 | 8.14% | 332 | 17:01 | 24:01 | 4,622 | 4,428 | -0.15% | 95.80% |
| 2009 | 4,512 | 62,143,910 | 13,773 | 3.11% | 405 | 17:01 | 25:01 | 4,521 | 4,330 | -2.23% | 95.78% |
| 2010 | 4,500 | 64,942,806 | 14,432 | 4.78% | 341 | 17:01 | 24:01 | 4,500 | 4,312 | -0.46% | 95.82% |
| 2011 | 4,375 | 61,778,766 | 14,121 | -2.15% | 338 | 17:01 | 25:01 | 4,365 | 4,170 | -3.00% | 95.53% |
| 2012 | 4,276 | 62,963,967 | 14,725 | 4.28% | 308 | 17:01 | 20:01 | 4,271 | 4,099 | -2.15% | 95.97% |
| 2013 | 4,170 | 64,431,299 | 15,451 | 4.93% | 353 | 17:01 | 16:01 | 4,155 | 3,970 | -2.72% | 95.55% |
| 2014 | 4,042 | 66,902,931 | 16,552 | 7.13% | 354 | 17:01 | 14:01 | 4,050 | 3,881 | -2.53% | 95.83% |
| 2015 | 3,937 | 69,359,914 | 17,617 | 14.02% | 367 | 11:01 | 10:01 | 3,921 | 3,748 | -5.63% | 95.59% |
| 2016 | 3,855 | 70,388,447 | 18,259 | 10.31% | 338 | 11:01 | 11:01 | 3,840 | 3,678 | -5.19% | 95.78% |

Sources: District records and Schedules J-12, J-14

a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1

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

Freehold Township School District
School Building Information
Last Ten Fiscal Years
UNAUDITED

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| District Building^a | | | | | | | | | |
| Early Learning Center | | | | | | | | | |
| Early Childhood Learning Center (1936) ^b | | | | | | | | | |
| Square Feet | 37156 | 37156 | 37156 | 37156 | 37156 | 37156 | 37156 | 37156 | 37156 |
| Capacity (students) | 127 | 127 | 127 | 127 | 127 | 127 | 127 | 127 | 127 |
| Enrollment ^b | 79 | 83 | 83 | 101 | 115 | 121 | 114 | 114 | 114 |
| Elementary | | | | | | | | | |
| Joseph J. Catena (1951) | | | | | | | | | |
| Square Feet | 76,045 | 76,045 | 76,045 | 76,045 | 76,045 | 76,045 | 76,045 | 76,045 | 76,045 |
| Capacity (students) | 633 | 633 | 633 | 633 | 633 | 633 | 633 | 633 | 633 |
| Enrollment | 602 | 561 | 561 | 518 | 492 | 491 | 511 | 511 | 511 |
| C. Richard Applegate (1972) | | | | | | | | | |
| Square Feet | 81,963 | 81,963 | 81,963 | 81,963 | 81,963 | 81,963 | 81,963 | 81,963 | 81,963 |
| Capacity (students) | 606 | 606 | 606 | 606 | 606 | 606 | 606 | 606 | 606 |
| Enrollment | 509 | 544 | 544 | 531 | 539 | 541 | 487 | 487 | 487 |
| Marshall W. Erickson (1972) | | | | | | | | | |
| Square Feet | 78,130 | 78,130 | 78,130 | 78,130 | 78,130 | 78,130 | 78,130 | 78,130 | 78,130 |
| Capacity (students) | 606 | 606 | 606 | 606 | 606 | 606 | 606 | 606 | 606 |
| Enrollment | 611 | 561 | 561 | 546 | 526 | 502 | 468 | 468 | 468 |
| Laura Donovan (1968) | | | | | | | | | |
| Square Feet | 76,491 | 76,491 | 76,491 | 76,491 | 76,491 | 76,491 | 76,491 | 76,491 | 76,491 |
| Capacity (students) | 653 | 653 | 653 | 653 | 653 | 653 | 653 | 653 | 653 |
| Enrollment | 531 | 537 | 537 | 508 | 485 | 487 | 488 | 488 | 488 |
| West Freehold (9/04) | | | | | | | | | |
| Square Feet | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 |
| Capacity (students) | 636 | 636 | 636 | 636 | 636 | 636 | 636 | 636 | 636 |
| Enrollment | 595 | 582 | 582 | 553 | 532 | 516 | 522 | 522 | 522 |
| Middle School | | | | | | | | | |
| Clifton T. Barkalow (1965) | | | | | | | | | |
| Square Feet | 110,553 | 110,553 | 110,553 | 110,553 | 110,553 | 110,553 | 110,553 | 110,553 | 110,553 |
| Capacity (students) | 831 | 831 | 831 | 831 | 831 | 831 | 831 | 831 | 831 |
| Enrollment | 853 | 822 | 822 | 808 | 803 | 763 | 752 | 752 | 752 |
| Dwight D. Eisenhower (1971) | | | | | | | | | |
| Square Feet | 114,979 | 114,979 | 114,979 | 114,979 | 114,979 | 114,979 | 114,979 | 114,979 | 114,979 |
| Capacity (students) | 863 | 863 | 863 | 863 | 863 | 863 | 863 | 863 | 863 |
| Enrollment | 827 | 822 | 822 | 800 | 784 | 749 | 700 | 700 | 700 |
| Other | | | | | | | | | |
| Transportation & Maintenance Offices | | | | | | | | | |
| Square Feet | 4,800 | 4,800 | 4,800 | 4,800 | 4,800 | 4,800 | 4,800 | 4,800 | 4,800 |
| Number of Schools at June 30, 2014 | | | | | | | | | |
| Early Learning Center = 1 | | | | | | | | | |
| Elementary = 5 | | | | | | | | | |
| Middle School = 2 | | | | | | | | | |
| Other = 1 | | | | | | | | | |

