

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE  
FREEHOLD BOROUGH BOARD OF EDUCATION**

**280 Park Avenue  
Freehold, New Jersey 07728**

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE  
FREEHOLD BOROUGH BOARD OF EDUCATION**

**280 Park Avenue  
Freehold, New Jersey 07728**

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

**Prepared by**

**Joseph Howe, CPA  
School Business Administrator/Board Secretary  
Freehold Borough Board of Education  
Business Office**

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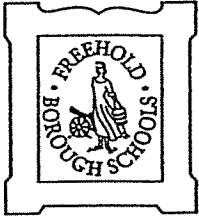
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## **INTRODUCTORY SECTION**



# Borough of Freehold Public Schools

280 PARK AVENUE  
FREEHOLD, NEW JERSEY 07728  
<http://www.freeholdboro.k12.nj.us>

December 4, 2017

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

Dear Board Members:

The comprehensive annual financial report of the Freehold Borough School District (the "District") for the fiscal year ended June 30, 2017 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds 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 tables 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 auditors' report thereon. The statistical tables 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 in addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 US *Code of Federal Regulations* Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08. Information related to this single audit, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.



1. **REPORTING ENTITY AND ITS SERVICES:** The Freehold Borough School District is an independent reporting entity within the criteria adopted by the GASB. All funds of the District are included in this report. The Freehold Borough 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 handicapped youngsters. The District completed the 2016-2017 fiscal year with an enrollment of 1680 students. The following details the changes in the student enrollment of the District over the last ten years.

**Average Daily Enrollment**

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-2017	1,737.0	0.99%
2015-2016	1,720.0	5.30%
2014-2015	1,633.4	3.84%
2013-2014	1,573.0	3.81%
2012-2013	1,515.3	2.72%
2011-2012	1,475.2	4.88%
2010-2011	1,406.5	3.72%
2009-2010	1,356.1	2.67%
2008-2009	1,320.8	(1.55%)
2007-2008	1,341.6	(1.83%)

2. **ECONOMIC CONDITION AND OUTLOOK:** The mayor and council are involved in a number of initiatives to make the Borough more attractive to homeowners, as well as to new and relocating businesses.
3. **MAJOR INITIATIVES:** During Fiscal Year 2017 the District was in the planning and regulatory approval phase of major additions and renovations to the Park Avenue Elementary/Freehold Intermediate School and Freehold Learning Center. Ground was broken subsequent to year end on the PAE/FIS project in October 2017 and the FLC project in November 2017. FY 2017 saw a \$100,770 increase in state categorical aid to the District which was significant for the lone fact that state aid to the District was stagnant for a number of years prior to this. Our fiscal outlook for the coming year significantly improved with notification in July 2017 that state aid to the District was increased \$955,792 for FY 2018. This increase in aid helped the District to settle a collective bargaining agreement that was in mediation, lower the tax levy \$300,000, and hire teachers to provide for class size reduction and statutorily required basic skills services. During FY 2017 the District continued with an elementary grade realignment that conforms with the strategic plan and coming building additions. In May 2017 the District filed a complaint in NJ Superior Court against the State on the continued underfunding of state aid distributed to the District.
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 is also 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 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 voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2017.

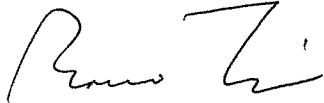
6. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the district is organized on the basis of funds. These funds are explained in the "Notes to the Financial Statements", Note 1.
7. **DEBT ADMINISTRATION:** The District's total outstanding debt as of June 30, 2017 was \$1,470,000. The remaining annual maturity schedule as of June 30, 2017 for principal as well as annual interest payments are detailed in the "Notes to Financial Statements".
8. **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to Financial Statements", Note 2. 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. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
9. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents and fidelity bonds.

10. **OTHER INFORMATION:**

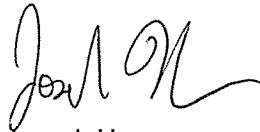
**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. Gerard Stankiewicz, CPA, PSA of the accounting firm of Samuel Klein and Company, Certified Public Accountants, was selected by the Board's Finance Committee. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 US *Code of Federal Regulations* Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08. The auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,

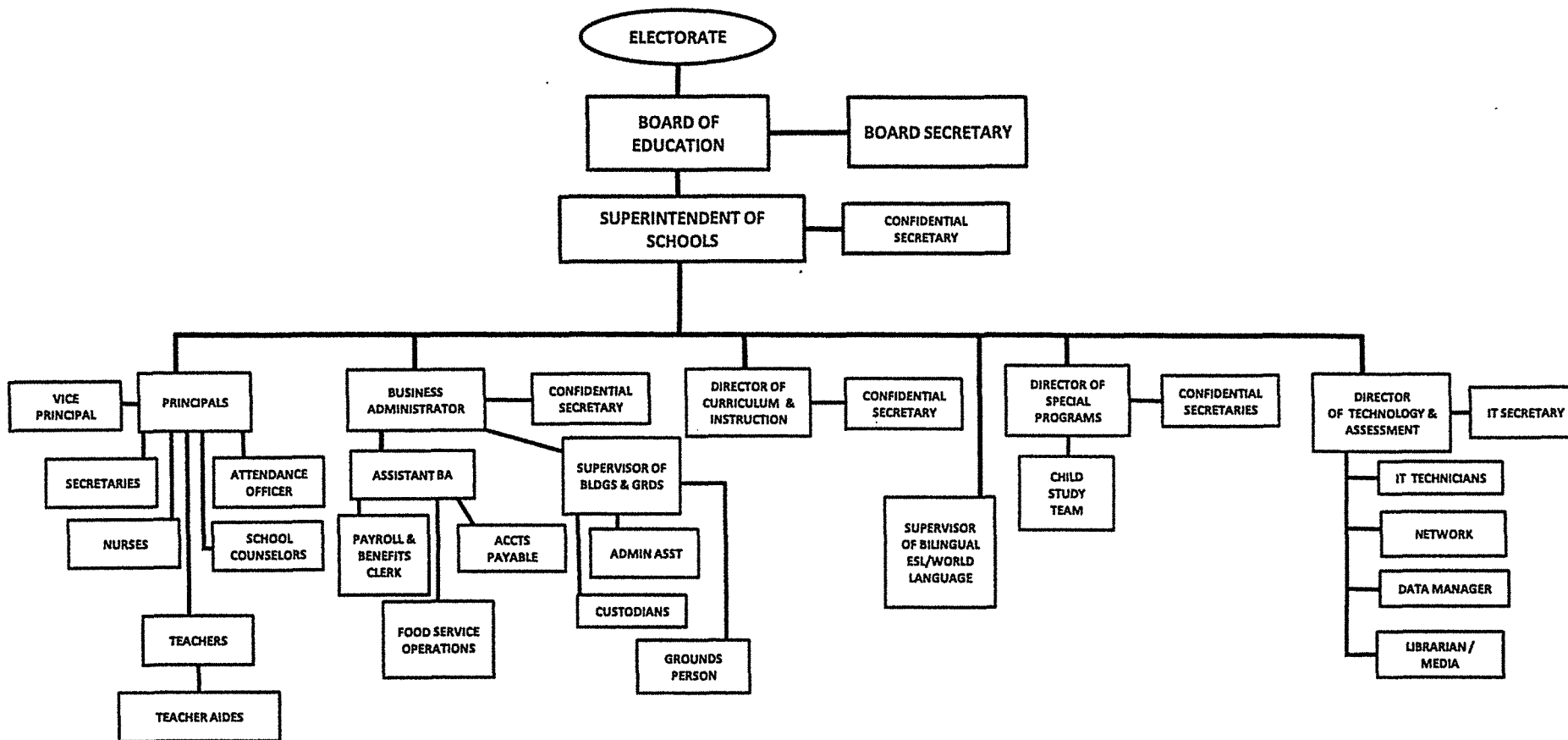


Rocco Tomazic, Ed. D.  
Superintendent of Schools



Joseph Howe  
School Business Administrator/Board Secretary

FREEHOLD BOROUGH BOARD OF EDUCATION  
DISTRICT TABLE OF ORGANIZATION



- 5 -

Approved: Aug, 2015

**FREEHOLD BOROUGH BOARD OF EDUCATION**  
**ROSTER OF OFFICIALS**  
**JUNE 30, 2017**

<u>Members of the Board of Education *</u>	<u>Term Expires</u>
Dr. Michael Lichardi, President.....	2018
Susan Greitz, Vice-President.....	2018
Paul Ceppi .....	2019
Annette Jordan.....	2019
Tyler Jordan .....	2019
Paul Jensen .....	2018
James Keelan .....	2017
Bruce Patrick.....	2017
Margaret Rogers.....	2017

Other Officials

- Rocco Tomazic, Ed. D., Superintendent of Schools
- Joseph Howe, School Business Administrator
- Patricia Saxton, Assistant School Business Administrator
- Bruce Rodman, Treasurer of School Funds

\* On January 23, 2012, as authorized under Public Law 2012 Chapter 202 (Senate Bill 3148), the District passed a resolution moving the annual school election for board members to November.

**FREEHOLD BOROUGH BOARD OF EDUCATION**  
**CONSULTANTS AND ADVISORS**  
**JUNE 30, 2017**

**AUDIT FIRM**

Gerard Stankiewicz, CPA, RMA, PSA  
Samuel Klein and Company  
36 West Main Street  
Suite 303  
Freehold, NJ 07728

**ARCHITECT**

Fraytak Veisz Hopkins Duthie, P.C.  
1515 Lower Ferry Road  
Trenton, NJ 08628

**ATTORNEY**

Bruce Padula, Esq.  
Cleary Jacobbe Alfieri Jacobs, LLC  
955 State Highway 34, Suite 200  
Matawan, New Jersey 07747

**OFFICIAL DEPOSITORIES**

Bank of America  
Freehold, NJ 07728

**BOND COUNSEL**

McManimon Scotland & Baumann  
One Riverfront Plaza  
Newark, NJ 07102

**FINANCIAL SECTION**

**INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Education  
Freehold Borough Board of Education  
County of Monmouth, New Jersey

**Report on the Financial Statement**

We have audited the accompanying financial statements of the governmental activities, the business type activities each major fund and the aggregate remaining fund information of the Board of Education of the Freehold Borough School District, County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2017 and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express 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 audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control.



**INDEPENDENT AUDITOR'S REPORT**  
**(CONTINUED)**

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities each major fund and the aggregate remaining fund information of the Board of Education of the Freehold Borough School District, as of June 30, 2017, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis and Budgetary Comparison Information and schedule of the District's proportionate share of the net pension liability – PERS, schedule of District contributions, schedule of the State's proportionate share of the net pension liability associated with the District – TPAF and budgetary comparison information as identified 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 Borough School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by US Office of Management and Budget *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and the other information such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

**INDEPENDENT AUDITOR'S REPORT**  
**(CONTINUED)**

The accompanying Combining and Individual Fund Financial Statements, Long-term Debt Schedules and the Schedule of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 accompanying Combining and Individual Fund Financial Statements, Long-term Debt Schedules and the Schedule of Expenditures of Federal Awards and State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information identified above has 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2017, on our consideration of the Board of Education of the Freehold Borough School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of Freehold Borough School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Freehold Borough School District internal control over financial reporting compliance.



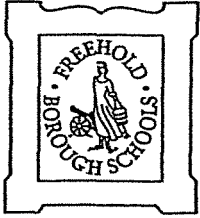
Gerard Stankiewicz  
Certified Public Accountant  
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey  
December 4, 2017

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**



# Borough of Freehold Public Schools

280 PARK AVENUE  
FREEHOLD, NEW JERSEY 07728  
<http://www.freeholdboro.k12.nj.us>

December 4, 2017

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

Dear Board Members:

## Management's Discussion and Analysis

The following analysis of Freehold Borough Board of Education's financial performance provides a summary of the district's financial integrity. The intent of the analysis is to provide an interpretation of the financial statements. As you know, school districts operate as a non-profit organization. Yet, GASB 34 is instrumental in providing outside entities the opportunity to measure for profit operations. Hence, financial information that is analyzed utilizing GASB 34 for non-profit entities is, in our opinion, irrelevant and misleading. School districts are required to account for asset depreciation even though the need to match revenues with purchased assets are not necessary since all similar purchases are budgeted for in capital outlay and expensed in the operating year.

## Fund Financial Statements

School Districts utilize two categories for reporting assets. The first category identified as Governmental Funds records the most activity. Governmental Funds reflects activity within the following sub-groups:

### General Fund (Fund 10)

Fund 11 Distributed and Undistributed Instructional Accounts – Asset Producing  
Fund 12 Capital Outlay – Asset Producing

### Special Revenue (Fund 20)

Fund 20 Grants and Entitlements – Asset Producing

### Capital Projects (Fund 30)

Fund 30 Capital Projects/Construction in progress – Asset Producing

### Debt Service (Fund 40)

Fund 40 Debt Service payments for Bonds and Interest – Non Asset Producing

The second category identified as Business Type Activities, records assets purchased for the following sub-group:

### Enterprise (Fund 60)

Fund 60 Enterprise/Food Service – Asset Producing

## **Financial Highlights**

Key financial highlights for 2017 are as follows:

In total, net position totaled \$5,177,792 which represents \$2,499,308 or 93.31% increase in the net position as adjusted of \$2,678,484 from 2016.

General revenues accounted for \$31,068,697 in revenue or 87.89% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$4,279,170 or 12.11% of total revenues of \$35,347,867.

Total assets of governmental activities, exclusive of the Capital Projects Fund, increased by \$660,367; as cash and cash equivalents decreased by \$194,574, receivables increased by \$290,187 and current liabilities decreased by \$116,338.

The District had \$32,838,426 in expenses; only \$4,279,170 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes and federal and state aid) of \$31,068,697 were adequate to provide for these programs.

Among major funds, the General Fund had \$23,917,168 in revenues and \$23,141,105 in expenditures. The General Fund's fund balance increased \$776,062 over 2016. The General Fund's fund balance is \$3,434,268. The increase was caused by lower than anticipated expenditure levels.

The Special Revenue Fund had \$3,580,185 in both revenues and expenditures.

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

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

The Statement of Net Position and Statement of Activities provides information about the activities of the District, presenting both an aggregate view of the District's finances and longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of the Borough of Freehold School District, the General Fund is by far the most significant.

## **Reporting the District as a Whole**

### **Statement of Net Position and the Statement of Activities**

This document contains all funds used by the District to provide programs and activities, viewing the District as a whole and reports the culmination of all financial transactions. The report answers the question "How We Did Financially During Fiscal Year 2017". The Statement of Net Position and the Statement of activities provides the summary. The statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and change in those positions. This change in net position is important because they report on whether the District's financial position has improved or diminished.

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

**Governmental Activities** — All of the District's programs and services are reported here including, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

**Business-Type Activities** — This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service Enterprise Fund is reported as a business activity.

## **Reporting the District's Most Significant Funds**

### **Fund Financial Statement**

The Analysis of the District's major funds begins on page 26. Fund financial reports provide detailed information about the District's major funds. The District's major governmental funds are the General Fund, Special Revenue Fund, Debt Service Fund and Capital Projects Fund.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund, special revenue fund, capital projects fund and debt service fund, all of which are considered to be major funds.

The District adopts an annual appropriated budget for its general fund, special revenue fund and debt service fund. Budgetary comparison statements have been provided as required supplementary information for the general fund, special revenue fund and debt service fund to demonstrate compliance with this budget

The basic governmental fund financial statements can be found on pages 26-28 of this report.

### **Proprietary Funds**

The District maintains one proprietary fund type. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 29-31 of this report.

### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The District uses agency funds to account for resources held for student activities and groups and payroll related liabilities. The fiduciary fund financial statements can be found on pages 32-33 of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found on pages 34 to 73 of this report.

### **Other Information**

Combining fund statements can be found on pages 102-105 and schedules on pages 106 and 109-111 of this report.

### **The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net position may serve over time as a useful indicator of government's financial position.

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

The Statement of Net Position provides the financial perspective of the District as a whole.

Table 1 provides a comparative summary of the School District's net position for 2017 and 2016.

**Table 1 – Comparative Summary of Net Position**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>	
	<u>2016-2017</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2015-2016</u>
<b>Assets</b>						
Current and other assets	\$ 5,833,132	\$ 3,337,861	\$ 456,422	\$ 383,245	\$ 6,289,554	\$ 3,721,106
Capital assets, net	<u>10,310,702</u>	<u>8,524,587</u>	<u>91,771</u>	<u>66,413</u>	<u>10,402,473</u>	<u>8,591,000</u>
Total Assets	<u>\$ 16,143,834</u>	<u>\$ 11,862,448</u>	<u>\$ 548,193</u>	<u>\$ 449,658</u>	<u>\$ 16,692,027</u>	<u>\$ 12,312,106</u>
<b>Deferred outflows of resources</b>						
Loss on Defeasance of Bonds	\$ 60,433	\$ 72,519			\$ 60,433	\$ 72,519
Pension	<u>3,444,757</u>	<u>1,549,126</u>			<u>3,444,757</u>	<u>1,549,126</u>
Total Deferred outflows of resources	<u>\$ 3,505,190</u>	<u>\$ 1,621,645</u>			<u>\$ 3,505,190</u>	<u>\$ 1,621,645</u>
<b>Liabilities</b>						
Current and other liabilities	\$ 772,392	\$ 930,510	\$ 30,188	\$ 21,021	\$ 802,580	\$ 951,531
Net pension liability	9,921,865	7,166,568			9,921,865	7,166,568
Long-term liabilities outstanding	<u>4,109,502</u>	<u>2,786,599</u>			<u>4,109,502</u>	<u>2,786,599</u>
Total Liabilities	<u>\$ 14,803,759</u>	<u>\$ 10,883,677</u>	<u>\$ 30,188</u>	<u>\$ 21,021</u>	<u>\$ 14,833,947</u>	<u>\$ 10,904,698</u>
<b>Deferred inflow of resources</b>						
Pension	<u>\$ 185,479</u>	<u>\$ 350,569</u>			<u>\$ 185,479</u>	<u>\$ 350,569</u>
<b>Net Position</b>						
Net investment in capital assets	\$ 8,862,920	\$ 6,392,287	\$ 91,771	\$ 66,413	\$ 8,954,691	\$ 6,458,700
Restricted	1,808,155	1,332,286			1,808,155	1,332,286
Unrestricted (deficit)	<u>(6,011,289)</u>	<u>(5,474,726)</u>	<u>426,235</u>	<u>362,224</u>	<u>(5,585,054)</u>	<u>(5,112,502)</u>
Total Net Position	<u>\$ 4,659,786</u>	<u>\$ 2,249,847</u>	<u>\$ 518,006</u>	<u>\$ 428,637</u>	<u>\$ 5,177,792</u>	<u>\$ 2,678,484</u>

The District's combined net position were \$5,177,192 on June 30, 2017, representing an increase of \$2,499,308, or 93.31% over the net position from the prior year of \$2,678,484 as adjusted for the net pension liability and payment of bonds.

The largest portion of the District's net position is its net investment in capital assets (e.g., land, construction-in-progress, buildings and improvements, and machinery, equipment and vehicles), less any related debt (bonds payable) used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (namely, property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

Capital assets, net increased from the prior year due to the amount of new additions associated with the District's capital projects having exceeded the amount of depreciation of capital assets in the current year.

Long-term liabilities increased due to a temporary Bond Anticipation Note for \$2,000,000 being obtained for a portion of the financing of the Capital Projects Fund Renovation Project.



Table 2 shows the comparative change in net position from fiscal year 2017 and 2016.

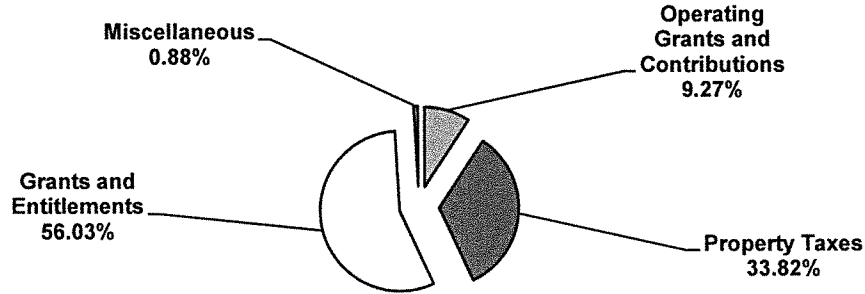
**Table 2 – Comparative Change in Net Position**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>	
	<u>2016-2017</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2015-2016</u>
<b>Revenues:</b>						
Program Revenues:						
Charges for Services			\$ 164,614	\$ 163,247	\$ 164,614	\$ 163,247
Operating Grants and Contributions	\$ 3,173,672	\$ 3,038,795	940,884	908,925	4,114,556	3,947,720
General Revenue:						
Property Taxes	11,579,894	11,123,020			11,579,894	11,123,020
Federal and State Aid	18,407,982	14,848,687			18,407,982	14,848,687
Bond Proceeds	779,373				779,373	-
Miscellaneous	301,448	124,974			301,448	124,974
Total Revenue	<u>34,242,369</u>	<u>29,135,476</u>	<u>1,105,498</u>	<u>1,072,172</u>	<u>35,347,867</u>	<u>30,207,648</u>
<b>Expenses:</b>						
Instruction	18,592,505	16,525,704			18,592,505	16,525,704
Tuition	925,634	808,801			925,634	808,801
Student and Instruction						
Related Services	5,342,679	4,509,672			5,342,679	4,509,672
School Administration	1,379,214	855,257			1,379,214	855,257
General Administration	2,122,881	2,290,224			2,122,881	2,290,224
Operation and Maintenance						
of Facilities	2,326,561	2,220,136			2,326,561	2,220,136
Pupil Transportation	1,051,525	1,006,637			1,051,525	1,006,637
Interest on Debt	81,298	105,749			81,298	105,749
Business Type Actives			1,016,129	985,409	1,016,129	985,409
Total Expenses	<u>31,822,297</u>	<u>28,322,180</u>	<u>1,016,129</u>	<u>985,409</u>	<u>32,838,426</u>	<u>29,307,589</u>
Special and Extraordinary Items, Net	<u>(10,133)</u>	<u>(92,457)</u>		1,074	<u>(10,133)</u>	<u>(91,383)</u>
Change in Net Position	<u>\$ 2,409,939</u>	<u>\$ 720,839</u>	<u>\$ 89,369</u>	<u>\$ 87,837</u>	<u>\$ 2,499,308</u>	<u>\$ 808,676</u>
Net Position - beginning	<u>2,249,847</u>	<u>1,529,008</u>	<u>428,637</u>	<u>340,800</u>	<u>2,678,484</u>	<u>1,869,808</u>
Net Position - ending	<u>\$ 4,659,786</u>	<u>\$ 2,249,847</u>	<u>\$ 518,006</u>	<u>\$ 428,637</u>	<u>\$ 5,177,792</u>	<u>\$ 2,678,484</u>

**Governmental Activities**

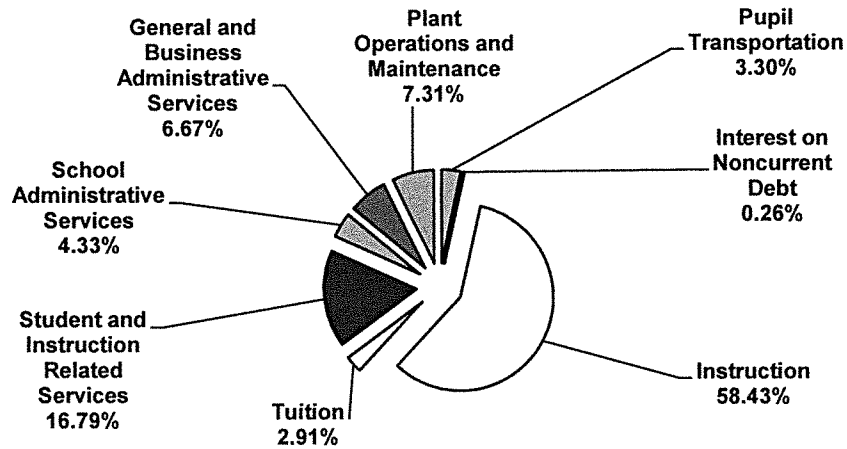
**Revenue for Fiscal Year 2017**

Total revenues of the Governmental Activities were \$34,242,368. Property taxes as approved made up \$11,579,895, or 33.82% of revenues for governmental activities for the fiscal year 2017. Federal, state and local grants and entitlements and contributions accounted for another \$22,361,026 or 65.30%.



**Expenses for Fiscal Year 2017**

The total cost of all programs and services was \$31,822,297. Instruction comprises \$18,592,505 or 58.43% of the District's expenses other than capital expenditures.



Expenditures for out-of-district placement of classified students equal about 16.79% of the operating budget. Instructional expenses equal 58.43% of the operating budget. Instructional expenses include teachers' salaries, supplies and textbooks.

Student Support Services include health, social work, child study team and guidance support.

Maintenance and Operations are expenses mandated by the State Department of Education to maintain all building systems. Costs for the maintenance and custodial departments are also included here.

Transportation costs primarily include Special Education students.

General and Business Administrative Services are expenditures associated with the business and financial aspect of the District. Expenditures include payroll, transportation, accounting, accounts payable, benefits processing, technology and personnel departments.

School Administrative Services relates to principals and oversight of the various school buildings.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

**Table 3 – Comparative Statement of Activities**

	Total Cost of Services			Net Cost of Services *		
	2016-2017	2015-2016	% Change	2016-2017	2015-2016	% Change
Instruction	\$ 18,592,505	\$ 16,525,704	12.51%	\$ 16,523,516	\$ 14,444,522	14.39%
Support Services:						
Tuition	925,634	808,801	14.45%	925,634	808,801	14.45%
Pupils and Instructional Staff	5,342,679	4,509,672	18.47%	4,363,730	3,688,561	18.30%
School Administration	1,379,214	855,257	61.26%	1,379,214	855,257	61.26%
Other Administration	2,122,881	2,290,224	-7.31%	2,122,881	2,290,224	-7.31%
Operation and Maintenance of Facilities	2,326,561	2,220,136	4.79%	2,326,561	2,220,136	4.79%
Pupil Transportation	1,051,525	1,006,637	4.46%	1,051,525	1,006,637	4.46%
Debt Service	81,298	105,749	-23.12%	(44,436)	(30,753)	44.49%
<b>Total Expenses</b>	<b>\$ 31,822,297</b>	<b>\$ 28,322,180</b>	<b>12.36%</b>	<b>\$ 28,648,625</b>	<b>\$ 25,283,385</b>	<b>13.31%</b>

### Business-Type Activities

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

Food service revenues exceeded expenses by \$89,369. Charges for services represent \$164,614 of revenue. This represents the amount paid by patrons for daily food service and catering.

Federal and state reimbursements for meals, including payments for free and reduced lunches was \$940,885.

## The District's Funds

Information about the District's major funds starts on page 26. These funds are accounted for using the modified accrual basis of accounting. All governmental funds exclusive of capital projects had total revenues of \$28,148,015 and expenditures of \$27,461,872. The net positive change in overall fund balance for the year was most significant in the General Fund.

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. The following schedules present a summary of the revenues of the governmental funds exclusive of the capital projects fund for the fiscal years ended June 30, 2017 and June 30, 2016, and the amount and percentage of total and increases/decreases in relation to prior year revenues.

Revenue	2016-2017		2015-2016		Increase/ (Decrease) from 2015-2016 to 2016-2017
	Amount	Percent of Total	Amount	Percent of Total	
Local Sources	\$ 11,926,391	42.37%	\$ 11,281,046	42.24%	\$ 645,345
State Sources	12,911,211	45.87%	12,409,447	46.46%	501,764
Federal Sources	3,310,413	11.76%	3,017,166	11.30%	293,247
Total	\$ 28,148,015	100.00%	\$ 26,707,659	100.00%	\$ 1,440,356

The increase in Local Sources is primarily attributed to an increase in the local tax levy. The increase in State Sources is attributed to an increase of the TPAF on-behalf pension contributions and increases in other state aid. However, the increase in Federal Sources is attributed to increases in the Title I, Title II, IDEA and a Pre-School Expansion Grant.

The following schedule presents a summary of general fund expenditures for the fiscal years ended June 30, 2017 and June 30, 2016 and the amount and percent of the total and increase/(decrease) in relation to prior year expenditures, exclusive of the Capital Project Fund.

Expenditures	2016-2017		2015-2016		Increase/(Decrease) from 2015-2016 to 2016-2017
	Amount	Percent of Total	Amount	Percent of Total	
Current Expense:					
Instruction	\$ 10,761,981	39.18%	\$ 10,712,519	40.36%	\$ 49,462
Undistributed Expenditures	15,637,905	56.94%	14,363,744	54.12%	1,274,161
Capital Outlay	321,405	1.18%	683,046	2.58%	(361,641)
Debt Service	740,581	2.70%	783,612	2.94%	(43,031)
Total	\$ 27,461,872	100.00%	\$ 26,542,921	100.00%	\$ 918,951

The increase in Current Expense – Instruction is attributed to increased costs of salaries of teachers and the increased cost of other instructional programs.

The increase in Undistributed Expenses relates to higher administrative and benefits costs.

Debt Service relates to the principal and interest payments on the 1996 Series Bonds and 2011 Series Refunding Bonds, all of which were for building improvements and renovations.

### **General Fund Budgeting Highlights**

The Freehold Borough School District'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 district uses four major funds: the General Fund, where the district records its budget for day to day operation; the Special Revenue Fund, where the district records budgeted monies from the State and Federal Governments; the Debt Service Fund, where they record expenses for noncurrent debt and interest payments; and its Proprietary Fund where the district records its operational expenses for its food service program. The most significant budgeted fund and the fund that attracts the most attention is the General Fund.

During the course of the fiscal year 2017, the District amended its General Fund budget as needed. These transfers are approved by the Board of Education and the Executive County Superintendent of Schools. Transfers that occurred during the year were necessitated by:

- Staffing changes based on student needs
- Mid-year salary adjustments as previously agreed upon
- Additional Special Education Students
- Changes in appropriations to prevent budget overruns

In creating its budget the District uses program based budgeting as defined by the State's Chart of Accounts. The budgeting program and purchase order encumbrance system are designed to control budgets and insure fiscal integrity in the district's fiscal program.

The District's final budget for the General Fund anticipated that revenues and expenditures would equal.

## Revenue

Miscellaneous revenues of \$299,771 exceeded the anticipated amount of \$40,000 by \$259,771 due primarily to refunds from prior year expenditures and various E-Rate receipts.

## Expenditures

- Regular programs – instruction in total final budget exceeded the original by \$70,167 or 1.29%. Actual expenditures of \$5,411,938 represented 98.34% of budget. This was caused additional expenditures for teachers' grades 1-8 an additional purchased service.
- Total instructional expenditures final budget exceeded the original by \$71,554 or 0.80%. Actual total instructional expenditures of \$8,692,992 or 96.14%. The increase in the budget was caused by additional need for preschool disability full-time and multiple distributors.
- Undistributed – tuition final budget exceeded original by \$35,554, or 3.73%. The increase was due to the need for educational programs designed and suitable for special education students.
- Undistributed – general administration final budget exceeded the original by \$117,213, or 22.47% due to the need for a provision for a judgment agent to district.
- Undistributed – required maintenance final budget exceeded original by \$40,509, or 11.84%. The increase was due to unanticipated maintenance acquired throughout the year.
- Undistributed – unallocated benefits final budget was lower than the original by \$116,388, or a negative 2.28%. The decrease was attributed to favorable results in several benefit categories.
- Total undistributed expenditures in total were higher by \$126,504, or 1.00%. Expenditures net of on behalf payments were \$115,721,131, or 53.20% of final budget. This was due to the expanding educational needs of the students.

**Capital Assets**

At the end of the fiscal year 2017, the School District had \$20,773,332 invested in land, buildings, furniture and equipment and vehicles. Table 4 shows fiscal 2017 balances compared to 2016.

**Table 4 - Capital Assets (Net of Depreciation) at June 30**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>	
	<u>2016-2017</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2015-2016</u>
Land	\$ 110,050	\$ 110,050			\$ 110,050	\$ 110,050
Construction in Progre	2,015,788	284,246			2,015,788	284,246
Infrastructure	14,810	15,136			14,810	15,136
Site and Site						
Improvements	272,556	250,954			272,556	250,954
Building and Building						
Improvements	7,212,943	7,460,525	\$ 85,497	\$ 6,274	7,298,440	7,466,799
Machinery and						
Equipment	684,555	403,676	6,274	60,139	690,829	463,815
Total Capital						
Assets - Net of						
Depreciations	<u>\$ 10,310,702</u>	<u>\$ 8,524,587</u>	<u>\$ 91,771</u>	<u>\$ 66,413</u>	<u>\$ 10,402,473</u>	<u>\$ 8,591,000</u>

Refer to Notes to Financial Statements (Note 6) for more detailed information.

Overall capital assets (net) increased from fiscal year 2016 to fiscal year 2017. The increase in capital assets is primarily due to fixed asset additions in excess of annual depreciation.

**Debt Administration**

At the end of the fiscal year 2017 and 2016, the School District had outstanding debt as follows:

**Table 5 – Debt Administration**

	<u>June 30,</u>	
	<u>2017</u>	<u>2016</u>
Capital Leases	\$ 8,577	\$ 22,773
Compensated Absences	601,288	581,689
Serial Bonds	1,470,000	2,145,000
Totals	<u>\$ 2,079,865</u>	<u>\$ 2,749,462</u>

Refer to Notes to Financial Statements (Note 7) for more detailed information.

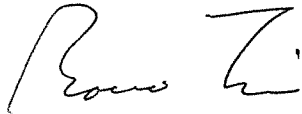
## For the Future

Fiscal Year 2017 brought tremendous gains for the District that it has not seen in years. Much of FY 17 was spent planning and gaining regulatory approvals for additions and renovations to both school buildings allowed to proceed based on a Commissioner of Education ruling in August of 2016. The District's original state aid notice for FY 18 held state aid flat again, however legislative activity over school funding led to notification in July 2017 of an increase in aid of \$955,792 for the FY 18 year. The Board utilized these funds to settle a collective bargaining contract that was in mediation, lower the tax levy for taxpayers who are already some \$2.3 million above their fair share, and hire necessary teachers to lower class sizes and fulfill critical basic skills positions.

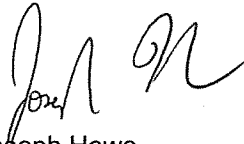
## Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, you may contact the School Business Administrator/Board Secretary at Freehold Borough Board of Education, 280 Park Avenue, Freehold, NJ 07728.

Respectfully submitted,



Rocco Tomazic, Ed. D.  
Superintendent of Schools



Joseph Howe  
Business Administrator/Board Secretary



## **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

**BOARD OF EDUCATION**  
**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 2,065,447.35	\$ 367,074.18	\$ 2,432,521.53
Receivables - Net	1,960,215.55	74,964.00	2,035,179.55
Inventory		14,383.74	14,383.74
Restricted Cash and Cash Equivalents:			
Capital Reserve Account	1,807,469.64		1,807,469.64
Capital Assets, Net	<u>10,310,701.86</u>	<u>91,771.21</u>	<u>10,402,473.07</u>
Total Assets	<u>\$ 16,143,834.40</u>	<u>\$ 548,193.13</u>	<u>\$ 16,692,027.53</u>
<b><u>DEFERRED OUTFLOW OF RESOURCES</u></b>			
Unamortized Loss on Defeasance of Debt	\$ 60,432.88		\$ 60,432.88
Pension	<u>3,444,757.00</u>		<u>3,444,757.00</u>
	<u>\$ 3,505,189.88</u>		<u>\$ 3,505,189.88</u>
<b><u>LIABILITIES</u></b>			
Accounts Payable	\$ 559,095.62	\$ 30,188.15	\$ 589,283.77
Intergovernmental Accounts Payable	41,456.00		41,456.00
Unearned Revenue	144,095.81		144,095.81
Accrued Interest on Bonds Payable	27,744.27		27,744.27
Net Pension Liability	9,921,865.00		9,921,865.00
Noncurrent Liabilities:			
Due Within One Year	2,441,244.06		2,441,244.06
Due Beyond One Year	<u>1,668,258.39</u>		<u>1,668,258.39</u>
Total Liabilities	<u>\$ 14,803,759.15</u>	<u>\$ 30,188.15</u>	<u>\$ 14,833,947.30</u>
<b><u>DEFERRED INFLOW OF RESOURCES</u></b>			
Pension	<u>\$ 185,479.00</u>		<u>\$ 185,479.00</u>
<b><u>NET POSITION</u></b>			
Invested in Capital Assets	\$ 8,862,920.45	\$ 91,771.21	\$ 8,954,691.66
Restricted for:			
Capital Projects	1,808,154.64		1,808,154.64
Unrestricted (Deficit)	<u>(6,011,288.96)</u>	<u>426,234.77</u>	<u>(5,585,054.19)</u>
Total Net Position	<u>\$ 4,659,786.13</u>	<u>\$ 518,005.98</u>	<u>\$ 5,177,792.11</u>

See accompanying notes to financial statements.