Source: District records, ASSA

^a Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count (ASSA). Only 7 years of data required to be kept.

^b Prior to September 2004, the ECLC housed the West Freehold School. At the time of the ASSA in October 2004, the ECLC population was housed in the Joseph J. Catena & C. Richard Applegate Elementary Schools.

**FREEHOLD TOWNSHIP SCHOOL DISTRICT
Schedule of Required Maintenance
Last Ten Fiscal Years
UNAUDITED**

**UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-xxx**

| * School Facilities Project # (s) | Joseph J. Catena Elementary N/A | C. Richard Applegate Elementary N/A | Clifton T. Barkalow Middle School N/A | Dwight D. Eisenhower Middle School N/A | Marshall W. Errickson Elementary N/A | Laura Donovan Elementary N/A | West Freehold Elementary N/A | Early Childhood Learning Center N/A | Total |
|--------------------------------------|--|--|---|---|---|------------------------------------|---------------------------------------|---|---------------------|
| 2007 | 89,770 | 128,153 | 139,890 | 134,249 | 125,509 | 89,471 | 108,542 | 47,905 | 863,489 |
| 2008 | 104,125 | 112,229 | 151,348 | 157,436 | 106,980 | 104,736 | 123,233 | 50,876 | 910,963 |
| 2009 | 111,559 | 120,240 | 162,153 | 168,675 | 114,617 | 112,213 | 132,031 | 54,508 | 975,996 |
| 2010 | 99,851 | 107,622 | 145,136 | 150,974 | 102,589 | 100,437 | 118,175 | 48,788 | 873,572 |
| 2011 | 99,633 | 107,387 | 144,819 | 150,644 | 102,365 | 100,217 | 117,917 | 48,681 | 871,663 |
| 2012 | 90,719 | 97,779 | 131,862 | 137,166 | 93,206 | 91,251 | 107,367 | 44,326 | 793,676 |
| 2013 | 43,820 | 47,231 | 63,694 | 66,256 | 45,022 | 44,077 | 51,862 | 21,411 | 383,373 |
| 2014 | 128,893 | 138,923 | 187,348 | 194,884 | 132,427 | 129,649 | 152,546 | 62,977 | 1,127,647 |
| 2015 | 138,630 | 149,418 | 201,501 | 209,606 | 142,431 | 139,443 | 164,070 | 67,735 | 1,212,834 |
| 2016 | 153,099 | 165,013 | 222,532 | 231,483 | 157,296 | 153,997 | 181,194 | 74,805 | 1,339,419 |
| Total School Facilities | <u>\$ 1,060,099</u> | <u>\$ 1,173,995</u> | <u>\$ 1,550,283</u> | <u>\$ 1,601,373</u> | <u>\$ 1,122,442</u> | <u>\$ 1,065,491</u> | <u>\$ 1,256,937</u> | <u>\$ 522,012</u> | <u>\$ 9,352,632</u> |