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>						
Instruction:						
Regular	\$ 12,721,153.99		\$ 2,068,988.90	\$ (10,652,165.09)		\$ (10,652,165.09)
Special Education	4,431,357.28			(4,431,357.28)		(4,431,357.28)
Other Special Instruction	3,856.45			(3,856.45)		(3,856.45)
Other Instruction	1,436,136.91			(1,436,136.91)		(1,436,136.91)
Support Services:						
Tuition	925,634.09			(925,634.09)		(925,634.09)
Student and Instruction Related Services	5,342,678.96		978,948.89	(4,363,730.07)		(4,363,730.07)
School Administrative Services	1,379,213.89			(1,379,213.89)		(1,379,213.89)
Other Administrative Services	2,122,881.16			(2,122,881.16)		(2,122,881.16)
Plant Operations and Maintenance	2,326,561.04			(2,326,561.04)		(2,326,561.04)
Pupil Transportation	1,051,524.88			(1,051,524.88)		(1,051,524.88)
Interest on noncurrent debt	81,298.02		125,734.00	44,435.98		44,435.98
<b>Total Governmental Activities</b>	<b>\$ 31,822,296.67</b>		<b>\$ 3,173,671.79</b>	<b>\$ (28,648,624.88)</b>		<b>\$ (28,648,624.88)</b>
<b>Business-Type Activities:</b>						
Food Service	\$ 1,016,129.43	\$ 164,613.79	\$ 940,884.62		\$ 89,368.98	\$ 89,368.98
<b>Total Primary Government</b>	<b>\$ 32,838,426.10</b>	<b>\$ 164,613.79</b>	<b>\$ 4,114,556.41</b>	<b>\$ (28,648,624.88)</b>	<b>\$ 89,368.98</b>	<b>\$ (28,559,255.90)</b>
<b>General Revenues</b>						
Taxes:						
General Purposes				\$ 11,054,967.00		\$ 11,054,967.00
Debt Service				524,928.00		524,928.00
Federal and State Aid not Restricted				17,171,566.44		17,171,566.44
Bond Sale Proceeds				779,372.68		779,372.68
State Aid - Restricted				1,236,415.18		1,236,415.18
Miscellaneous Income				301,447.23		301,447.23
				<u>31,068,696.53</u>		<u>31,068,696.53</u>
Excess/(Deficit)				2,420,071.65	89,368.98	2,509,440.63
Special and Extraordinary Revenue/(Expense)				<u>(10,133.00)</u>		<u>(10,133.00)</u>
Change in Net Position				\$ 2,409,938.65	\$ 89,368.98	\$ 2,499,307.63
Net Position - Beginning				<u>2,249,847.48</u>	<u>428,637.00</u>	<u>2,678,484.48</u>
Net Position - Ending				<u>\$ 4,659,786.13</u>	<u>\$ 518,005.98</u>	<u>\$ 5,177,792.11</u>

See accompanying notes to financial statements.

## **FUND FINANCIAL STATEMENTS**

**GOVERNMENTAL FUNDS**

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 1,437,626.36		\$ 765,585.93	\$ 14.32	\$ 2,203,226.61
Intergovernmental Accounts Receivable	243,667.14	\$ 480,460.55			724,127.69
Interfund Receivable				988.79	988.79
Bond Sale Proceeds			15,605,000.00		15,605,000.00
SDA Grant Receivable			24,866,150.00		24,866,150.00
Capital Reserve Account	<u>1,807,469.64</u>				<u>1,807,469.64</u>
<b>Total Assets</b>	<b>\$ 3,488,763.14</b>	<b>\$ 480,460.55</b>	<b>\$ 41,236,735.93</b>	<b>\$ 1,003.11</b>	<b>\$ 45,206,962.73</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities:</b>					
Cash and Cash Equivalents - Overdraft		\$ 137,779.26			\$ 137,779.26
Accounts Payable		229,805.62			229,805.62
Interfund Payable			\$ 988.79		988.79
Bond Anticipation Note			2,000,000.00		2,000,000.00
Intergovernmental Accounts Payable - Federal State		41,456.00			41,456.00
Unearned Revenue	\$ 54,494.64	<u>89,601.17</u>			<u>144,095.81</u>
<b>Total Liabilities</b>	<b>\$ 54,494.64</b>	<b>\$ 498,642.05</b>	<b>\$ 2,000,988.79</b>		<b>\$ 2,554,125.48</b>
<b>Fund Balances:</b>					
<b>Restricted:</b>					
Capital Reserve Account	\$ 1,807,469.64				1,807,469.64
Legal Reserve					
Maintenance Reserve	704,302.68				704,302.68
Debt Service Fund				\$ 1,003.11	1,003.11
Capital Projects Fund			\$ 39,235,747.14		39,235,747.14
Excess Surplus - Designated for Subsequent Year's Expenditures	75,547.58				75,547.58
Assigned - Designated for Subsequent Year's Expenditures	823,414.00				823,414.00
Assigned for Other Purposes	23,534.60				23,534.60
Unassigned, Reported in: Special Revenue Fund (Deficit)		<u>(18,181.50)</u>			<u>(18,181.50)</u>
<b>Total Fund Balances</b>	<b>\$ 3,434,268.50</b>	<b>\$ (18,181.50)</b>	<b>\$ 39,235,747.14</b>	<b>\$ 1,003.11</b>	<b>\$ 42,652,837.25</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 3,488,763.14</b>	<b>\$ 480,460.55</b>	<b>\$ 41,236,735.93</b>	<b>\$ 1,003.11</b>	<b>\$ 45,206,962.73</b>

Total Fund Balance above \$ 42,652,837.25

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 capital assets is \$20,773,331.86 and the accumulated depreciation is \$10,462,630. (see Note 8F) 10,310,701.86

Deferred loss on defeasance of debt, unamortized (see Note 8D) 60,432.88

Noncurrent liabilities, including bonds, loans and leases payable are not payable in the current period and therefore are not reported as liabilities in the funds (see Note 8). (2,109,502.45)

Certain liabilities are not due and payable in the current period, and therefore, are not reported in funds:

Accrued Interest Payable

(Accrued interest is a current liability that will be paid from the debt service fund. Therefore, the liability reduces the restricted for debt service net position balance.) (27,744.27)

Accrued Pension Liability

(Accrued pension is a current liability that will be paid from the general fund, attributed to the fiscal year ending June 30, 2017, however will be raised in the budget for the fiscal year ending June 30, 2018. 2,929,988.00

Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds. (see Note 9) (9,921,865.00)

Construction Grants are reported in governmental funds as revenues, however, in the Statement of Activities grant awards are not recognized as revenue until expended. (39,235,062.14)

Net position of governmental activities (A-1) **\$ 4,659,786.13**

See accompanying notes to financial statements

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Government Funds</u>
<b>Revenues</b>					
Local sources:					
Local tax levy	\$ 11,054,967.00			\$ 524,928.00	\$ 11,579,895.00
Interest income			\$ 990.75		990.75
Bond Sale Proceeds			15,605,000.00		15,605,000.00
Transfer from Capital Reserve			685.00		685.00
Miscellaneous	<u>299,771.48</u>	<u>\$ 46,724.75</u>			<u>346,496.23</u>
Total - Local Sources	11,354,738.48	\$ 46,724.75	15,606,675.75	524,928.00	27,533,066.98
State Sources	12,474,615.31	310,861.00	25,645,850.00	125,734.00	38,557,060.31
Federal Sources	<u>87,813.79</u>	<u>3,222,599.38</u>			<u>3,310,413.17</u>
Total Revenues	<u>\$ 23,917,167.58</u>	<u>\$ 3,580,185.13</u>	<u>\$ 41,252,525.75</u>	<u>\$ 650,662.00</u>	<u>\$ 69,400,540.46</u>
<b>Expenditures</b>					
Current:					
Regular Instruction	\$ 5,411,938.16	\$ 2,068,988.90			\$ 7,480,927.06
Special Education Instruction	2,476,350.52				2,476,350.52
Other Special Instruction	2,155.08				2,155.08
Other Instruction	802,548.33				802,548.33
Support Services and Undistributed Costs:					
Tuition	925,634.09				925,634.09
Student and Instruction Related Services	2,178,772.38	978,849.89			3,157,622.27
School Administrative Services	770,738.36				770,738.36
Other Administrative Services	1,186,317.76				1,186,317.76
Plant Operations and Maintenance	1,300,139.05				1,300,139.05
Pupil Transportation	587,617.75				587,617.75
Unallocated Benefits	7,181,008.61	528,827.04			7,709,835.65
Debt Service:					
Principal				\$ 675,000.00	675,000.00
Interest				65,581.25	65,581.25
Capital Outlay	<u>317,885.32</u>	<u>3,519.30</u>	<u>2,015,787.86</u>		<u>2,337,192.48</u>
Total Expenditures	<u>\$ 23,141,105.41</u>	<u>\$ 3,580,185.13</u>	<u>2,015,787.86</u>	<u>\$ 740,581.25</u>	<u>\$ 29,477,659.65</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ 776,062.17</u>	<u>\$ _____</u>	<u>\$ 39,236,737.89</u>	<u>\$ (89,919.25)</u>	<u>\$ 39,922,880.81</u>
Other Financing Sources/(Uses):					
Transfers In/(Out)			<u>\$ (90,562.19)</u>	<u>\$ 90,562.19</u>	
Total Other Financing Sources/(Uses)			<u>\$ (90,562.19)</u>	<u>\$ 90,562.19</u>	
Net Change in Fund Balances	\$ 776,062.17		\$ 39,146,175.70	\$ 642.94	\$ 39,922,880.81
Fund Balance/(Deficit) July 1	<u>2,658,206.33</u>	<u>\$ (18,181.50)</u>	<u>\$ 89,571.44</u>	<u>360.17</u>	<u>2,729,956.44</u>
Fund Balance/(Deficit) June 30	<u>\$ 3,434,268.50</u>	<u>\$ (18,181.50)</u>	<u>\$ 39,235,747.14</u>	<u>\$ 1,003.11</u>	<u>\$ 42,652,837.25</u>

See accompanying notes to financial statements



**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Exhibit B-3

Total Net Change in Fund Balances - Governmental Funds	\$	39,922,880.81
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are different because:		
Capital outlays and related costs 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 depreciated expense or amortized expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Capital outlay	\$ 2,337,192.48	
Depreciation expense	(540,631.00)	
Retired fixed assets	<u>(10,133.00)</u>	1,786,428.48
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces noncurrent liabilities in the statement of net position and is not reported in the statement of activities.		
		675,000.00
Repayment of lease principal is an expenditure in the governmental funds, but the payment reduces noncurrent debt in the statement of net position is not reported in the statement of activities.		
Less: Adjustment to Prior Year Scheduled Principal Payments	\$ 14,195.91 <u>(313.70)</u>	13,882.21
Governmental funds report the effect of premiums and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the following related to the premiums on bonds.		
Amortization of premium		7,409.27
Governmental funds report the effect of defeasances and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the following related to the deferred loss of refunding.		
Amortization of deferred loss		(12,086.58)
In the statement of activities, interest on noncurrent debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The change in accrued interest is an item in the reconciliation.		
		(2,661.46)
Net pension obligation related to PERS which is attributable to June 30, 2016 reported in governmental funds; however, it is reported in the statement of activities.		
		(726,253.00)
In the statement of activities, certain operating expenses, e.g. compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.		
		(19,598.94)
Construction Grants are reported in governmental funds as revenues, however, in the Statement of Activities grant awards are not recognized as revenues until expended.		
		<u>(39,235,062.14)</u>
Change in Net Position of Governmental Activities (A-2)	\$	<u>2,409,938.65</u>

See accompanying notes to financial statements

**PROPRIETARY FUNDS**

**BOARD OF EDUCATION**  
**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**PROPRIETARY FUND**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

		<u>Business-Type Activities - Enterprise Fund</u>
		<u>Food Service Total Enterprise</u>
<b><u>ASSETS</u></b>		
Current assets:		
Cash and Cash Equivalents	\$	367,074.18
Accounts Receivable:		
State		875.91
Federal		74,088.09
Inventory		<u>14,383.74</u>
Total Current Assets	\$	<u>456,421.92</u>
Noncurrent Assets:		
Furniture, Machinery and Equipment	\$	272,613.64
Less: Accumulated Depreciation		<u>180,842.43</u>
Total Noncurrent Assets	\$	<u>91,771.21</u>
Total Assets	\$	<u><u>548,193.13</u></u>
<b><u>LIABILITIES</u></b>		
Current Liabilities:		
Accounts Payable	\$	<u>30,188.15</u>
Total Liabilities	\$	<u><u>30,188.15</u></u>
<b><u>NET POSITION</u></b>		
Invested in Capital Assets	\$	91,771.21
Unrestricted		<u>426,234.77</u>
Total Net Position	\$	<u><u>518,005.98</u></u>

See accompanying notes to financial statements

**BOARD OF EDUCATION**  
**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**PROPRIETARY FUND**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGE IN FUND NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Business Type Activities - Enterprise Fund
	<u>Food Service</u> <u>Total Enterprise</u>
Operating Revenues:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 143,617.93
Daily sales - non-reimbursable programs	12,488.52
Special functions	6,691.35
Miscellaneous	<u>1,815.99</u>
Total Operating Revenues	\$ <u>164,613.79</u>
Operating Expenses:	
Cost of Sales - Reimbursable	\$ 405,336.19
Cost of Sales - Non-Reimbursable	35,246.62
Salaries	325,577.48
Employee Benefit	26,407.21
General Supplies	31,378.09
Insurance	38,850.14
Uniforms	1,567.65
Management Fee	39,210.00
Purchased Services	98,827.66
Depreciation	<u>13,728.39</u>
Total Operating Expenses	\$ <u>1,016,129.43</u>
Operating Income/(Loss)	\$ <u>(851,515.64)</u>
Nonoperating Revenues:	
State Sources:	
State School Lunch Program	\$ 11,044.04
Federal Sources:	
National School Lunch Program	596,797.98
School Breakfast Program	175,119.11
Summer Program	28,212.07
After School Snack Program	28,419.56
School Fresh Fruit and Vegetable program	56,792.90
Food Distribution Program	<u>44,498.96</u>
Total Nonoperating Revenues	\$ <u>940,884.62</u>
Income/(Loss) before Contributions and Transfers	\$ 89,368.98
Change in Net Position	\$ 89,368.98
Total Net Position - Beginning	<u>428,637.00</u>
Total Net Position - Ending	<u>\$ 518,005.98</u>

See accompanying notes to financial statements

**BOARD OF EDUCATION**  
**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Business Type Activities</u> <u>Enterprise Funds</u>
	<u>Food Service</u> <u>Total Enterprise</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers	\$ 164,613.79
Payments to Employees	(325,577.48)
Payments for Employee Benefits	(26,407.21)
Payments to Suppliers	(556,742.64)
Payments for Management Fee	<u>(39,210.00)</u>
Net Cash Provided by/(Used for) Operating Activities	\$ <u>(783,323.54)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
State Sources	\$ 11,017.80
Federal Sources	<u>872,007.71</u>
Net Cash Provided by/(Used for) Noncapital Financing Activities	\$ <u>883,025.51</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Purchases of Capital Assets	<u>(39,086.95)</u>
Net Cash Used for Capital and Related Financing Activities	\$ <u>(39,086.95)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	\$ 60,615.02
Balances - Beginning of Year	<u>306,459.16</u>
Balances - End of Year	\$ <u><u>367,074.18</u></u>
Reconciliation of Operating Income/(Loss) to Net Cash <u>Provided/(Used) by Operating Activities</u>	
Operating Gain/(Loss)	\$ <u>(851,515.64)</u>
Adjustments to Reconcile Operating Loss to Cash Provided/ (Used) by Operating Activities:	
Depreciation	\$ 13,728.39
Federal Commodities	44,498.96
Change in Assets and Liabilities:	
Decrease in Inventory	797.16
Increase in Accounts Payable	<u>9,167.59</u>
Total Adjustments	\$ <u>68,192.10</u>
Net Cash Provided/(Used) by Operating Activities	\$ <u><u>(783,323.54)</u></u>

See accompanying notes to financial statements

**FIDUCIARY FUNDS**

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2017**

	Trust			Agency Fund		
	Unemployment Compensation	Private Purpose Scholarship Fund	Total	Student Activity	Payroll	Total
<u>ASSETS</u>						
Cash and Cash Equivalents	\$ 459,376.03	\$ 505.44	\$ 459,881.47	\$ 30,892.35	\$ 11,306.37	\$ 42,198.72
Total Assets	<u>\$ 459,376.03</u>	<u>\$ 505.44</u>	<u>\$ 459,881.47</u>	<u>\$ 30,892.35</u>	<u>\$ 11,306.37</u>	<u>\$ 42,198.72</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 9,286.81		\$ 9,286.81			
Payable to Student Groups				\$ 30,892.35		\$ 30,892.35
Payroll Deductions and Withholdings					\$ 11,306.37	\$ 11,306.37
Total Liabilities	<u>9,286.81</u>		<u>\$ 9,286.81</u>	<u>\$ 30,892.35</u>	<u>\$ 11,306.37</u>	<u>\$ 42,198.72</u>
<u>NET POSITION</u>						
Held in Trust for Unemployment Claims and Other Purposes Reserved for Scholarships	\$ 450,089.22	\$ 505.44	\$ 450,089.22			
Total Net Position	<u>\$ 450,089.22</u>	<u>\$ 505.44</u>	<u>\$ 450,594.66</u>			

See accompanying notes to financial statements

**BOARD OF EDUCATION**  
**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**COMBINING STATEMENT OF CHANGE IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Trust</u>		<u>Fiduciary Funds Total</u>
	<u>Unemployment Compensation Trust Fund</u>	<u>Private Purpose Scholarship Fund</u>	
<u>Additions</u>			
Contributions:			
Plan Members	\$ 42,716.32	_____	\$ 42,716.32
Total Additions	\$ 42,716.32	_____	\$ 42,716.32
<u>Deductions</u>			
Quarterly Contribution Reports	\$ 24,276.34		\$ 24,276.34
Unemployment Claims	38,720.77		38,720.77
Due from State - Prior Year Refunded	3,119.59		
Scholarships Awarded	_____	\$ 135.00	135.00
Total Deductions	\$ 66,116.70	\$ 135.00	\$ 63,132.11
Change in Net Position	\$ (23,400.38)	\$ (135.00)	\$ (23,535.38)
Total Net Position - Beginning of the Year	473,489.60	640.44	474,130.04
Total Net Position - End of the Year	\$ 450,089.22	\$ 505.44	\$ 450,594.66

See accompanying notes to financial statements



**NOTES TO THE FINANCIAL STATEMENTS**

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2017**

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

The Borough of Freehold School District (the "District") is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the District functions independently through a Board of Education (the "Board"). The Board is comprised of nine (9) members elected to three-year staggered terms. The purpose of the District is to educate students in grades K-8. The District had an approximate enrollment at June 30, 2017 of 1677 students.

A reporting entity is comprised of the primary government, component units and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities 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 whether:

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

Based on the aforementioned criteria, the District has no component units.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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 District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The most significant of the District's accounting policies are described below.

**A. Basis of Presentation**

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

**1. Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Basis of Presentation (Continued)**

**1. Government-Wide Financial Statements (Continued)**

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, 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 are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

**2. Fund Financial Statements**

During the 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.

Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

**B. Fund Accounting**

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

**1. Governmental Funds**

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major 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 noninstructional equipment that are classified in the Capital Outlay subfund.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Fund Accounting (Continued)**

**1. Governmental Funds (Continued)**

**General Fund (Continued)**

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

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

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

**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. This fund is not applicable in this fiscal year.

**2. Proprietary Fund Type**

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the District:

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Fund Accounting (Continued)**

**2. Proprietary Fund Type (Continued)**

**Enterprise Fund** – The Enterprise Fund is 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.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their statement of net position. Their reported fund equity (net position) is segregated into net investment in capital assets and unrestricted net position, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position.

Depreciation of all exhaustive capital 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 of the equipment used in the operations of the Enterprise Funds are approximately 10 years.

**3. Fiduciary Funds**

**Trust and Agency Funds** – The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

**Expendable Trust Fund** – An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. The Expendable Trust Fund includes the Unemployment Compensation Insurance Fund.

**Agency Funds** – Agency Funds are used to account for the assets that the District holds on behalf of others as their agent. Agency Funds are custodial in nature and do not involve measurement of results of operations. Agency Funds include payroll and student activities funds.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Fund Accounting (Continued)**

**4. Noncurrent Debt**

Noncurrent liabilities expected to be financed from governmental funds are accounted for in the General Noncurrent Debt, not in the governmental funds. This includes the outstanding principal balance on capital leases.

**C. Measurement Focus**

**1. Government-Wide Financial Statements**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the Statement of Net Position.

**2. Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. Fund equity (i.e., net position) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position.

Fiduciary funds are reported using the economic resources measurement focus.

**D. Basis of Accounting**

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both 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 be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general noncurrent debt which are recorded when due.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Basis of Accounting (Continued)**

Ad Valorem (Property) Taxes are susceptible to accrual and 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".

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

**E. Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the winter of each year for the general, special revenue and debt service funds. The budgets are approved by the District, submitted to the County office for review approval and if determined to be within the allowable tax levy cap and within the allowable appropriation cap, become effective upon the holding of a public hearing and final adoption by the District. In accordance with P.L. 2011, c202, which became effective 17, 2012, the District elected to move the annual School Board election to the date of the November general election thereby eliminating the vote on the annual base budget. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. 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. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year subject to the limitation of N.J.A.C. 6A:23A-2.3 (et seq.). The Board of Education made a material supplemental budgetary appropriation of fund balance during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America (GAAP) 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.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Budgets/Budgetary Control (Continued)**

The following presents a reconciliation of the general fund revenue and special revenue fund revenue from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules.	\$ 23,927,241.58	\$ 3,580,185.13
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
June 30, 2016	None	None
June 30, 2017	None	None
State aid payments recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	961,086.50	18,181.50
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.	<u>(971,160.50)</u>	<u>(18,181.50)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 23,917,167.58</u>	<u>\$ 3,580,185.13</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	\$ 23,141,105.41	\$ 3,580,185.13
Differences - budget to GAAP:		
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 supplies are received for financial reporting purposes.		
June 30, 2016	None	3,750.00
June 30, 2017	<u>None</u>	<u>(3,750.00)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 23,141,105.41</u>	<u>\$ 3,580,185.13</u>



**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. 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.

**G. Assets, Liabilities and Equity**

**1. 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. Cash equivalents are defined as short-term, highly liquid securities that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only securities with original maturities of three (3) months or less meet this definition. 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:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

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

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Equity (Continued)**

2. Inventories and Prepaid Expenses

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

Inventories in the Proprietary 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, 2017.

3. Allowance for Uncollectible Accounts

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

4. Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

5. Tuition Payable

Tuition charges for the fiscal years 2015-2016 and 2016-2017 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

6. Current Interfund Receivables/Payables

Current 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.

7. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$2,000.00. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Equity (Continued)**

7. Capital Assets (Continued)

All reported capital assets except for land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method under the half year convention over the following useful lives:

<u>Asset Class</u>	<u>Estimated Lives</u>
School Buildings	50 years
Building Improvements	20 years
Electrical/Plumbing	30 years
Vehicles	6-8 years
Office and Computer Equipment	5-10 years
Instructional Equipment	5-15 years
Grounds Equipment	5-15 years
Food Service Equipment	7-20 years

8. 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*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

9. 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.

The entire sick leave and vacation leave liabilities are reported on the government-wide financial statements.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Equity (Continued)**

9. Compensated Absences (Continued)

For governmental fund financial statements, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

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

10. Accrued Liabilities and Noncurrent Obligations

All payables, accrued liabilities and noncurrent obligations are reported in the government-wide financial statements.

In general, 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 governmental funds. However, the noncurrent portion of capital leases, compensated absences and loans payable that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

11. Deferred Loss on Refunding of Debt

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

12. Net Position

Net Position represents the difference between assets, deferred outflows, deferred inflows and liabilities in the government-wide financial statements. 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 noncurrent debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Equity (Continued)**

13. Unearned Revenue

Unearned revenue in all funds represent program revenues that have been received but not yet earned.

14. Fund Equity

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

15. Fund Balance

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54") 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. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five (5) categories, as defined below:

- a. 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, noncurrent receivables and corpus of any permanent funds.
- b. Restricted – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.
- c. Committed – includes amounts that can be used only for the specific purposes imposed by a formal action of the government's highest level of decision-making authority. The District's highest level of decision-making authority is the Board of Education (the "Board") and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revised or changes the specified use by taking the same action (resolution) taken to originally commit these funds.
- d. 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. Interest is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Equity (Continued)**

15. Fund Balance (Continued)

- e. Unassigned – includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a position unassigned fund balance amount. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the District first spends committed funds, then assigned funds, and finally, unassigned funds.

16. Proprietary Funds Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District enterprise fund, (the Food Service) are charges to customers for sales of food service. Operating expenses for enterprise funds include the cost of sales and services, administrative expense and depreciation on Capital Assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

17. Non-Monetary Transactions

Commodities received under the Federal Food Distribution Program are received by the district and are recorded as nonoperating revenue when received in the food service enterprise fund at market value. The use of the commodities is included in cost of sales.

18. Allocation of Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the direct expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is reported separately on the Statement of Activities. No expenses were allocated as "Indirect Expenses".

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Equity (Continued)**

**19. On-Behalf Payments**

Revenues and expenditures of the general fund include payments made by the State of New Jersey social security and post-retirement medical pension contributions for the certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the District's annual budget.

**20. Extraordinary and Special Items**

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence.

**21. Accounting and Financial Reporting for Pensions**

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

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

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Equity (Continued)**

**21. Accounting and Financial Reporting for Pensions (Continued)**

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events.

**22. Management Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

**H. Other Accounting Standards**

The District is currently reviewing the following for applicability and potential impact on the financial statements:

- GASB Statement No. 75. Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB).

Effective Date: The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged. The District has yet determined the impact of this Statement on its financial statements.

- GASB Statement No. 82. Pension Issues – an amendment of GASB Statements No. 67, No. 38 and No. 73. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal yearend. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The District does not expect this Statement to impact its financial statements.



**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Other Accounting Standards (Continued)**

- GASB Statement No. 83. Certain Asset Retirement Obligations. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The District does not expect this Statement to impact its financial statements.

- GASB Statement No. 84. Fiduciary Activities. This objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The District does not expect this Statement to impact its financial statements

- GASB Statement No. 85. Omnibus 2017. This objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 27, 2017. The District does not expect this Statement to impact its financial statements.

- GASB Statement No. 86. Certain Debt Extinguishment Issues. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 27, 2017. The District does not expect this Statement to impact its financial statements.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Other Accounting Standards (Continued)**

- *GASB Statement No. 87. Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

**I. Subsequent Events**

Management has reviewed and evaluated all events and transactions from June 30, 2017 through December 4, 2017, the date that the financial statements are issued for possible disclosure and recognition in the financial statements, and items that have come to the attention of the District have been disclosed.

**3. CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less. Cash equivalents are defined as short-term, highly liquid securities that are both readily convertible to known amounts of cash; usually only securities with original maturities of three (3) months or less meet this definition.

Investments are stated at cost, which approximates market. The District classifies certificates of deposit that have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

**Deposits**

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey that are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**3. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

As of June 30, 2017, cash and cash equivalents (Deposits) of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>
Checking Accounts (Operating)	\$ 4,687,724.55
Checking Accounts (Investing)	500,988.79
	\$ 5,188,713.34
 Reconciliation:	
Governmental Funds	\$ 4,294,645.59
Enterprise Funds	366,924.18
Fiduciary Funds	527,143.57
	\$ 5,188,713.34
 <b>Allocation of Cash and Cash Equivalents</b>	
Unrestricted	\$ 2,615,657.77
Restricted	2,573,055.57
	\$ 5,188,713.34

Included in the balance is \$1,807,469.64 allocated to the General Fund Capital Reserve Account.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**3. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Risk Analysis** – All of the balances were covered by either federal depository insurance or Government Unit Deposit Protection Act (“GUDPA”) as of June 30, 2017 and are considered to have minimal custodial risk.

**Investments**

New Jersey statutes permit the District to purchase the following types of securities:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- Government money market mutual funds.
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- Bonds or other obligations of the school district or local unit of which the school district is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments, New Jersey State Department of Treasury.
- Local government investment pools.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

There were no securities that would be classified as investments as of June 30, 2017.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**4. CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the Board by resolution on October 17, 2000 by inclusion of \$1.00 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years and was supplemented in 2015-2016 and 2016-2017. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year end. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6:23A-5.1(d) 7*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Analysis of Capital Reserve Activity since Inception:

Capital Reserve Account established October 17, 2000		\$ 1.00
Contributions from Board		
Prior to June 30, 2016	\$ 2,593,722.84	
During year ended June 30, 2017	1,082,304.59	\$ 3,676,027.43
Interest Earned		
Prior to June 30, 2016	None	
During year ended June 30, 2017	None	None
Less Withdrawals:		
Prior to June 30, 2016	\$ 1,351,008.85	
During year ended June 30, 2017	517,549.94	\$ 1,868,558.79
Balance June 30, 2017		\$ 1,807,469.64

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**5. INTERGOVERNMENTAL ACCOUNTS RECEIVABLE**

Intergovernmental Accounts Receivable at June 30, 2017 consisted of Federal Sources, State Sources, State Aid, and transportation. All receivables are considered collectible in full. A summary of the principal items of intergovernmental accounts receivable follows:

	<u>Government Fund</u> <u>Financial Statements</u>	<u>Business Type</u> <u>Activities</u>
General Fund:		
State Aid:		
Extraordinary Aid	\$ 181,876.00	
Non-Public Transportation - Cost Reimbursement	696.00	
	<u>\$ 182,572.00</u>	
Special Revenue Fund:		
State Aid:		
Nonpublic - Home Instruction	\$ 844.00	
Federal Aid:		
Title I Part A	137,010.89	
Title II Part A	15,745.66	
Title III Part A	11,048.60	
IDEA Part B	125,630.52	
21st Century Grant	24,748.21	
Preschool Expansion	123,976.67	
Total Federal Aid	<u>\$ 438,160.55</u>	
Local - MOESC	\$ 41,456.00	
	<u>\$ 480,460.55</u>	
	<u>\$ 663,032.55</u>	
Proprietary Fund:		
Enterprise Fund		
State Sources - Lunch		\$ 875.91
Federal Sources:		
Breakfast		\$ 15,352.65
Lunch		47,085.94
Snack		1,090.48
Fruit and Vegetable Grants		10,559.02
		<u>\$ 74,088.09</u>
Capital Project Fund Accounts Receivable:		
Reconciliation of Capital Project Fund from B-1 to A-1:		
	<u>Bond Sale Proceeds</u>	<u>Grant Proceeds</u>
Balance per Statement B-2	\$ 15,600,000.00	\$ 24,860,150.00
Less: Adjustment from Expenditures Not Incurred	<u>14,820,627.35</u>	<u>24,403,334.85</u>
Accounts Receivable in District-Wide Financial Statements	<u>\$ 779,372.65</u>	<u>\$ 456,815.15</u>

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**6. INVENTORY**

The value of federal donated commodities as reflected on Schedule A of \$44,498.96 (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of the purchase and has been included as an item of nonoperating revenue in the financial statements. For the year ended June 30, 2017, the federal donated commodities food inventory of \$1,018.81 was included in the year end food and supplies amount of \$14,384.74.

**7. CAPITAL ASSETS, NET**

The following schedule is a summarization of the changes in capital assets by source for the fiscal year ended June 30, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Transfer) Retirements</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 110,050.00			\$ 110,050.00
Construction in Progress	<u>284,246.08</u>	<u>\$ 2,015,787.86</u>	<u>\$ (284,246.08)</u>	<u>2,015,787.86</u>
Total capital assets not being depreciated	<u>394,296.08</u>	<u>2,015,787.86</u>	<u>(284,246.08)</u>	<u>2,125,837.86</u>
Capital assets being depreciated:				
Infrastructure	\$ 16,275.00			16,275.00
Site Improvements	834,524.00	\$ 51,918.00		886,442.00
Building and building improvements	15,214,906.00	118,441.00		15,333,347.00
Machinery and equipment	<u>1,996,718.00</u>	<u>433,439.00</u>	<u>\$ (18,727.00)</u>	<u>2,411,430.00</u>
Totals at historical cost	<u>18,062,423.00</u>	<u>603,798.00</u>	<u>(18,727.00)</u>	<u>18,647,494.00</u>
Less accumulated depreciation for:				
Infrastructure	\$ (1,139.00)	\$ (326.00)		(1,465.00)
Site Improvements	(583,570.00)	(30,316.00)		(613,886.00)
Building and building improvements	(7,754,381.00)	(366,023.00)		(8,120,404.00)
Machinery and equipment	<u>(1,593,042.00)</u>	<u>(143,966.00)</u>	<u>\$ 10,133.00</u>	<u>(1,726,875.00)</u>
Total accumulated depreciation	<u>(9,932,132.00)</u>	<u>(540,631.00)</u>	<u>10,133.00</u>	<u>(10,462,630.00)</u>
Total capital assets being depreciated net of accumulated depreciation	<u>\$ 8,130,291.00</u>	<u>\$ 63,167.00</u>	<u>\$ 8,594.00</u>	<u>\$ 8,184,864.00</u>
Governmental activities capital assets, net	<u>\$ 8,524,587.08</u>	<u>\$ 2,078,954.86</u>	<u>\$ (275,652.08)</u>	<u>\$ 10,310,701.86</u>
Allocation of Additions:				
General Fund		\$ 317,885.32		
Special Revenue Fund		3,519.30		
Capital Project Fund		2,015,787.86		
Prior Years Addition - General Fund		255,075.48		
Other contribution		<u>27,317.90</u>		
		<u>\$ 2,619,585.86</u>		

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**7. CAPITAL ASSETS, NET (CONTINUED)**

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u> <u>Balance</u>
<b><u>Business-Type Activities:</u></b>				
Furniture, machinery and equipment	\$ 209,193.69	\$ 39,086.95		\$ 248,280.64
Building improvements	<u>24,333.00</u>	<u>                    </u>	<u>                    </u>	<u>24,333.00</u>
Totals at historical cost	<u>\$ 233,526.69</u>	<u>39,086.95</u>	<u>                    </u>	<u>\$ 272,613.64</u>
Less accumulated depreciation for:				
Furniture, machinery and equipment	\$ (149,055.45)	\$ (13,728.39)		\$ (162,783.84)
Building improvements	<u>(18,058.59)</u>	<u>                    </u>	<u>                    </u>	<u>(18,058.59)</u>
Total accumulated depreciation	<u>\$ (167,114.04)</u>	<u>\$ (13,728.39)</u>	<u>                    </u>	<u>\$ (180,842.43)</u>
Business type activities capital assets, net	<u>\$ 66,412.65</u>	<u>\$ 25,358.56</u>	<u>                    </u>	<u>\$ 91,771.21</u>

Depreciation expense was charged to Governmental Activities functions as follows:

Regular Instruction	\$ 227,669.80
Special Education Instruction	75,363.68
Other Special Instruction	65.59
Other Instruction	24,424.25
Support Services and Undistributed Cost:	
Student and Instruction Related Services	96,097.08
School Administrative Services	23,456.16
General and Business Administrative Services	36,103.65
Plant Operations and Maintenance	39,567.61
Pupil Transportation	<u>17,883.19</u>
	<u>\$ 540,631.00</u>



**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**8. NONCURRENT DEBT**

During the fiscal year ended June 30, 2017 the following changes occurred in liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>	<u>Noncurrent Portion</u>
<u>Governmental Activities:</u>						
Bonds Payable -						
General						
Obligation Debt	\$ 2,145,000.00		\$ (675,000.00)	\$ 1,470,000.00	\$ 305,000.00	\$ 1,165,000.00
Add - Premium on Sale of Bonds	<u>37,046.40</u>		<u>(7,409.27)</u>	<u>29,637.13</u>	<u>7,409.27</u>	<u>22,227.86</u>
	2,182,046.40		(682,409.27)	1,499,637.13	312,409.27	1,187,227.86
Capital Leases	<u>\$ 22,773.07</u>		<u>\$ (14,195.91)</u>	<u>\$ 8,577.16</u>	<u>\$ 8,577.16</u>	
	2,204,819.47		(696,605.18)	1,508,214.29	320,986.43	1,187,227.86
Compensated						
Absences Payable	<u>\$ 581,689.22</u>	<u>\$ 19,598.94</u>		<u>\$ 601,288.16</u>	<u>\$ 120,257.63</u>	<u>\$ 481,030.53</u>
	<u>\$ 581,689.22</u>	<u>19,598.94</u>		<u>\$ 601,288.16</u>	<u>\$ 120,257.63</u>	<u>\$ 481,030.53</u>
Add:						
Bond Anticipation						
Note		<u>\$ 2,000,000.00</u>		<u>\$ 2,000,000.00</u>	<u>\$ 2,000,000.00</u>	
	<u>\$ 2,786,508.69</u>	<u>\$ 2,019,598.94</u>	<u>\$ (696,605.18)</u>	<u>\$ 4,109,502.45</u>	<u>\$ 2,441,244.06</u>	<u>\$ 1,668,258.39</u>

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**8. NONCURRENT DEBT (CONTINUED)**

**A. Bonds Payable Currently Outstanding**

Bonds are authorized in accordance with State law by the voters of the municipality through referendums or in the case of refunding in accordance with Local Finance Board requirements. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds. As of June 30, 2017, the District had the following serial bonds outstanding.

General Serial Bonds:

\$2,485,000.00 School District Refunding Bonds Series 2011 -

These bonds were issued to refinance \$2,339,000.00 of General Obligation Bonds Series 2001. Annual maturities of \$280,000.00 to \$305,000.00 through August 15, 2021 with interest rates ranging from 2.25% to 5.00%. The bonds are not subject redemption prior to maturity.

1,470,000.00

\$ 1,470,000.00

**Subsequent Event - \$15,605,000 School Bonds Series 2017**

The District issued bonds dated July 19, 2017 in the amount of \$15,605,000. The purpose of the bonds is to (i) provide \$2,000,000 to currently refund the Board's \$2,000,000 Temporary Notes, originally issued on March 2, 2017, renewed on July 27, 2017 and maturing August 18, 2017, to finance the portion of the Board's local share of the costs of rehabilitation of the Freehold Learning Center, the Park Avenue Elementary School and Freehold Intermediate School (the "Renovation Project"); and (ii) permanently finance the cost of the Renovation Project by the Board in the amount of \$13,605,000. The Board also expects to receive 62% State grant aid on the eligible costs of the Projects. The bonds are payable commencing August 15, 2018 through August 15, 2037 ranging in maturities from \$450,000 to \$900,000 at interest rates ranging from 2.50% to 3.00%. These bonds have been reflected as bonds proceeds receivable at June 30, 2017.