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

Source: District records

**FREEHOLD TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

| Company | Type of Coverage | Coverage | Deductible |
|-----------------------------|--------------------------------------|----------------|--------------|
| Republic Franklin (Utica) | Property | | |
| | Blanket Building & Contents | \$ 176,804,405 | \$ 5,000 |
| | Business Income & Extra Exp. | 5,000,000 | |
| | Data Processing Equipment | 75,000 | Per Building |
| | Data & Media | 10,000 | Per Building |
| | Flood | 1,015,000 | 25,000 |
| | Earthquake | 1,000,000 | 25,000 |
| | Equipment Breakdown (Blanket) | Included | |
| | Commercial Liability | | |
| | Bodily Injury & Property Damage | | |
| | Each Occurrence | 1,000,000 | |
| | General Aggregate | 3,000,000 | |
| | Products/Completed Operations | 3,000,000 | |
| | Damage to Premises Rented | 1,000,000 | |
| | Medical Payments | 10,000 | |
| | Personal & Advertising Injury | 1,000,000 | |
| | Crime | | |
| Employee Theft | 400,000 | 5,000 | |
| Forgery or Alteration | 100,000 | | |
| Theft of Money & Securities | 25,000 | 500 | |
| School Board Legal | | | |
| Limit of Liability | 1,000,000/3,000,000 | 10,000 | |
| Graphic Arts (Utica) | Business Auto | | |
| | Combined Single Limit | 1,000,000 | |
| | Personal Injury Protection | Statutory | |
| | Medical Payments | 5,000 | |
| | Uninsured & Underinsured | 1,000,000 | |
| | Comprehensive Deductible | - | 1,000 |
| | Collision Deductible | - | 1,000 |

Source: District Records

FREEHOLD TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

| Company | Type of Coverage | Coverage | Deductible |
|----------------------------------|---|--------------------------------------|------------|
| NJSIG | Worker's Compensation Section A Section B | Statutory 200,000/200,000/200,000 | |
| Chubb | Supplemental Worker's Compensation Maximum Benefit Period Waiting Period | 52 Weeks 7 days | |
| McCloskey | Student Accident Maximum Benefit | 1,000,000 | |
| Selective | Bonds Business Adm./Board Sec'y. | 340,000 | |
| Commerce & Industry Insurance | Environmental Policy Each Incident Aggregate | 1,000,000 2,000,000 | 5,000 |
| Utica Mutual Ins. Co. | Excess Umbrella Limit of Liability Retention | 10,000,000 10,000 | |
| Fund Indemnity | CAP Program Each Occurrence Aggregate | 50,000,000 50,000,000 | |

Source: District Records

SINGLE AUDIT SECTION

**INDEPENDENT AUDITORS' 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
Freehold Township School District
County of Monmouth
Freehold, New Jersey 07728

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Freehold Township School District in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Freehold Township School District basic financial statements, and have issued our report thereon dated November 15, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Freehold Township School District in the County of Monmouth, State of New Jersey'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 Freehold Township School District in the County of Monmouth, State of New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of the Freehold Township 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 School District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. Finding 2016-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Freehold Township School District 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey and which are described in the accompanying schedule of findings and questioned costs as items Finding 2016-01.

Freehold Township School District's Response to Findings

Freehold Township School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Freehold Township School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted

Jump, Perry and Company, L.L.P.
Toms River, New Jersey



Kathryn Perry, Partner
Licensed Public School Accountant
No. CS 20CS00226400

Toms River, NJ
November 15, 2016

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

Honorable President and
Members of the Board of Education
Freehold Township School District
County of Monmouth
Freehold Township School District, New Jersey 07728

Report on Compliance for Each Major Federal and State Program

We have audited Freehold Township School District's compliance with the types of compliance requirements described in the OMB Compliance Supplement and the New Jersey OMB Circular 15-08 that could have a direct and material effect on each of Freehold Township School District's major federal and state programs for the year ended June 30, 2016. Freehold Township School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Freehold Township School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, the Uniform Guidance and the New Jersey OMB 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 federal and state program occurred. An audit includes examining, on a test basis, evidence about Freehold Township School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and New Jersey OMB's Circular 15-08 which are described in the accompanying schedule of findings and questioned costs as items Finding 2016-01 . Our opinion on each major federal and state program is not modified with respect to these matters.

Freehold Township School District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Freehold Township School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Freehold Township 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 Freehold Township School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the New Jersey OMB 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 Freehold Township School District's internal control over compliance.

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

Report on Internal Control Over Compliance (continued)

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified certain deficiencies in internal control over compliance as described in the accompanying schedule of findings and questioned costs as items Finding 2016-01, that we consider to be significant deficiencies.

Freehold Township School District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Freehold Township School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the New Jersey OMB 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

JUMP, PERRY AND COMPANY, L.L.P.
Toms River, New Jersey



Kathryn Perry, Partner
Licensed Public School Accountant
No. CS 20CS00226400

November 15, 2016

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2016

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Grant Period | Award Amount | Balance at June 30, 2015 | Carryover Amount | Cash Received | Budgetary Expenditures | Repayment of Prior years' Balances | Deferred Revenue at June 30, 2016 | (Accounts Receivable) at June 30, 2016 | Due to Grantor at June 30, 2016 |
|--|---------------------|----------------|--------------|--------------------------|------------------|---------------|------------------------|------------------------------------|-----------------------------------|--|---------------------------------|
| General Fund: | | | | | | | | | | | |
| U.S Department of Education Medical Assistance Program | 93.778 | 9/1/15-8/31/16 | \$ 46,435 | \$ - | \$ - | \$ 46,435 | \$ (46,435) | \$ - | \$ - | \$ - | \$ - |
| | | | | - | - | 46,435 | (46,435) | - | - | - | - |
| U.S. Department of Agriculture Passed-through State Department of Education: | | | | | | | | | | | |
| Food Distribution Program | 10.550 | 7/1/15-6/30/16 | 74,572 | - | - | 74,572 | (74,572) | - | - | - | - |
| National School Breakfast Program | 10.553 | 7/1/15-6/30/16 | 8,734 | - | - | 8,100 | (8,734) | - | - | (634) | - |
| National School Lunch Program | 10.555 | 7/1/15-6/30/16 | 227,043 | - | - | 210,755 | (227,043) | - | - | (16,288) | - |
| National School Breakfast Program | 10.553 | 7/1/14-6/30/15 | 9,919 | (788) | - | 788 | - | - | - | - | - |
| National School Lunch Program | 10.555 | 7/1/14-6/30/15 | 217,458 | (17,444) | - | 17,444 | - | - | - | - | - |
| Total U.S. Department of Agriculture | | | | (18,232) | - | 311,659 | (310,349) | - | - | (16,922) | - |
| U.S. Department of Education Passed-through State Department of Education: | | | | | | | | | | | |
| Title I | 84.010 | 7/1/15-6/30/16 | 228,610 | - | - | 158,328 | (208,672) | - | - | (50,344) | - |
| Title I | 84.010 | 7/1/14-6/30/15 | 126,116 | (13,012) | - | 13,012 | - | - | - | - | - |
| Title II Part A | 84.367A | 7/1/15-6/30/16 | 61,515 | - | - | 30,639 | (54,386) | - | - | (23,747) | - |
| Title II Part A | 84.367A | 7/1/14-6/30/15 | 63,135 | (5,864) | - | 5,864 | - | - | - | - | - |
| Title III | 84.365A | 7/1/15-6/30/16 | 11,176 | - | - | 9,559 | (11,176) | - | - | (1,617) | - |
| Title III | 84.365A | 7/1/14-6/30/15 | 15,260 | (1,447) | - | 1,447 | - | - | - | - | - |
| I.D.E.A. Part B Basic Regular | 84.027 | 7/1/14-6/30/15 | 892,360 | (42,733) | - | 42,733 | - | - | - | - | - |
| I.D.E.A. Part B Basic Regular | 84.027 | 7/1/15-6/30/16 | 905,791 | - | - | 829,878 | (905,791) | - | - | (75,913) | - |
| I.D.E.A. Part B Preschool | 84.173 | 7/1/15-6/30/16 | 38,211 | - | - | 38,211 | (38,211) | - | - | - | - |
| Total U.S. Department of Education | | | | (63,056) | - | 1,129,671 | (1,218,236) | - | - | (151,621) | - |
| Total Expenditures of Federal Awards | | | | \$ (81,288) | \$ - | \$ 1,487,765 | \$ (1,575,020) | \$ - | \$ - | \$ (168,543) | \$ - |

See accompanying notes to schedules of expenditures.