The Board sought and received a Court Order to authorize and issue Bonds to finance a portion of the Renovation Project.

**Bonds Pledge**

The Bonds are general obligations of the Board and are secured by a pledge of the full faith and credit of the Board for the payment of the principal thereof and the interest thereon and, unless paid from other sources, the Bonds are payable from ad valorem taxes to be levied on all taxable real property in the school district, without limitation as to rate or amount. The Bonds are additionally secured by the provisions of the New Jersey School Bond Reserve Act.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**8. NONCURRENT DEBT (CONTINUED)**

**A. Bonds Payable Currently Outstanding (continued)**

**Continuing Secondary Market Disclosure**

The District, in conjunction with the issuance of the Bonds, has agreed to undertake and provide certain information to Bondholders on a continuing basis. The Securities and Exchange Commission ("SEC") Rule 15c2-12(b)(5) "Continuing Disclosure" requirements, which the District has adopted, requires that various financial information about the District and the Municipality be provided annually to various information repositories. This has been complied with for the year ended June 30, 2016.

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

**Five Years and Thereafter Payments**

Principal and interest due on serial bonds outstanding at June 30, 2017 including the adjustment for the August 17, 2017 bond sale is as follows:

Year Ending June 30,	Refunding Bonds 2011 Issue		
	Principal	Interest	Total
2018	\$ 305,000.00	\$ 48,331.25	\$ 353,331.25
2019	300,000.00	41,150.00	341,150.00
2020	295,000.00	31,500.00	326,500.00
2021	290,000.00	19,800.00	309,800.00
2022	280,000.00	7,000.00	287,000.00
	\$ 1,470,000.00	\$ 147,781.25	\$ 1,617,781.25

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**8. NONCURRENT DEBT (CONTINUED)**

**A. Bonds Payable Currently Outstanding (continued)**

Principal and interest due on serial bonds outstanding (continued):

School District Bonds Series 2017

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$	\$	\$ 0.00
2019		670,258.33	670,258.33
2020	450,000.00	442,875.00	892,875.00
2021	480,000.00	431,250.00	911,250.00
2022	510,000.00	418,875.00	928,875.00
	<u>1,440,000.00</u>	<u>1,963,258.33</u>	<u>3,403,258.33</u>
2023	810,000.00	402,375.00	1,212,375.00
2024	825,000.00	381,937.50	1,206,937.50
2025	855,000.00	360,937.50	1,215,937.50
2026	875,000.00	337,125.00	1,212,125.00
2027	900,000.00	310,500.00	1,210,500.00
	<u>4,265,000.00</u>	<u>1,792,875.00</u>	<u>6,057,875.00</u>
2028	900,000.00	283,500.00	1,183,500.00
2029	900,000.00	256,500.00	1,156,500.00
2030	900,000.00	229,500.00	1,129,500.00
2031	900,000.00	202,500.00	1,102,500.00
2032	900,000.00	175,500.00	1,075,500.00
	<u>4,500,000.00</u>	<u>1,147,500.00</u>	<u>5,647,500.00</u>
2033	900,000.00	148,500.00	1,048,500.00
2034	900,000.00	121,500.00	1,021,500.00
2035	900,000.00	94,500.00	994,500.00
2036	900,000.00	67,500.00	967,500.00
2037	900,000.00	40,500.00	940,500.00
	<u>4,500,000.00</u>	<u>472,500.00</u>	<u>4,972,500.00</u>
2038	900,000.00	13,500.00	913,500.00
	<u>\$ 15,605,000.00</u>	<u>\$ 5,389,633.33</u>	<u>\$ 20,994,633.33</u>

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**8. NONCURRENT DEBT (CONTINUED)**

**A. Bonds Payable Currently Outstanding (continued)**

Principal and interest due on serial bonds outstanding (continued):

GRAND TOTAL			
Year Ending June 30,	Principal	Interest	Total
2018	\$ 305,000.00	\$ 48,331.25	\$ 353,331.25
2019	300,000.00	711,408.33	1,011,408.33
2020	745,000.00	474,375.00	1,219,375.00
2021	770,000.00	451,050.00	1,221,050.00
2022	790,000.00	425,875.00	1,215,875.00
	2,910,000.00	2,111,039.58	5,021,039.58
2023	810,000.00	402,375.00	1,212,375.00
2024	825,000.00	381,937.50	1,206,937.50
2025	855,000.00	360,937.50	1,215,937.50
2026	875,000.00	337,125.00	1,212,125.00
2027	900,000.00	310,500.00	1,210,500.00
	4,265,000.00	1,792,875.00	6,057,875.00
2028	900,000.00	283,500.00	1,183,500.00
2029	900,000.00	256,500.00	1,156,500.00
2030	900,000.00	229,500.00	1,129,500.00
2031	900,000.00	202,500.00	1,102,500.00
2032	900,000.00	175,500.00	1,075,500.00
	4,500,000.00	1,147,500.00	5,647,500.00
2033	900,000.00	148,500.00	1,048,500.00
2034	900,000.00	121,500.00	1,021,500.00
2035	900,000.00	94,500.00	994,500.00
2036	900,000.00	67,500.00	967,500.00
2037	900,000.00	40,500.00	940,500.00
	4,500,000.00	472,500.00	4,972,500.00
2038	900,000.00	13,500.00	913,500.00
	\$ 17,075,000.00	\$ 5,537,414.58	\$ 22,612,414.58

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**8. NONCURRENT DEBT (CONTINUED)**

**A. Bonds Payable Currently Outstanding (continued)**

Reconciliation to Statement of Net Position:

Bonds Outstanding at June 30, 2017	\$	1,470,000
Add: School District Bonds Series 2017 issued August 17, 2017		<u>15,605,000</u>
Total outstanding as adjusted for School district Bonds Series 2017 issued	\$	<u><u>17,075,000</u></u>

**B. Bonds and Notes Authorized But Not Issued**

As of June 30, 2017 the District has unissued debt authorizations but not issued as follows:

Court-Ordered Renovation Project	\$	15,605,000
Less Subsequent Event - School District Bonds Series 2017 Issued		<u>15,605,000</u>
Net Debt Authorized but Not Issued as Adjusted (Refer to Note 8A)	\$	<u><u>None</u></u>

**C. Grant Anticipation Notes (GRAN)**

As of June 30, 2017, the Board is awaiting NJSDA Grant funds to assist in financing a portion of the court ordered expansion project. The Board was awarded \$25,645,850 in total; due to the potential for a delay in cash receipts, there maybe a need for the District to issue Grant Anticipation Notes. The Grant Anticipation Notes will provide temporary financing to pay the vendors involved in the expansion project pending receipt of the grant funds. As of November 30, 2017, the total Grant Anticipation Notes authorized are \$24,076,005. The authorization will be reduced as grant funds are received.

NJSDA Grant Awarded	\$	25,645,850.00
Less: Cash Receipt prior to June 30, 2017	\$	779,700.00
Less: Subsequent Event - Cash Receipt for the period ended November 30, 2017		<u>790,145.00</u>
		<u>1,569,845.00</u>
Net Grant Authorized but Not Issued as Adjusted	\$	<u><u>24,076,005.00</u></u>

The District does not anticipate having to issue Grant Anticipation Note.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**8. NONCURRENT DEBT (CONTINUED)**

**D. Bond Anticipation Note**

On March 2, 2017 the District issued a Bond Anticipation Note in the amount of \$2,000,000 at 1.25% to provide temporary financing while awaiting permanent financing for the court-ordered Renovation Project discussed above. The note was paid off at maturity on August 18, 2017 utilizing bond proceeds from the School Bonds Series 2017.

**E. Capital Lease Obligations Payable**

The District is leasing various equipment. The following is a schedule of the future minimum lease payments under the two (2) capital leases, and the present value of the net minimum lease payments at June 30, 2017:

<u>Year</u>	<u>Copiers With Interest</u>
2018	\$ <u>8,758.28</u>
Less: Interest Portion	<u>181.12</u>
	<u>\$ 8,577.16</u>

**F. Defeasance**

As a result of the accounting requirement in accordance with GASB #23/#65, Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities, the recording of the transaction related to the new vs. old debt and related costs resulted in an accounting loss which in conjunction with the premium will be amortized over the remaining life of the bond issue.

Unamortized Loss on Defeasance

	<u>Loss</u>	<u>Beginning Balance</u>	<u>Amortization</u>	<u>Ending Balance</u>
2011 Series Refunding Bonds	\$ <u>138,952</u>	<u>72,519</u>	\$ <u>12,087</u>	\$ <u>60,432</u>

Refer to Supplementary Schedule Exhibit I-2 for further detail.

**G. Compensated Absences**

Refer to Notes to Financial Statements – Note 11 for further detail.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**8. NONCURRENT DEBT (CONTINUED)**

**G. Operating Leases**

The District is leasing copiers. The unit prices of all individual items lease purchased are less than the capitalization threshold for fixed assets or do not qualify as capital assets and as a result, are classified as operating leases. The following is a schedule of the future minimum lease payments under the operating leases and the present value of the net minimum lease payments at June 30, 2017

<u>Year</u>	<u>Copiers</u>
2018	\$ 7,266.67
2019	7,743.96
2020	8,252.72
2021	8,794.84
2022	<u>3,295.22</u>
	<u>\$ 35,353.41</u>

**9. PENSION PLANS**

**Description of Plans:** All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund that have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division of Pension issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund.

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

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

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



**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**9. PENSION PLANS (CONTINUED)**

The following represents the membership tiers for TPAF:

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

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

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

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

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

The following represents the membership tiers for PERS:

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

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**9. PENSION PLANS (CONTINUED)**

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

**Funding Policy:** The contribution policy is set by New Jersey Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS increased from 5.5% to 6.5% of employees' annual compensation. An additional increase is to be phased in over the next seven years that will bring the total pension contribution rate to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for 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.

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

During the year ended June 30, 2017 for TPAF, which is a cost sharing plan with special funding situations, the annual pension costs equals annual required contribution. For PERS, which is a cost sharing multi-employer pension plan, the annual pension costs differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**9. PENSION PLANS (CONTINUED)**

Three-Year Trend Information for PERS

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Annual Pension Cost</u>		<u>Net Cost</u> <u>to District</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Employee</u> <u>Contribution</u>
	<u>Normal</u>	<u>Accrued</u>			
2017	\$ 46,553	\$ 236,913	\$ 283,466	100%	\$ 178,341
2016	46,469	214,065	260,534	100%	164,856
2015	45,850	212,092	257,942	100%	160,552

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

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Pension Paid on-behalf of District</u>		<u>Employee</u> <u>Contribution</u>	<u>TPAF</u> <u>FICA</u>
	<u>APC</u> <u>Contributed</u>	<u>Total</u> <u>On-Behalf of</u>		
2017	100%	\$ 1,007,120	\$ 699,688	\$ 708,987
2016	100%	688,661	664,290	693,903
2015	100%	436,588	630,103	648,095

During the fiscal year ended June 30, 2017 the State of New Jersey contributed \$699,688 to the TPAF on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$708,987 during the year ended June 30, 2017 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the general-purpose financial statements, and the combining and individual fund statements and schedules as a revenue and expenditure in accordance with GASB 24.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**9. PENSION PLANS (CONTINUED)**

**Public Employees Retirement System (PERS)**

The information for PERS was abstracted from State of New Jersey Public Employees' Retirement System Schedules of Employer Allocations and Schedules of Pension Amounts by Employer as of June 30, 2016 Independent Auditor's Report dated April 6, 2017.

At June 30, 2017, the District reported a liability of \$9,921,865 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 (the *Measurement Date*), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined.

	June 30,	
	2016	2015
District Proportionate Share	0.0335004260 %	0.0319265844 %
Difference - (Decrease)	0.0015738416	

For the year ended June 30, 2017, the District recognized pension expense of \$1,023,866. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 2,055,281	
Difference between expected and actual experience	184,517	
Net difference between projected and actual earnings on pension plan investments	378,330	
Changes in proportion	497,339	\$ 185,479
District contributions subsequent to the measurement date	329,290	
Total	\$ 3,444,757	\$ 185,479

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**9. PENSION PLANS (CONTINUED)**

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

The \$3,444,757 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2017, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Amount</u>
2017	\$ 589,448
2018	589,448
2019	682,895
2020	573,731
2021	182,605

Additional Information:

Collective balances at June 30, 2016 are as follows:

	<u>June 30, 2016</u>
Collective deferred outflows of resources	\$ 8,685,338,380
Collective deferred inflows of resources	870,133,595
Net pension liability (Local Group)	29,617,131,759
District's proportion (Local Group)	0.0335004260 %

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**9. PENSION PLANS (CONTINUED)**

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

Actuarial Assumptions

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

Inflation	3.08 Percent
Salary Increases:	
Through 2026	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.65 Percent

Mortality Rates

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates the larger the impact on future financial statements.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 (*measurement date*) are summarized in the following table:

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**9. PENSION PLANS (CONTINUED)**

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

Actuarial Assumptions (Continued)

Long-Term Rate of Return (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00 %	0.87 %
U.S. Treasuries	1.50	1.74
Investment Grade Credit	8.00	1.79
Mortgages	2.00	1.67
High Yield Bonds	2.00	4.56
Inflation-Indexed Bonds	1.50	3.44
Broad U.S. Equities	26.00	8.53
Developed Foreign Equities	13.25	6.83
Emerging Market Equities	6.50	9.95
Private Equity	9.00	12.40
Hedge Funds / Absolute Return	12.50	4.68
Real Estate (Property)	2.00	6.91
Commodities	0.50	5.45
Global Debt ex U.S.	5.00	-0.25
REIT	5.25	5.63
	<u>100.00 %</u>	

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation 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 contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**9. PENSION PLANS (CONTINUED)**

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

Actuarial Assumptions (Continued)

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 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:

	June 30, 2016		
	1% Decrease	At Current	1% Increase
	<u>2.98%</u>	Discount Rate <u>3.98%</u>	<u>4.98%</u>
District's proportionate share of the pension liability	\$ 12,158,088	\$ 9,921,865	\$ 8,075,670

Pension Plan Fiduciary Net Position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS) or by visiting their website at [www.state.nj.us/treasury/pensions/pers1](http://www.state.nj.us/treasury/pensions/pers1).

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

Data for the TPAF was abstracted from the State of New Jersey Teachers' Pension and Annuity Fund Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer and Nonemployer as of June 30, 2016 Independent Auditor's Reports dated July 13, 2017.

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



**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**9. PENSION PLANS (CONTINUED)**

**Teachers Pensions and Annuity Fund (TPAF) (Continued)**

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2016 was as follows:

Net Pension Liability:

Districts proportionate share	None
State's proportionate share associated with the District	<u>67,664,022.00</u>
	<u><u>\$ 67,664,022.00</u></u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2016, the proportion of the TPAF net pension liability associated with the District was 0.0860139147%.

	June 30,	
	<u>2016</u>	<u>2015</u>
District Proportionate Share	0.0860139147 %	0.0807544290 %
Difference - Increase	0.0052594857	

For the year ended June 30, 2017, the District recognized on-behalf pension expense and revenue of \$5,084,010 for contributions provided by the State.

**Actuarial Assumptions**

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

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

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

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**9. PENSION PLANS (CONTINUED)**

**Teachers Pensions and Annuity Fund (TPAF) (Continued)**

Actuarial Assumptions (Continued)

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the table as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00 %	0.39 %
US Government Bonds	1.50	1.28
US Credit Bonds	13.00	2.76
US Mortgages	2.00	2.38
US Inflation-Indexed Bonds	1.50	1.41
US High Yield Bonds	2.00	4.70
US Equity Market	26.00	5.14
Foreign-Developed Equity	13.25	5.91
Emerging Markets Equity	6.50	8.16
Private Real Estate Property	5.25	3.64
Timber	1.00	3.86
Farmland	1.00	4.39
Private Equity	9.00	8.97
Commodities	0.50	2.87
Hedge Funds - MultiStrategy	5.00	3.70
Hedge Funds - Equity Hedge	3.75	4.72
Hedge Funds - Distressed	3.75	3.49
	<u>100.00 %</u>	

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**9. PENSION PLANS (CONTINUED)**

**Teachers Pensions and Annuity Fund (TPAF) (Continued)**

Actuarial Assumptions (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation 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 most recent fiscal years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the proportionate share of the net pension liability associated with the District as of June 30, 2017 (measurement date June 30, 2016) calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease <u>2.22%</u>	At Current Discount Rate <u>3.22%</u>	At 1% Increase <u>4.22%</u>
State's proportionate share of the net pension liability associated with the District	\$ 80,866,519	\$ 67,664,022	\$ 56,882,471

Pension Plan Fiduciary Net Position

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

Additional Information

Collective balances of the Local Group at June 30, 2016 are as follows:

Deferred outflows of resources	\$ 17,440,003,201
Deferred inflows of resources	\$ 195,027,919
Net pension liability	\$ 78,666,367,052
State's proportionate share associated with the District	0.0860139147 %

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**9. PENSION PLANS (CONTINUED)**

**Teachers Pensions and Annuity Fund (TPAF) (Continued)**

**Actuarial Assumptions (Continued)**

Collective pension expense - Non-employer portion for the plan for the measurement period ended June 30, 2016 is \$5,915,082,656.

**10. POST-RETIREMENT BENEFITS**

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees eligible for post-retirement medical benefits and the state contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$231.20 million toward Chapter 126 benefits for 20,045 eligible retired members in fiscal year 2016.

The State will set the contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with parameters of GASB 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to SHBP Fund for PERS retirees' post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**10. POST-RETIREMENT BENEFITS (CONTINUED)**

The State will set the contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with parameters of GASB 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to SHBP Fund for PERS retirees' post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey.

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

Fiscal Year Ended	<u>Post-Retirement Medical</u>
<u>June 30,</u>	
2017	\$ 839,160
2016	820,004
2015	693,085

**11. COMPENSATED ABSENCES**

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted vacation and sick leave in varying amounts in accordance with various employment agreements under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service.

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. The current portion of the compensated absence balance of the governmental funds is reported separately on the Statement of Net Position.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2017 no liability existed for compensated absences in the proprietary fund types.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**12. DEFERRED COMPENSATION**

The District 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, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

- AXA Equitable
- Lincoln National Life
- Legend Employee Benefit
- Siracusa Benefits Program
- AIG/Variable Annuity Life Insurance Co.
- Security Benefit Life Insurance Company
- Ameriprise/IDS Financial Services

**13. 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 and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

**New Jersey 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 two years:

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending Balance</u> <u>(Deficit)</u>
2017	\$ None	42,716.32	66,116.70	\$ 450,089.22
2016	None	75,668.25	30,549.41	473,489.60
2015	None	59,247.78	36,771.34	428,370.76

**Health Benefits:** The District has elected to provide health insurance to its employees based on a monthly per employee premium basis (a traditional plan).