FREEHOLD TOWNSHIP SCHOOL DISTRICT
 Schedule of Expenditures of State Awards
 for the Fiscal Year ended June 30, 2016

| State Grantor/ Program Title | Grant or State Project Number | Grant Period | Award Amount | Balance at June 30, 2015 | Carryover Amount | Cash Received | Budgetary Expenditures | Repayment of Prior Years' Balances | Deferred Revenue at June 30, 2016 | (Accounts Receivable) at June 30, 2016 | Due to Grantor at June 30, 2016 | Budgetary Receivable | Total Expenditures |
|--|----------------------------------|-----------------|-----------------|-----------------------------|---------------------|-------------------|---------------------------|--|--------------------------------------|---|------------------------------------|-------------------------|-----------------------|
| State Department of Education | | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | | |
| Transportation Aid | 16-495-034-5120-014 | 7/1/15-6/30/16 | 300,655 | - | - | 270,589 | (300,655) | - | - | - | - | (30,066) | 300,655 |
| Transportation Aid | 15-495-034-5120-014 | 7/1/14-6/30/15 | 300,655 | (30,061) | - | 30,061 | - | - | - | - | - | - | - |
| Special Education Aid | 16-495-034-5120-089 | 7/1/15-6/30/16 | 2,597,902 | - | - | 2,350,110 | (2,597,902) | - | - | - | - | (247,792) | 2,597,902 |
| Special Education Aid | 15-495-034-5120-089 | 7/1/14-6/30/15 | 2,597,902 | (243,186) | - | 243,186 | - | - | - | - | - | - | - |
| Equalization Aid | 16-495-034-5120-078 | 7/1/15-6/30/16 | 1,140,072 | - | - | 1,037,266 | (1,140,072) | - | - | - | - | (102,806) | 1,140,072 |
| Equalization Aid | 15-495-034-5120-078 | 7/1/14-6/30/15 | 1,140,072 | (114,016) | - | 114,016 | - | - | - | - | - | - | - |
| Security Aid | 16-495-034-5120-084 | 7/1/15-6/30/16 | 84,658 | - | - | 76,192 | (84,658) | - | - | - | - | (8,466) | 84,658 |
| Security Aid | 15-495-034-5120-084 | 7/1/14-6/30/15 | 84,658 | (8,466) | - | 8,466 | - | - | - | - | - | - | - |
| PARCC Readiness Aid | 16-495-034-5120-098 | 7/1/15-6/30/16 | 39,120 | - | - | 35,208 | (39,120) | - | - | - | - | (3,912) | 39,120 |
| PARCC Readiness Aid | 15-495-034-5120-098 | 7/1/14-6/30/15 | 39,120 | (3,912) | - | 3,912 | - | - | - | - | - | - | - |
| Per Pupil Growth Aid | 16-495-034-5120-097 | 7/1/15-6/30/16 | 39,120 | - | - | 35,208 | (39,120) | - | - | - | - | (3,912) | 39,120 |
| Per Pupil Growth Aid | 15-495-034-5120-097 | 7/1/14-6/30/15 | 39,120 | (3,912) | - | 3,912 | - | - | - | - | - | - | - |
| Additional Adjustment Aid | 16-495-034-5120-085 | 7/1/15-6/30/16 | 1 | - | - | 1 | (1) | - | - | - | - | - | 1 |
| Extraordinary Aid | 16-495-034-5120-044 | 7/1/15-6/30/16 | 772,754 | - | - | - | (772,754) | - | - | (772,754) | - | - | 772,754 |
| Extraordinary Aid | 15-495-034-5120-044 | 7/1/14-6/30/15 | 802,958 | (794,183) | - | 794,183 | - | - | - | - | - | - | - |
| Nonpublic Transportation Aid | 16-495-034-5120-014 | 7/1/15-6/30/16 | 16,792 | - | - | - | (16,972) | - | - | (16,972) | - | - | 16,972 |