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**14. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet at June 30, 2017 which will be liquidated in the normal course of business in the ensuing year.

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Governmental Funds:		
Debt Service Fund	\$ 988.79	
Capital Projects Fund		\$ 988.79

**15. DEFICIT FUND BALANCES – SPECIAL REVENUE FUND**

The District has a deficit fund balance of \$18,181.50 in the Special Revenue Fund as of June 30, 2017 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two (2) state aid payments in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP funds statements of \$18,181.50 in the Special Revenue Fund is equal to the last state aid payment in the Special Revenue Fund.

**16. FUND BALANCE APPROPRIATED**

**General Fund** – Of the \$3,434,268.50 General Fund fund balance at June 30, 2017, \$23,534.60 is assigned – for other purposes (encumbrances); \$1,807,469.64 is Restricted for Capital Reserve account; \$704,302.68 is Restricted for Maintenance Reserve; \$823,414.00 assigned – excess surplus designated for subsequent years' expenditures, and \$75,547.58 is Reserved for Excess Surplus.

**Debt Service Fund** – All of the \$1,003.11 fund balance at June 30, 2017 is restricted for Debt Service.

**Capital Projects Fund** – The \$39,235,747.14 Capital Projects Fund fund balance at June 30, 2017, was created by the issuance of School District Bonds Series 2017 \$15,600,000.00 (subsequent event), the award of grants in the amount \$25,645,850.00 plus a capital reserve transfer of \$685.00 less expenditures incurred of \$2,015,787.86. These funds are earmarked toward the court ordered building expansion.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**17. CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004 c73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. There was excess surplus at June 30, 2017 on the budgetary basis of accounting (refer to Note 18) as a result of fiscal year 2016-2017 school year of \$548,066.59 and for fiscal year 2016-2017 school year of \$635,047.97.

**18. RECONCILIATION OF FUND BALANCES – GENERAL FUND**

The Unreserved General fund balance is presented on a GAAP basis and a reconciliation to the budgetary basis is as follows:

	<u>Unassigned - Fund Balance</u>	<u>Reserve for Excess Surplus</u>
Balance on a budgetary basis as per general fund budgetary comparison (Schedule C-1)	\$ 411,660.16	\$ 635,047.92
Less: Allocation of State aid payment of \$971,160.50 not recognized on a GAAP basis	411,660.16	559,500.34
Balances on a GAAP basis on the governmental fund balance sheet (Schedule B-1)	None	\$ 75,547.58

**19. CONTINGENT LIABILITIES**

- A. **Grant Programs** – The school district participates in federally and state assisted 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.
- B. **Pending Litigation** – As of the date of this report, the management has represented that there was no litigation pending which, in the event of an adverse or unfavorable outcome, would materially impair the financial position of the District.
- C. **Commitments** - The District has contractual commitments at June 30, 2017 to various vendors, which are recorded in the general fund as fund balance assigned for other purposes in the amount of \$23,534.60.

**20. ECONOMIC DEPENDENCY**

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



**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**21. NET POSITION – NET INVESTMENT IN CAPITAL ASSETS**

Net investment in capital assets, Governmental Activities, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. The net investment in capital assets of \$8,862,920.45 indicated as part of the Governmental Activities net position is calculated as follows:

	Amount
Capital assets, net of depreciation	\$ 10,310,701.86
Bonds payable (used to build or acquire capital assets)	(1,470,000.00)
Capital lease (used to build or acquire capital assets)	(8,577.16)
Deferred loss on defeasance of debt	60,432.88
Unamortized deferred premium	(29,637.13)
	\$ 8,862,920.45

**22. TAX ABATEMENTS**

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

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

The Borough of Freehold provides for long-term tax exemptions, as authorized by New Jersey State Statutes. N.J.S.A. 40A:20-1 et seq. sets forth the criteria and mechanism by which property taxes can and are abated. The exemptions provided by the Borough of Freehold are for senior citizen housing projects and a technology center. Taxes abated include municipal, local school and county taxes.

The Borough of Freehold recognized revenue of \$430,000.00 from the annual service charge in lieu of payment of taxes in 2017 and taxes in 2017 that otherwise would have been due on these long-term tax exemptions amounted to \$1,007,896.22 based upon the assessed valuations of the long-term tax exemptions properties. A portion of the \$577,896.22 abatement would have been allocated to the District.

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**BUDGETARY COMPARISON SCHEDULES**

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 11,054,967.00		\$ 11,054,967.00	\$ 11,054,967.00	
Miscellaneous	40,000.00		40,000.00	299,771.48	\$ 259,771.48
<b>Total - local sources</b>	<b>11,094,967.00</b>		<b>11,094,967.00</b>	<b>11,354,738.48</b>	<b>259,771.48</b>
State sources:					
Categorical Special Education Aid	842,591.00		842,591.00	842,591.00	
Categorical Transportation Aid	54,775.00		54,775.00	54,775.00	
Categorical Security Aid	212,987.00		212,987.00	212,987.00	
Equalization Aid	8,149,685.00		8,149,685.00	8,149,685.00	
Underadequacy Aid	435,142.00		435,142.00	435,142.00	
PARCC Readiness Aid	15,960.00		15,960.00	15,960.00	
Per Pupil Growth Aid	15,960.00		15,960.00	15,960.00	
Extraordinary aid	100,000.00		100,000.00	181,876.00	81,876.00
Professional Learning Community Aid	16,920.00		16,920.00	16,920.00	
Nonpublic transportation - cost reimbursement				696.00	696.00
On behalf - TPAF - pension contributions (nonbudgeted)				1,007,120.00	1,007,120.00
On behalf - TPAF - post retirement medical (nonbudgeted)				839,160.00	839,160.00
On behalf - TPAF - long-term disability insurance (nonbudgeted)				2,830.00	2,830.00
Reimbursed TPAF social security contributions (nonbudgeted)				708,987.31	708,987.31
<b>Total - state sources</b>	<b>9,844,020.00</b>		<b>9,844,020.00</b>	<b>12,484,689.31</b>	<b>2,640,669.31</b>
Federal sources:					
Medical assistance program	84,541.00		84,541.00	85,575.10	1,034.10
ARRA-SEMI				2,238.69	2,238.69
<b>Total - federal sources</b>	<b>84,541.00</b>		<b>84,541.00</b>	<b>87,813.79</b>	<b>3,272.79</b>
<b>Total revenues</b>	<b>\$ 21,023,528.00</b>		<b>\$ 21,023,528.00</b>	<b>\$ 23,927,241.58</b>	<b>\$ 2,903,713.58</b>

**BOARD OF EDUCATION**  
**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Regular programs - instruction:					
Salaries of teachers:					
Preschool	\$ 1,600.00	\$ (1,600.00)			
Kindergarten	486,458.00	5,478.00	\$ 491,936.00	\$ 491,936.00	
Grades 1 - 5	2,666,306.00	84,237.00	2,750,543.00	2,748,985.81	\$ 1,557.19
Grades 6 - 8	1,505,557.00	(68,096.00)	1,437,461.00	1,432,861.04	4,599.96
	<u>4,659,921.00</u>	<u>20,019.00</u>	<u>4,679,940.00</u>	<u>4,673,782.85</u>	<u>6,157.15</u>
Home instruction:					
Salaries of teachers	10,000.00		10,000.00	5,643.75	4,356.25
Purchased professional - educational services	10,000.00		10,000.00	3,612.14	6,387.86
	<u>20,000.00</u>		<u>20,000.00</u>	<u>9,255.89</u>	<u>10,744.11</u>
Regular programs - undistributed instruction:					
Other salaries for instruction	283,784.00	(21,106.00)	262,678.00	258,592.84	4,085.16
Purchased professional - educational services	78,860.00	35,260.00	114,120.00	107,070.85	7,049.15
Other purchased services (400-500 series)	88,805.00	30,460.00	119,265.00	116,482.51	2,782.49
General supplies	194,792.00	25,490.00	220,282.00	178,343.39	41,938.61
Textbooks	98,916.00	(24,264.00)	74,652.00	64,678.96	9,973.04
Travel		4,150.00	4,150.00	1,612.87	2,537.13
Other objects	8,000.00	158.00	8,158.00	2,118.00	6,040.00
	<u>753,157.00</u>	<u>50,148.00</u>	<u>803,305.00</u>	<u>728,899.42</u>	<u>74,405.58</u>
Total regular programs - instruction	<u>753,157.00</u>	<u>50,148.00</u>	<u>803,305.00</u>	<u>728,899.42</u>	<u>74,405.58</u>
Total regular programs - instruction	\$ <u>5,433,078.00</u>	\$ <u>70,167.00</u>	\$ <u>5,503,245.00</u>	\$ <u>5,411,938.16</u>	\$ <u>91,306.84</u>

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES (CONTINUED):</b>					
<b>CURRENT EXPENSE (CONTINUED):</b>					
Special education instruction:					
Learning and/or language disabilities:					
Salaries of teachers	\$ 163,270.00	\$ (163,270.00)			
Other salaries for instruction	73,609.00	(73,609.00)			
General supplies	1,200.00	(1,200.00)			
Textbooks	2,400.00	(2,400.00)			
Other objects	400.00	(400.00)			
	<u>240,879.00</u>	<u>(240,879.00)</u>			
<b>Total learning and/or language disabilities</b>					
Behavioral disabilities:					
Salaries of teachers	60,131.00	528.00	\$ 60,659.00	\$ 59,658.30	\$ 1,000.70
Other salaries for instruction	81,467.00	(25,179.00)	56,288.00	42,028.00	14,260.00
Purchased Professional - Educational Services	15,000.00		15,000.00	14,937.50	62.50
General supplies	500.00		500.00	297.95	202.05
Textbooks	500.00		500.00		500.00
Other Objects	800.00		800.00		800.00
	<u>158,398.00</u>	<u>(24,651.00)</u>	<u>133,747.00</u>	<u>116,921.75</u>	<u>16,825.25</u>
<b>Total behavioral disabilities</b>					
Multiple disabilities:					
Salaries of teachers	265,702.00	152,224.00	417,926.00	361,834.55	56,091.45
Other salaries for instruction	223,455.00	129,295.00	352,750.00	315,828.13	36,921.87
General supplies	1,600.00	1,725.00	3,325.00	1,925.83	1,399.17
Textbooks		1,875.00	1,875.00		1,875.00
Other Objects	1,600.00	400.00	2,000.00	350.00	1,650.00
	<u>492,357.00</u>	<u>285,519.00</u>	<u>777,876.00</u>	<u>679,938.51</u>	<u>97,937.49</u>
<b>Total multiple disabilities</b>					

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Special education instruction (continued):					
Resource room/resource center:					
Salaries of teachers	\$ 1,244,051.00	\$ (128,557.00)	\$ 1,115,494.00	\$ 1,075,240.77	\$ 40,253.23
Other salaries for instruction	230,302.00	56,768.00	287,070.00	256,208.47	30,861.53
Other purchased services (400-500 series)	500.00		500.00		500.00
General supplies	2,550.00		2,550.00	1,899.48	650.52
Textbooks	4,500.00		4,500.00	2,044.90	2,455.10
	<u>1,481,903.00</u>	<u>(71,789.00)</u>	<u>1,410,114.00</u>	<u>1,335,393.62</u>	<u>74,720.38</u>
Total resource room/resource center					
Preschool disabilities - full-time:					
Salaries of teachers	163,167.00	34,347.00	197,514.00	197,513.70	0.30
Other salaries for instruction	169,056.00	(18,536.00)	150,520.00	140,903.00	9,617.00
General supplies	2,500.00		2,500.00	1,152.21	1,347.79
	<u>334,723.00</u>	<u>15,811.00</u>	<u>350,534.00</u>	<u>339,568.91</u>	<u>10,965.09</u>
Total Preschool disabilities - full-time					
Early childhood:					
Salaries special ed. home instruction	8,000.00		8,000.00	3,062.50	4,937.50
Purchased Professional - Educational Services	13,000.00		13,000.00	1,465.23	11,534.77
	<u>21,000.00</u>		<u>21,000.00</u>	<u>4,527.73</u>	<u>16,472.27</u>
Total early childhood					
Total special education - instruction					
	<u>2,729,260.00</u>	<u>(35,989.00)</u>	<u>2,693,271.00</u>	<u>2,476,350.52</u>	<u>216,920.48</u>
Other instructional programs:					
Basic skills/remedial - instruction:					
Salaries of teachers	4,800.00	(847.00)	3,953.00		3,953.00
General supplies	2,583.00	847.00	3,430.00	2,155.08	1,274.92
	<u>7,383.00</u>		<u>7,383.00</u>	<u>2,155.08</u>	<u>5,227.92</u>
Total basic skills/remedial - instruction					

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Other instructional programs (continued):					
Bilingual education - instruction:					
Salaries of teachers	\$ 677,208.00	\$ 36,576.00	\$ 713,784.00	\$ 702,730.80	\$ 11,053.20
General supplies	5,625.00		5,625.00	4,343.73	1,281.27
Textbooks	4,000.00		4,000.00	1,204.21	2,795.79
	<u>686,833.00</u>	<u>\$ 36,576.00</u>	<u>\$ 723,409.00</u>	<u>\$ 708,278.74</u>	<u>\$ 15,130.26</u>
Total bilingual education - instruction					
School sponsored co/extracurricular activities - instruction:					
Salaries	41,360.00	2,563.00	43,923.00	43,922.50	0.50
Purchased services (300-500 series)	250.00		250.00		250.00
Supplies and materials	1,400.00	1,450.00	2,850.00	2,031.26	818.74
Other Objects	6,775.00	(3,213.00)	3,562.00	1,200.00	2,362.00
	<u>49,785.00</u>	<u>800.00</u>	<u>50,585.00</u>	<u>47,153.76</u>	<u>3,431.24</u>
Total school sponsored co/extracurricular activities - inst.					
School sponsored athletic - instruction:					
Salaries	34,200.00		34,200.00	33,787.50	412.50
Supplies and Materials	18,479.00	(300.00)	18,179.00	7,942.33	10,236.67
Other objects	1,350.00	300.00	1,650.00	1,596.00	54.00
Transfer to cover deficit	10,270.00		10,270.00	3,790.00	6,480.00
	<u>64,299.00</u>	<u></u>	<u>64,299.00</u>	<u>47,115.83</u>	<u>17,183.17</u>
Total school sponsored athletic - instruction					
Total other instructional programs					
	<u>808,300.00</u>	<u>37,376.00</u>	<u>845,676.00</u>	<u>804,703.41</u>	<u>40,972.59</u>
Total instructional programs					
	<u>8,970,638.00</u>	<u>71,554.00</u>	<u>9,042,192.00</u>	<u>8,692,992.09</u>	<u>349,199.91</u>



**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within the state - regular	\$ 14,360.00	\$ (2,519.00)	\$ 11,841.00	\$ 11,840.60	\$ 0.40
Tuition to other LEAs within the state - special	302,680.00	(7,525.72)	295,154.28	295,153.57	0.71
Tuition to private school for the disabled - state	<u>635,331.00</u>	<u>45,598.72</u>	<u>680,929.72</u>	<u>618,639.92</u>	<u>62,289.80</u>
Total undistributed expenditures - instruction	<u>952,371.00</u>	<u>35,554.00</u>	<u>987,925.00</u>	<u>925,634.09</u>	<u>62,290.91</u>
Attendance and social work:					
Salaries	<u>39,517.00</u>	<u>38.00</u>	<u>39,555.00</u>	<u>39,555.00</u>	
Total attendance and social work	<u>39,517.00</u>	<u>38.00</u>	<u>39,555.00</u>	<u>39,555.00</u>	
Health services:					
Salaries	192,455.00	11,215.00	203,670.00	199,419.41	4,250.59
Purchased professional - technical services	24,750.00	(4,575.00)	20,175.00	19,428.01	746.99
Other purchased services	2,750.00	(2,165.00)	585.00	85.00	500.00
Supplies and materials	<u>4,050.00</u>		<u>4,050.00</u>	<u>3,454.81</u>	<u>595.19</u>
Total health services	<u>224,005.00</u>	<u>4,475.00</u>	<u>228,480.00</u>	<u>222,387.23</u>	<u>6,092.77</u>
Other support services - students - related services:					
Salaries	371,098.00	(750.00)	370,348.00	359,422.77	10,925.23
Purchased professional - educational services	164,560.00	(17,760.00)	146,800.00	134,788.00	12,012.00
Supplies and materials	<u>5,000.00</u>		<u>5,000.00</u>	<u>1,766.16</u>	<u>3,233.84</u>
Total other support service - student - related services	<u>540,658.00</u>	<u>(18,510.00)</u>	<u>522,148.00</u>	<u>495,976.93</u>	<u>26,171.07</u>

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures (continued):					
Other support services - students - extraordinary services:					
Salaries					
Purchased professional - extraordinary services	\$ 42,000.00	\$ 6,637.00	\$ 48,637.00	\$ 26,647.50	\$ 21,989.50
Supplies and materials	5,700.00	(1,000.00)	4,700.00	966.08	3,733.92
	<u>47,700.00</u>	<u>5,637.00</u>	<u>53,337.00</u>	<u>27,613.58</u>	<u>25,723.42</u>
Total other support service - student - extraordinary services					
Other support services - students - regular:					
Salaries of other professional staff	161,737.00	7,906.00	169,643.00	162,553.76	7,089.24
Salaries - other	70,989.00	1,422.00	72,411.00	70,493.74	1,917.26
Other Purchased services (400-500 series)	35,758.00	(2,911.00)	32,847.00	16,216.69	16,630.31
Supplies and materials	5,550.00	1,455.00	7,005.00	4,913.28	2,091.72
Other objects	2,170.00	(255.00)	1,915.00	1,824.00	91.00
	<u>276,204.00</u>	<u>7,617.00</u>	<u>283,821.00</u>	<u>256,001.47</u>	<u>27,819.53</u>
Total other support services - students - regular					
Other support services - students - special:					
Salaries of other professional staff	434,496.00	(2,289.00)	432,207.00	426,240.03	5,966.97
Salaries of secretarial and clerical assistants	108,580.00	2,154.00	110,734.00	104,494.71	6,239.29
Salaries - other		9,020.00	9,020.00	9,020.00	
Unused vacation payment		1,365.00	1,365.00	1,364.92	0.08
Purchased professional - educational services	71,700.00	(9,500.00)	62,200.00	50,852.50	11,347.50
Other purchased professional and technical services	12,588.00	550.00	13,138.00	12,212.98	925.02
Other purchased services	2,000.00		2,000.00	380.70	1,619.30
Misc. Purchased services (400-500 series)	2,928.00		2,928.00	774.99	2,153.01
Supplies and materials	16,000.00	(550.00)	15,450.00	10,301.98	5,148.02
Other objects	1,100.00		1,100.00	970.00	130.00
	<u>649,392.00</u>	<u>750.00</u>	<u>650,142.00</u>	<u>616,612.81</u>	<u>33,529.19</u>
Total other support services - students - special					

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES (CONTINUED):</b>					
<b>CURRENT EXPENSE (CONTINUED):</b>					
Undistributed expenditures (continued):					
Improvement of instructional services:					
Salaries of supervisors of instruction	\$ 220,051.00	\$ (447.00)	\$ 219,604.00	\$ 210,015.28	\$ 9,588.72
Salaries of other professional staff	17,580.00		17,580.00	12,040.00	5,540.00
Salaries of secretarial and clerical assistants	49,370.00	27.00	49,397.00	49,397.00	
Salaries of Facilitators, Math Coaches and Literacy Coaches	63,048.00	1,934.00	64,982.00	64,982.00	
Unused vacation payment		447.00	447.00	446.33	0.67
Purchased professional - educational services	1,250.00	6,000.00	7,250.00	6,031.65	1,218.35
Other Purchased Services	4,298.00		4,298.00	1,283.37	3,014.63
Supplies and materials	5,183.00		5,183.00	2,740.07	2,442.93
Other objects	3,498.00		3,498.00	3,079.00	419.00
<b>Total improvement of instructional services</b>	<u>364,278.00</u>	<u>7,961.00</u>	<u>372,239.00</u>	<u>350,014.70</u>	<u>22,224.30</u>
Educational media service/school library:					
Salaries	78,167.00	600.00	78,767.00	76,099.85	2,667.15
Purchased professional and technical services	2,190.00		2,190.00	2,040.00	150.00
Supplies and materials	9,000.00		9,000.00	8,331.98	668.02
<b>Total educational media service/school library</b>	<u>89,357.00</u>	<u>600.00</u>	<u>89,957.00</u>	<u>86,471.83</u>	<u>3,485.17</u>

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES (CONTINUED):</b>					
<b>CURRENT EXPENSE (CONTINUED):</b>					
Undistributed expenditures (continued):					
Instructional staff training services:					
Salaries of supervisors of instruction	\$ 57,773.00	\$ 500.00	\$ 58,273.00	\$ 58,273.00	
Salaries of other staff	11,480.00	(1,300.00)	10,180.00	7,290.00	\$ 2,890.00
Purchased Professional - Educational Services	4,300.00	1,300.00	5,600.00	1,400.00	4,200.00
Other purchased services (400-500)	21,703.00	1,339.00	23,042.00	12,724.96	10,317.04
Supplies and materials	6,323.00	1,000.00	7,323.00	4,450.87	2,872.13
	<u>101,579.00</u>	<u>2,839.00</u>	<u>104,418.00</u>	<u>84,138.83</u>	<u>20,279.17</u>
Total instructional staff training services					
Support services - general administration:					
Salaries	253,466.00	1,750.00	255,216.00	242,273.50	12,942.50
Legal services	45,000.00	918.00	45,918.00	33,468.80	12,449.20
Audit fees	37,000.00		37,000.00	36,050.00	950.00
Architect fees	10,000.00		10,000.00		10,000.00
Other purchased professional services	4,200.00	(1,000.00)	3,200.00	2,445.00	755.00
Purchased Technical Services	800.00	12.00	812.00	811.20	0.80
Communications/telephone	82,200.00	17,275.00	99,475.00	88,617.65	10,857.35
General supplies	9,200.00	(2,262.00)	6,938.00	6,150.80	787.20
BOE - other purchased services	2,500.00	1,921.00	4,421.00	4,420.90	0.10
Other purchased services (400-500)	56,020.00	(3,114.00)	52,906.00	51,091.39	1,814.61
Travel	4,000.00	(700.00)	3,300.00	1,829.38	1,470.62
BOE In-house training/meeting supplies	500.00		500.00		500.00
Miscellaneous expenditures	3,100.00	93.00	3,193.00	2,729.00	464.00
Judgments Against District		106,212.98	106,212.98		106,212.98
BOE membership dues and fees	13,620.00	(3,893.00)	9,727.00	9,467.84	259.16
	<u>521,606.00</u>	<u>117,212.98</u>	<u>638,818.98</u>	<u>479,355.46</u>	<u>159,463.52</u>
Total support services - general administration					

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES (CONTINUED):</b>					
<b>CURRENT EXPENSE (CONTINUED):</b>					
Undistributed expenditures (continued):					
Support services - school administration:					
Salaries of principals/assistant principals	\$ 480,196.00	\$ (4,725.00)	\$ 475,471.00	\$ 457,586.71	\$ 17,884.29
Salaries of secretarial and clerical assistants	272,928.00	(5,413.00)	267,515.00	264,035.03	3,479.97
Purchased technical services		7,725.00	7,725.00	7,717.50	7.50
Other purchased services (400-500 series)	23,909.00	5,558.00	29,467.00	25,158.90	4,308.10
Supplies and materials	26,425.00	(3,052.00)	23,373.00	13,728.22	9,644.78
Other objects	5,750.00	(93.00)	5,657.00	2,512.00	3,145.00
	<u>809,208.00</u>	<u></u>	<u>809,208.00</u>	<u>770,738.36</u>	<u>38,469.64</u>
Total support services - school administration					
Central services:					
Salaries	375,171.00	(5,891.00)	369,280.00	369,038.92	241.08
Purchased technical services	36,420.00	8,498.00	44,918.00	40,522.32	4,395.68
Miscellaneous purchased services (400-500 series)	9,576.00	(1,141.00)	8,435.00	5,584.65	2,850.35
Interest on BAN		8,264.00	8,264.00	8,263.88	0.12
Supplies and materials	13,000.00	(3,788.00)	9,212.00	9,078.88	133.12
Miscellaneous expenditures	7,600.00	2,527.00	10,127.00	7,042.04	3,084.96
	<u>441,767.00</u>	<u>8,469.00</u>	<u>450,236.00</u>	<u>439,530.69</u>	<u>10,705.31</u>
Total central services					
Admin. info. Technology:					
Salaries	242,302.00	14,753.00	257,055.00	249,416.30	7,638.70
Unused vacation payment		780.00	780.00	779.21	0.79
Purchased technical services	25,000.00	2,575.00	27,575.00	14,940.33	12,634.67
Other purchased services (400-500 series)	5,000.00	(100.00)	4,900.00	589.77	4,310.23
Supplies and Materials	2,930.00	(35.00)	2,895.00	1,706.00	1,189.00
	<u>275,232.00</u>	<u>17,973.00</u>	<u>293,205.00</u>	<u>267,431.61</u>	<u>25,773.39</u>
Total admin. Info. Technology					

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES (CONTINUED):</b>					
<b>CURRENT EXPENSE (CONTINUED):</b>					
Undistributed expenditures (continued):					
Required maintenance for school facilities:					
Salaries	\$ 151,777.00	\$ (32,600.00)	\$ 119,177.00	\$ 113,066.46	\$ 6,110.54
Cleaning, repair and maintenance services	156,400.00	73,632.00	230,032.00	216,073.81	13,958.19
General supplies	30,500.00	(623.00)	29,877.00	22,001.45	7,875.55
Other objects	3,500.00	100.00	3,600.00	3,298.00	302.00
	<u>342,177.00</u>	<u>40,509.00</u>	<u>382,686.00</u>	<u>354,439.72</u>	<u>28,246.28</u>
Total required maintenance for school facilities					
Other operation and maintenance of plant:					
Salaries	435,338.00	(2,740.00)	432,598.00	403,983.86	28,614.14
Purchased professional and technical services	3,200.00	3,950.00	7,150.00	3,435.00	3,715.00
Cleaning, repair and maintenance services	35,675.00	9,442.00	45,117.00	39,851.21	5,265.79
Rental of land & bldg. other than lease per agreement	23,639.00	(2,751.00)	20,888.00	20,540.00	348.00
Insurance	100,083.00	(18,004.00)	82,079.00	82,014.67	64.33
Miscellaneous purchased services	2,610.00		2,610.00	468.05	2,141.95
General supplies	81,000.00	(5,602.05)	75,397.95	58,800.91	16,597.04
Energy (natural gas)	50,000.00	18,000.00	68,000.00	55,959.80	12,040.20
Energy (heat and electricity)	200,000.00	(5,141.00)	194,859.00	190,242.14	4,616.86
	<u>931,545.00</u>	<u>(2,846.05)</u>	<u>928,698.95</u>	<u>855,295.64</u>	<u>73,403.31</u>
Total other operation and maintenance of plant					
Care and upkeep of grounds:					
Salaries	37,212.00	(500.00)	36,712.00	31,726.37	4,985.63
Cleaning, repair and maintenance services	17,000.00	25,160.00	42,160.00	36,645.80	5,514.20
General supplies	16,000.00	(11,250.00)	4,750.00	3,149.76	1,600.24
	<u>70,212.00</u>	<u>13,410.00</u>	<u>83,622.00</u>	<u>71,521.93</u>	<u>12,100.07</u>
Total care and upkeep of grounds					

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES (CONTINUED):</b>					
<b>CURRENT EXPENSE (CONTINUED):</b>					
Undistributed expenditures (continued):					
Security:					
Salaries	\$ 3,000.00	\$ 2,325.00	\$ 5,325.00	\$ 5,312.74	\$ 12.26
Purchased professional services	4,800.00	(1,122.00)	3,678.00	3,677.50	0.50
General supplies	<u>10,000.00</u>		<u>10,000.00</u>	<u>9,891.52</u>	<u>108.48</u>
<b>Total security</b>	<u>17,800.00</u>	<u>1,203.00</u>	<u>19,003.00</u>	<u>18,881.76</u>	<u>121.24</u>
<b>Total operation and maintenance of plant</b>	<u>1,361,734.00</u>	<u>52,275.95</u>	<u>1,414,009.95</u>	<u>1,300,139.05</u>	<u>113,870.90</u>
Student transportation:					
Contracted services - aid in lieu of payments - nonpublic schools	8,840.00		8,840.00	4,473.81	4,366.19
Contracted services - aid in lieu of payments - charter schools	884.00		884.00	884.00	
Contracted services - Vendors (other than between home & school)	35,880.00		35,880.00	23,971.50	11,908.50
Contracted services - Joint Agreements (between home & school)	44,800.00	17,691.00	62,491.00	61,498.00	993.00
Contracted services (special education students) - vendors	12,138.00		12,138.00	6,200.00	5,938.00
Contracted services (special education students) - joint agreements	300,525.00	(21,191.00)	279,334.00	168,153.64	111,180.36
Contracted Services - Reg Ed - ESC & CTSA	65,130.00	(2,700.00)	62,430.00	17,063.92	45,366.08
Contracted services (special education students) - ESC & CTSA	<u>319,670.00</u>	<u>6,200.00</u>	<u>325,870.00</u>	<u>305,372.88</u>	<u>20,497.12</u>
<b>Total student transportation</b>	<u>787,867.00</u>		<u>787,867.00</u>	<u>587,617.75</u>	<u>200,249.25</u>

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures (continued):					
Unallocated benefits:					
Disability	\$ 38,550.00		\$ 38,550.00	\$ 34,359.52	\$ 4,190.48
Social security contribution	285,000.00		285,000.00	275,157.37	9,842.63
Other retirement contributions - regular	350,000.00		350,000.00	299,006.69	50,993.31
Unemployment compensation	100,000.00	\$ (14,366.00)	85,634.00	532.50	85,101.50
Workmen's compensation	150,000.00		150,000.00	137,887.47	12,112.53
Health benefits	4,120,000.00	(111,333.22)	4,008,666.78	3,823,890.72	184,776.06
Tuition reimbursement	25,000.00	13,445.00	38,445.00	38,445.00	
Other employee benefits	33,000.00	(4,134.00)	28,866.00	13,632.03	15,233.97
	<u>5,101,550.00</u>	<u>(116,388.22)</u>	<u>4,985,161.78</u>	<u>4,622,911.30</u>	<u>362,250.48</u>
Total unallocated benefits					
	<u>5,101,550.00</u>	<u>(116,388.22)</u>	<u>4,985,161.78</u>	<u>4,622,911.30</u>	<u>362,250.48</u>
Total personal services - employee benefits					
				1,007,120.00	(1,007,120.00)
On behalf - TPAF - pension contributions (non budgeted)				839,160.00	(839,160.00)
On behalf - TPAF - post retirement medical (non budgeted)				2,830.00	(2,830.00)
On behalf - TPAF - long-term disability (non budgeted)				708,987.31	(708,987.31)
Reimbursed TPAF social security contributions (non budgeted)					
				<u>2,558,097.31</u>	<u>(2,558,097.31)</u>
Total on behalf - Contributions					
	<u>12,584,025.00</u>	<u>126,503.71</u>	<u>12,710,528.71</u>	<u>14,130,228.00</u>	<u>(1,419,699.29)</u>
Total undistributed expenditures					
	<u>\$ 21,554,663.00</u>	<u>\$ 198,057.71</u>	<u>\$ 21,752,720.71</u>	<u>\$ 22,823,220.09</u>	<u>\$ (1,070,499.38)</u>
TOTAL EXPENDITURES - CURRENT EXPENSE					



**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONTINUED):					
CAPITAL OUTLAY:					
Equipment:					
Undistributed expenditures:					
Instructional Equipment		\$ 153,242.13	\$ 153,242.13	\$ 153,241.38	\$ 0.75
Playground Equipment		42,253.00	42,253.00	42,253.00	
Security Equipment		99,491.94	99,491.94	99,491.94	
Total undistributed expenditure equipment		<u>294,987.07</u>	<u>294,987.07</u>	<u>294,986.32</u>	<u>0.75</u>
Facilities Acquisition and Construction Services:					
Assessment for Debt Service on SDA Funding	\$ 22,899.00		22,899.00	22,899.00	
Total facilities acquisition and construction services	<u>22,899.00</u>		<u>22,899.00</u>	<u>22,899.00</u>	
TOTAL EXPENDITURES - CAPITAL OUTLAY	<u>22,899.00</u>	<u>294,987.07</u>	<u>317,886.07</u>	<u>317,885.32</u>	<u>0.75</u>
TOTAL GENERAL FUND EXPENDITURES	\$ <u>21,577,562.00</u>	\$ <u>493,044.78</u>	\$ <u>22,070,606.78</u>	\$ <u>23,141,105.41</u>	\$ <u>(1,070,498.63)</u>
Excess/(deficiency) of revenues over/(under) expenditures	\$ <u>(554,034.00)</u>	\$ <u>(493,044.78)</u>	\$ <u>(1,047,078.78)</u>	\$ <u>786,136.17</u>	\$ <u>1,833,214.95</u>
Other financing sources/(uses):					
Operating Transfers in/(out):					
Total other financing sources/(uses)					
Excess/deficiency) of revenues and other financing sources over/(under) expenditures and other financing sources/(uses)	\$ <u>(554,034.00)</u>	\$ <u>(493,044.78)</u>	\$ <u>(1,047,078.78)</u>	\$ <u>786,136.17</u>	\$ <u>1,833,214.95</u>
Fund balance, July 1	<u>3,619,292.83</u>		<u>3,619,292.83</u>	<u>3,619,292.83</u>	
Fund balance, June 30	<u>\$ 3,065,258.83</u>	<u>\$ (493,044.78)</u>	<u>\$ 2,572,214.05</u>	<u>\$ 4,405,429.00</u>	<u>\$ 1,833,214.95</u>

BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Detail of:					
Fund balance appropriated	\$ <u>554,034.00</u>				
Detail of budget transfers:					
Reserve for prior year-end encumbrances		\$ 175,669.08			
Withdrawal from Maintenance Reserve		36,600.00			
Withdrawal from Capital Reserve		141,744.94			
Withdrawal from Legal Reserve		<u>139,030.76</u>			
		\$ <u>493,044.78</u>			
Recapitulation of fund balance:					
Committed for year-end encumbrances				\$ 23,534.60	
Assigned - reserve for excess surplus - designated for subsequent year's expenditures			\$ 548,066.59		
Assigned - designated for subsequent year expenditures			<u>275,347.41</u>	823,414.00	
Restricted:					
Maintenance reserve				704,302.68	
Capital reserve				1,807,469.64	
Reserve for Excess Surplus				635,047.92	
Unassigned 2%				<u>411,660.16</u>	
				\$ 4,405,429.00	
Reconciliation to governmental funds statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				<u>(971,160.50)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 3,434,268.50</u>	

**BOARD OF EDUCATION**  
**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**BUDGETARY COMPARISON SCHEDULE**  
**SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>			
Federal Sources	\$ 3,215,903.00	\$ 310,861.00	\$ 2,905,042.00
State Sources	352,906.00	3,222,599.38	(2,869,693.38)
Local Sources	<u>25,000.00</u>	<u>46,724.75</u>	<u>(21,724.75)</u>
Total Revenues	<u>\$ 3,593,809.00</u>	<u>\$ 3,580,185.13</u>	<u>\$ 13,623.87</u>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of Teachers	\$ 1,133,719.47	1,056,316.00	\$ 77,403.47
Other Salaries for Instruction	158,998.50	157,734.50	1,264.00
Purchased Professional and Technical Services	723,317.00	624,564.00	98,753.00
General Supplies	228,968.16	177,260.30	51,707.86
Textbooks	15,678.00	13,923.00	1,755.00
Other Objects	<u>67,101.35</u>	<u>39,191.10</u>	<u>27,910.25</u>
Total Instruction	<u>2,327,782.48</u>	<u>2,068,988.90</u>	<u>258,793.58</u>
<b>Support Services:</b>			
Salaries	69,099.00	57,505.90	11,593.10
Salaries of Other Professional Staff	433,240.48	428,483.86	4,756.62
Personal Services - Employee Benefits	544,506.28	528,827.04	15,679.24
Purchased Professional and Technical Services	175,409.13	139,134.35	36,274.78
Purchased Professional - Educational Services	150,000.00	149,165.00	835.00
Other Purchased Professional and Technical Services	27,790.00	26,779.57	1,010.43
Other Purchased Services	59,918.14	23,897.19	36,020.95
Transportation	111,220.00	111,220.00	
Travel	13,833.60	7,237.89	6,595.71
Supplies and Materials	<u>52,877.22</u>	<u>35,426.13</u>	<u>17,451.09</u>
Total Support Services	<u>1,637,893.85</u>	<u>1,507,676.93</u>	<u>130,216.92</u>
<b>Facilities Acquisition and Construction Services:</b>			
Instructional Equipment	<u>3,519.30</u>	<u>3,519.30</u>	
Total Expenditures	<u>\$ 3,969,195.63</u>	<u>\$ 3,580,185.13</u>	<u>\$ 389,010.50</u>

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**BOARD OF EDUCATION**  
**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/Inflows of Resources:</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1 \$ 23,927,241.58	C-2 \$ 3,580,185.13
<b>Difference - Budget to GAAP:</b>		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
June 30, 2016	None	None
June 30, 2017	None	None
State aid payments recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	961,086.50	18,181.50
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.	<u>(971,160.50)</u>	<u>(18,181.50)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	B-2 \$ <u>23,917,167.58</u>	B-2 \$ <u>3,580,185.13</u>
<b>Uses/Outflows of Resources:</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	C-1 \$ 23,141,105.41	C-2 \$ 3,580,185.13
<b>Difference - Budget to GAAP:</b>		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order are placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
June 30, 2016	None	None
June 30, 2017	<u>None</u>	<u>None</u>
Total expenditures as reported on the statement of revenues, expenditures, and change in fund balance - governmental funds.	B-2 \$ <u>23,141,105.41</u>	B-2 \$ <u>3,580,185.13</u>

**REQUIRED SUPPLEMENTARY INFORMATION – PART III**

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING  
FOR PENSION (GASB 68)**

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**  
**LAST FOUR (4) FISCAL YEAR \***

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
District's proportion of the net pension liability (asset)	0.0310488841 %	0.0334081536 %	0.0319265844 %	0.0335004260 %
District's proportionate share of the net pension liability (asset)	\$ 5,934,059	\$ 6,254,920	\$ 7,166,878	\$ 9,921,865
District's covered payroll - employee payroll	\$ 2,139,216	\$ 2,262,692	\$ 2,335,002	\$ 2,476,951
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	360.00 %	276.00 %	307.00 %	400.00 %
Plan fiduciary net position as a percentage of the total pension liability	52.08	48.72	47.92%	40.14%

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

Note: Only the last four (4) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) years schedule will be compiled.