| Nonpublic Transportation Aid | 15-495-034-5120-014 | 7/1/14-6/30/15 | 16,039 | (16,039) | - | 16,039 | - | - | - | - | - | - | - |
| TPAF On-Behalf Pension Contributions | | 7/1/15-6/30/15 | 4,832,034 | - | - | 4,832,034 | (4,832,034) | - | - | - | - | - | - |
| Reimbursed TPAF Social Security Contribution | 16-495-034-5094-003 | 7/1/15-6/30/16 | 2,140,417 | - | - | 2,140,417 | (2,140,417) | - | - | - | - | - | 2,140,417 |
| Reimbursed TPAF Social Security Contribution | 15-495-034-5095-002 | 7/1/14-6/30/15 | 2,098,179 | (101,402) | - | 101,402 | - | - | - | - | - | - | - |
| Total General Fund | | | | <u>(1,315,177)</u> | <u>-</u> | <u>12,092,202</u> | <u>(11,963,705)</u> | <u>-</u> | <u>-</u> | <u>(789,726)</u> | <u>-</u> | <u>(396,954)</u> | <u>7,131,671</u> |
| Enterprise Fund: | | | | | | | | | | | | | |
| State School Lunch Program | 16-100-010-3350-023 | 7/1/15-6/30/16 | 9,724 | - | - | 9,024 | (9,724) | - | - | (700) | - | - | 9,724 |
| State School Lunch Program | 15-100-010-3350-023 | 7/1/14-6/30/15 | 9,693 | (774) | - | 774 | - | - | - | - | - | - | - |
| Total Enterprise Fund | | | | <u>(774)</u> | <u>-</u> | <u>9,798</u> | <u>(9,724)</u> | <u>-</u> | <u>-</u> | <u>(700)</u> | <u>-</u> | <u>-</u> | <u>9,724</u> |
| Debt Service Fund: | | | | | | | | | | | | | |
| Debt service aid | 16-495-034-5120-017 | 7/1/15-6/30/16 | 39,322 | - | - | 39,322 | (39,322) | - | - | - | - | - | 39,322 |
| Total Debt Service Fund | | | | <u>-</u> | <u>-</u> | <u>39,322</u> | <u>(39,322)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>39,322</u> |
| Special Revenue Fund: | | | | | | | | | | | | | |
| N.J. Nonpublic Textbook Aid | 16-100-034-5120-064 | 7/1/15-6/30/16 | 571 | - | - | 571 | (523) | - | - | - | 48 | - | 523 |
| N.J. Non Public Nursing Aid | 16-100-034-5120-070 | 7/1/15-6/30/16 | 900 | - | - | 900 | (851) | - | - | - | 49 | - | 851 |
| N.J. Nonpublic Technology Aid | 16-100-034-5120-373 | 7/1/15-6/30/16 | 260 | - | - | 260 | (258) | - | - | - | 2 | - | 258 |
| N.J. Non public Nursing Aid | 16-100-034-5120-509 | 7/1/15-6/30/16 | 250 | - | - | 250 | - | - | - | 250 | - | - | - |
| Total Special Revenue Fund | | | | <u>-</u> | <u>-</u> | <u>1,981</u> | <u>(1,632)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>349</u> | <u>-</u> | <u>1,632</u> |
| Total Expenditures of State Awards | | | | <u>(1,315,951)</u> | <u>-</u> | <u>12,143,303</u> | <u>(12,014,383)</u> | <u>-</u> | <u>-</u> | <u>(790,426)</u> | <u>349</u> | <u>(396,954)</u> | <u>7,182,349</u> |
| State Financial Assistance Not Subject to Single Audit Determination | | | | | | | | | | | | | |
| | | | | - | - | (4,832,034) | 4,832,034 | - | - | - | - | - | (4,832,034) |
| Total Expenditures of State Awards Subject to Single Audit Determination | | | | | | | | | | | | | |
| | | | | <u>\$ (1,315,951)</u> | <u>-</u> | <u>7,311,269</u> | <u>(7,182,349)</u> | <u>-</u> | <u>-</u> | <u>(790,426)</u> | <u>349</u> | <u>(396,954)</u> | <u>2,350,315</u> |

See accompanying notes to schedules of expenditures.

Freehold Township School District

Notes to Schedules of Awards and Financial Assistance

June 30, 2016

1. General

The accompanying schedules of expenditures of award present the activity of all federal and state awards of the Board of Education of Freehold Township School District. The Board of Education is defined in Note 1(A) to the Board's general purpose financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included on the schedules of expenditures of federal and state awards.

2. Basis of Accounting

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

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 are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97.(A3521). For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(2,199,079) for the general fund, \$(45,782) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page.

Freehold Township School District

Notes to Schedules of Awards and Financial Assistance

June 30, 2016

3. Relationship to Basic Financial Statements (cont'd)

| | <u>Federal</u> | <u>State</u> | <u>Total</u> |
|--|---------------------|------------------|---------------------|
| General Fund | \$ 46,435 | 9,764,626 | 9,811,061 |
| Special Revenue Fund | 1,264,018 | 1,632 | 1,265,650 |
| Debt Service Fund | - | 39,322 | 39,322 |
| Capital Projects Fund | - | 36,316 | 36,316 |
| Food Service Fund | <u>310,349</u> | <u>9,724</u> | <u>320,073</u> |
| Total awards and financial assistance | <u>\$ 1,620,802</u> | <u>9,851,620</u> | <u>\$11,472,422</u> |

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.

5. Other

TPAF Social Security and Post Retirement/Medical Benefits Contributions represent the amounts reimbursed by the State for the employer's share of social security contributions and Post Retirement/Medical Benefits for TPAF members for the year ended June 30, 2016.

The TPAF post retirement/medical benefits expenditures are not subject to New Jersey OMB Circular 15-08.

Freehold Township School District

Notes to Schedules of Awards and Financial Assistance (continued)

June 30, 2016

Section I – Summary of Auditor’s Results
Financial Statement Section

Type of auditor's report issued: Unmodified opinion

Internal control over financial reporting:

- 1) Material weakness(es) identified? yes X no
- 2) Significant deficiencies identified
that are not considered to be
material weaknesses? yes X none reported

Noncompliance material to general-purpose
financial statements noted? yes X no

Federal Awards Section

Internal Control over major programs:

- 1) Material weakness(es) identified? yes X no
- 2) Significant deficiencies identified
that are not considered to be
material weaknesses? yes X none reported

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

Any audit findings disclosed that are
required to be reported in accordance
with 2 CFR section .516(a) of the
Uniform Guidance? yes X no

Identification of major programs:

| CFDA Number(s) | Name of Federal Program or Cluster |
|----------------|------------------------------------|
| 84.027 | I.D.E.A. - Part B |
| 84.173 | I.D.E.A. - Part B Preschool |

Dollar threshold used to distinguish between type A and type B programs:
\$750,000

Auditee qualified as low-risk auditee? X yes no

Freehold Township School District
 Schedule of Finding and Questioned Costs
 June 30, 2016

Section I – Summary of Auditor’s Results (continued)

State Awards Section

Dollar threshold used to distinguish between type A and type B programs:
 \$750,000

Auditee qualified as low-risk auditee? X yes no

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

Internal Control over major programs:

- 1) Material weakness(es) identified? yes X no
- 2) Significant deficiencies identified
 that are not considered to be material
 weaknesses? X yes none reported

Any audit findings disclosed that are
 required to be reported in accordance
 with NJOMB Circular Letter 15-08? X yes no

Identification of major programs:

| GMIS Number(s) | Name of State Program |
|------------------|--|
| 495-034-5094-003 | Reimbursed TPAF Social Security Contributions |
| 100-034-5120-473 | Extraordinary Special Education Aid |

Section II – Financial Statement Findings

No matters were reported for the period ended June 30, 2016.

Prior Year Audit Findings – N/A

Freehold Township School District

Schedule of Finding and Questioned Costs (continued)

June 30, 2016

Section III – State Award Findings and Questioned Costs

| <u>Reference Number</u> | <u>Finding</u> |
|-------------------------|---|
| <u>2016-01</u> | |
| <u>State Program</u> | 100-034-5120-473 Extraordinary Special Education Aid (EXAID) |
| <u>Criteria</u> | Compliance with the State of New Jersey Department of Education School District State Aid/Grant Compliance Supplement requires intensive services and/or other services for which costs are claimed on the EXAID application be specified in the individualized education plan (IEP) for the students that were in place at the time the application was made. It also requires documentation showing the student received the intensive service and/or other services. |
| <u>Condition</u> | The School District did not properly report student's intensive services and/or other services as listed on the student's IEP and/or received on the EXAID application. |
| <u>Questioned Costs</u> | \$3,481 |
| <u>Effect</u> | The School District improperly reported intensive services and/or other services on the EXAID application which caused their EXAID award amount to be overstated. |
| <u>Cause</u> | The School District did not have proper control policies in place in order to prevent reporting of improper information on the EXAID application. |
| <u>Recommendation</u> | We recommend that the School District implement control policies to ensure only eligible costs are claimed on the application for EXAID and that documentation be retained to support such costs. |
| <u>Response</u> | The School District agrees with the finding. |

Freehold Township School District
Summary Schedule of Prior Audit Findings

June 30, 2016

There were no prior year findings for the period ended June 30, 2015.