**Notes to Required Supplementary Information:**

Benefit Changes - There were none.

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



**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**  
**LAST FOUR (4) FISCAL YEARS**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 233,947	\$ 275,412	\$ 297,613	\$ 329,290
Contributions in relation to the contractually required contribution	<u>\$ 233,947</u>	<u>\$ 275,412</u>	<u>\$ 297,613</u>	<u>\$ 329,290</u>
Contribution deficiency (excess)	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>
District's covered payroll - employee payroll	\$ 2,139,216	\$ 2,262,692	\$ 2,335,062	\$ 2,476,951
Contributions as a percentage of covered-employee payroll	10.93 %	12.17 %	12.74 %	13.29 %

Note: Only the last four (4) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) years schedule will be compiled.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**TEACHERS PENSION AND ANNUITY FUND (TPAF)**  
**LAST FOUR (4) FISCAL YEARS**

	<u>2014</u>		<u>2015</u>		<u>2016</u>		<u>2017</u>	
District's proportion of the net pension liability (asset)	0.0880326060	%	0.0842835590	%	0.0807544290	%	0.0860139147	%
District's proportionate share of the net pension liability (asset)	None		None		None		None	
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 44,490,987</u>		<u>\$ 45,046,819</u>		<u>\$ 51,040,248</u>		<u>\$ 67,664,022</u>	
<b>Total</b>	<u><u>\$ 44,490,987</u></u>		<u><u>\$ 45,046,819</u></u>		<u><u>\$ 51,040,248</u></u>		<u><u>\$ 67,664,022</u></u>	
District's covered payroll - employee payroll	\$ 8,463,685		\$ 8,796,726		\$ 9,409,200		\$ 9,717,992	
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	None		None		None		None	
Plan fiduciary net position as a percentage of the total pension liability	33.76%		33.64%		28.71%		22.33%	

Note: Only the last four (4) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) years schedule will be compiled.

**Notes to Required Supplementary Information:**

Benefit Changes - There were none.

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

**OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND**

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

Exhibit E-1

	Total Brought Forward (Exh. E-1a)	Title III Part A <u>2016-2017</u>	Title II Part A <u>2016-2017</u>	Title I Part A <u>2016-2017</u>	Totals <u>2017</u>
<b>REVENUES:</b>					
State sources	\$ 310,861.00				\$ 310,861.00
Federal sources	2,119,713.23	\$ 74,434.60	\$ 50,888.66	\$ 977,562.89	3,222,599.38
Local sources	<u>46,724.75</u>				<u>46,724.75</u>
Total revenues	<u>\$ 2,477,298.98</u>	<u>\$ 74,434.60</u>	<u>\$ 50,888.66</u>	<u>\$ 977,562.89</u>	<u>\$ 3,580,185.13</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of teachers	\$ 542,171.16	\$ 28,410.00		\$ 485,734.84	\$ 1,056,316.00
Other salaries for instruction	152,402.00			5,332.50	157,734.50
Purchased professional and technical services	566,073.00	11,350.00		47,141.00	624,564.00
General supplies	60,759.08	12,598.50		103,902.72	177,260.30
Textbooks	13,923.00				13,923.00
Other objects	<u>39,191.10</u>				<u>39,191.10</u>
Total instruction	<u>\$ 1,374,519.34</u>	<u>\$ 52,358.50</u>		<u>\$ 642,111.06</u>	<u>\$ 2,068,988.90</u>
Support services:					
Salaries	\$ 426,256.36	\$ 9,487.50	\$ 7,830.00	\$ 40,188.40	\$ 57,505.90
Salaries of other professional staff	312,616.33			2,227.50	428,483.86
Personal services-employee benefits	39,690.52	2,899.42	599.33	212,711.96	528,827.04
Purchased professional and technical services	149,165.00	1,172.50	21,241.28	77,030.05	139,134.35
Purchased professional-educational services	26,779.57				149,165.00
Other purchased professional and technical services	23,897.19				26,779.57
Other purchased services	111,220.00				23,897.19
Transportation	836.12	6,401.77			111,220.00
Travel	8,799.25	2,114.91	21,218.05	3,293.92	7,237.89
Supplies and materials					35,426.13
Total support services	<u>\$ 1,099,260.34</u>	<u>\$ 22,076.10</u>	<u>\$ 50,888.66</u>	<u>\$ 335,451.83</u>	<u>\$ 1,507,676.93</u>
Facilities acquisition and construction services:					
Instructional equipment	\$ 3,519.30				\$ 3,519.30
Total facilities acquisition and construction services	<u>\$ 3,519.30</u>				<u>\$ 3,519.30</u>
Total expenditures	<u>\$ 2,477,298.98</u>	<u>\$ 74,434.60</u>	<u>\$ 50,888.66</u>	<u>\$ 977,562.89</u>	<u>\$ 3,580,185.13</u>

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

Exhibit E-1a

	Total Brought Forward (Exh. E-1b)	I.D.E.A.		21st Century CLC		Preschool Expansion Grant	Total Carried Forward (Exh. E-1)
		Part B Regular 2016-2017	Preschool 2016-2017	2016-2017	Carryover		
<b>REVENUES:</b>							
State sources	\$ 310,861.00						\$ 310,861.00
Federal sources		\$ 475,310.52	\$ 18,736.00	\$ 349,875.21	\$ 155,637.83	\$ 1,120,153.67	2,119,713.23
Local sources	46,724.75						46,724.75
<b>Total revenues</b>	<b>\$ 357,585.75</b>	<b>\$ 475,310.52</b>	<b>\$ 18,736.00</b>	<b>\$ 349,875.21</b>	<b>155,637.83</b>	<b>\$ 1,120,153.67</b>	<b>\$ 2,477,298.98</b>
<b>EXPENDITURES:</b>							
<b>Instruction:</b>							
Salaries of teachers	\$ 98,134.00			\$ 160,713.75	\$ 73,777.50	\$ 209,545.91	\$ 542,171.16
Other salaries for instruction	49,266.00		\$ 18,736.00			84,400.00	152,402.00
Purchased professional and technical services	115,123.00	\$ 435,620.00		8,530.00	3,600.00	3,200.00	566,073.00
General supplies	17,844.56			10,566.48	9,598.55	22,749.49	60,759.00
Textbooks	13,923.00						13,923.00
Other objects	17,171.75			4,888.00	16,669.35	462.00	39,191.10
<b>Total instruction</b>	<b>\$ 311,462.31</b>	<b>\$ 435,620.00</b>	<b>\$ 18,736.00</b>	<b>\$ 184,698.23</b>	<b>\$ 103,645.40</b>	<b>320,357.40</b>	<b>\$ 1,374,519.34</b>
<b>Support services:</b>							
Salaries							\$ 426,256.36
Salaries of other professional staff				\$ 118,750.88	\$ 21,687.84	\$ 285,817.64	312,616.33
Personal services-employee benefits	34,415.00			28,660.34	9,651.78	239,889.21	39,690.52
Purchased professional and technical services		\$ 39,690.52					149,165.00
Purchased professional-educational services				8,750.00	1,540.00	138,875.00	26,779.57
Other purchased professional and technical services				5,768.96	1,371.61	19,639.00	23,897.19
Other purchased services	11,708.44			1,884.66	10,304.09		111,220.00
Transportation						111,220.00	836.12
Travel						836.12	8,799.25
Supplies and materials				1,362.14	7,437.11		
<b>Total support services</b>	<b>\$ 46,123.44</b>	<b>\$ 39,690.52</b>		<b>\$ 165,176.98</b>	<b>51,992.43</b>	<b>796,276.97</b>	<b>\$ 1,099,260.34</b>
<b>Facilities acquisition and construction services:</b>							
Instructional equipment						\$ 3,519.30	\$ 3,519.30
<b>Total facilities acquisition and construction services</b>						<b>\$ 3,519.30</b>	<b>\$ 3,519.30</b>
<b>Total expenditures</b>	<b>\$ 357,585.75</b>	<b>\$ 475,310.52</b>	<b>\$ 18,736.00</b>	<b>\$ 349,875.21</b>	<b>155,637.83</b>	<b>\$ 1,120,153.67</b>	<b>\$ 2,477,298.98</b>

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

Exhibit E-1b

	Total Brought Forward (Exh. E-1c)	21st Century Program		New Jersey Chapter 192 Auxillary			Non- Public Technology	Non- Public Security	Total Carried Forward (Exh. E-1a)
		Carryover	Local Fees	Nonpublic Comp. Education	Nonpublic Transp.	Nonpublic ESL			
<b>REVENUES:</b>									
State sources	\$ 256,180.00			\$ 25,082.00	\$ 6,300.00	\$ 4,568.00	\$ 6,331.00	\$ 12,400.00	\$ 310,861.00
Federal sources									
Local sources	17,844.56	\$ 25,233.44	\$ 3,646.75						46,724.75
<b>Total revenues</b>	<b>\$ 274,024.56</b>	<b>\$ 25,233.44</b>	<b>\$ 3,646.75</b>	<b>\$ 25,082.00</b>	<b>\$ 6,300.00</b>	<b>\$ 4,568.00</b>	<b>\$ 6,331.00</b>	<b>\$ 12,400.00</b>	<b>\$ 357,585.75</b>
<b>EXPENDITURES:</b>									
Instruction:									
Salaries of teachers	\$ 98,134.00								\$ 98,134.00
Other salaries for instruction	49,266.00								49,266.00
Purchased professional and technical services	60,442.00			\$ 25,082.00	\$ 6,300.00	\$ 4,568.00	\$ 6,331.00	\$ 12,400.00	115,123.00
General supplies	17,844.56								17,844.56
Textbooks	13,923.00								13,923.00
Other objects		\$ 13,525.00	\$ 3,646.75						17,171.75
<b>Total instruction</b>	<b>\$ 239,609.56</b>	<b>\$ 13,525.00</b>	<b>\$ 3,646.75</b>	<b>\$ 25,082.00</b>	<b>\$ 6,300.00</b>	<b>\$ 4,568.00</b>	<b>\$ 6,331.00</b>	<b>\$ 12,400.00</b>	<b>\$ 311,462.31</b>
Support services:									
Salaries									
Salaries of other professional staff									
Personal services-employee benefits	\$ 34,415.00								\$ 34,415.00
Purchased professional and technical services									
Purchased professional-educational services									
Other purchased professional and technical services		\$ 11,708.44							11,708.44
Other purchased services									
Transportation									
Travel									
Supplies and materials									
<b>Total support services</b>	<b>\$ 34,415.00</b>	<b>\$ 11,708.44</b>	<b>\$</b>	<b></b>	<b></b>	<b></b>	<b></b>	<b></b>	<b>\$ 46,123.44</b>
Facilities acquisition and construction services:									
Instructional equipment									
<b>Total facilities acquisition and construction services</b>	<b></b>	<b></b>	<b></b>	<b></b>	<b></b>	<b></b>	<b></b>	<b></b>	<b></b>
<b>Total expenditures</b>	<b>\$ 274,024.56</b>	<b>\$ 25,233.44</b>	<b>\$ 3,646.75</b>	<b>\$ 25,082.00</b>	<b>\$ 6,300.00</b>	<b>\$ 4,568.00</b>	<b>\$ 6,331.00</b>	<b>\$ 12,400.00</b>	<b>\$ 357,585.75</b>

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

Exhibit E-1c

		New Jersey Chapter 226	New Jersey Chapter 193 Handicapped						
	Nonpublic Home Instruction	Nonpublic Nursing Services	Nonpublic Suppl. Inst.	Nonpublic Exam. and Class.	Nonpublic Corrective Speech	Nonpublic Textbooks	Pre-School 2016-2017	Local Education Grants	Total Carried Forward (Exh. E-1b)
<b>REVENUES:</b>									
State sources	\$ 844.00	\$ 21,488.00	\$ 9,416.00	\$ 12,790.00	\$ 15,904.00	\$ 13,923.00	\$ 181,815.00		\$ 256,180.00
Federal sources									
Local sources								\$ 17,844.56	17,844.56
Total revenues	<u>\$ 844.00</u>	<u>\$ 21,488.00</u>	<u>\$ 9,416.00</u>	<u>\$ 12,790.00</u>	<u>\$ 15,904.00</u>	<u>\$ 13,923.00</u>	<u>\$ 181,815.00</u>	<u>\$ 17,844.56</u>	<u>\$ 274,024.56</u>
<b>EXPENDITURES:</b>									
Instruction:									
Salaries of teachers							\$ 98,134.00		\$ 98,134.00
Other salaries for instruction							49,266.00		49,266.00
Purchased professional and technical services	\$ 844.00	\$ 21,488.00	\$ 9,416.00	\$ 12,790.00	\$ 15,904.00				60,442.00
General supplies								\$ 17,844.56	17,844.56
Textbooks						\$ 13,923.00			13,923.00
Other objects									
Total instruction	<u>\$ 844.00</u>	<u>\$ 21,488.00</u>	<u>\$ 9,416.00</u>	<u>\$ 12,790.00</u>	<u>\$ 15,904.00</u>	<u>\$ 13,923.00</u>	<u>\$ 147,400.00</u>	<u>\$ 17,844.56</u>	<u>\$ 239,609.56</u>
Support services:									
Salaries									
Salaries of other professional staff							\$ 34,415.00		\$ 34,415.00
Personal services-employee benefits									
Purchased professional and technical services									
Purchased professional-educational services									
Other purchased professional and technical services									
Other purchased services									
Transportation									
Travel									
Supplies and materials									
Total support services							<u>\$ 34,415.00</u>		<u>\$ 34,415.00</u>
Facilities acquisition and construction services:									
Instructional equipment									
Total facilities acquisition and construction services									
Total expenditures	<u>\$ 844.00</u>	<u>\$ 21,488.00</u>	<u>\$ 9,416.00</u>	<u>\$ 12,790.00</u>	<u>\$ 15,904.00</u>	<u>\$ 13,923.00</u>	<u>\$ 181,815.00</u>	<u>\$ 17,844.56</u>	<u>\$ 274,024.56</u>



**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**SPECIAL REVENUE FUND**  
**SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES**  
**PRESCHOOL - ALL PROGRAMS**  
**BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Transfer</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>					
State sources	\$ <u>181,815.00</u>	_____	\$ <u>181,815.00</u>	\$ <u>181,815.00</u>	_____
Total revenues	\$ <u>181,815.00</u>	_____	\$ <u>181,815.00</u>	\$ <u>181,815.00</u>	_____
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of teachers	\$ 98,134.00		\$ 98,134.00	\$ 98,134.00	
Other salaries for instruction	<u>49,266.00</u>	_____	<u>49,266.00</u>	<u>49,266.00</u>	_____
Total instruction	<u>147,400.00</u>	_____	<u>147,400.00</u>	<u>147,400.00</u>	_____
Support services:					
Purchased professional-educational services	<u>34,415.00</u>	_____	<u>34,415.00</u>	<u>34,415.00</u>	_____
Total support services	<u>34,415.00</u>	_____	<u>34,415.00</u>	<u>34,415.00</u>	_____
 Total expenditures	 <u>\$ 181,815.00</u>	 =====	 <u>\$ 181,815.00</u>	 <u>\$ 181,815.00</u>	 =====

**CALCULATION OF BUDGET & CARRYOVER**

Total 2016 - 2017 PreK Aid Allocation	\$ 181,815.00
Add: Actual PreK Aid Carryover June 30, 2016	
Total Funds Available for 2016 - 2017 Budget	<u>181,815.00</u>
Less: 2016 - 2017 Budgeted PreK (Including prior year budgeted carryover)	<u>(181,815.00)</u>
Available & Unbudgeted Funds as of June 30, 2017	<u>\$ None</u>

**CAPITAL PROJECTS FUND**

BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
CAPITAL PROJECTS FUND  
SUMMARY STATEMENT OF PROJECT EXPENDITURES  
FISCAL YEAR ENDED JUNE 30, 2017

<u>Number</u>	<u>Issue/Project Title</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Transfer to Debt Service Fund</u>	<u>Unexpended Balance June 30, 2017</u>
				<u>Prior Years</u>	<u>Current Year</u>		
SP 201845	EDA - Park Avenue School	09/25/01	\$ 5,142,909.00	\$ 5,053,337.56		\$ 89,571.44	
1640-070-17-2000	Additions/Rehab. - PAE & FIS	01/11/17	27,835,015.00		\$ 1,402,800.76		\$ 26,432,214.24
1640-040-17-1000	Additions/Rehab. - FLC	01/11/17	<u>13,416,520.00</u>		<u>612,987.10</u>		<u>12,803,532.90</u>
			<u>\$ 46,394,444.00</u>	<u>\$ 5,053,337.56</u>	<u>2,015,787.86</u>	<u>89,571.44</u>	<u>\$ 39,235,747.14</u>

**BOARD OF EDUCATION**  
**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGE IN FUND BALANCE - BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<b>Revenues</b>	
Bond Sale Proceeds	\$ 15,605,000.00
Transfer from capital reserve	685.00
Contributions from SDA	<u>25,645,850.00</u>
Total revenues	<u>41,251,535.00</u>
<b>Expenditures</b>	
Purchased professional and technical services	\$ <u>2,015,787.86</u>
Total expenditures	<u>2,015,787.86</u>
Excess(deficiency) of revenues over/(under) expenditures	\$ 39,235,747.14
Other financing sources/(uses):	
Interest Earned	990.75
Transfer in/(out) - Debt Service Fund	<u>(90,562.19)</u>
Net change in fund balance	\$ 39,146,175.70
Fund balance, beginning	<u>89,571.44</u>
Fund balance, ending	<u><u>\$ 39,235,747.14</u></u>

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
PARK AVENUE ELEMENTARY SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State sources - SCC Grant	\$ 1,299,793.08		\$ 1,299,793.08	\$ 1,299,793.08
Transfer from capital outlay	73.00		73.00	73.00
Bond proceeds	<u>3,176,400.00</u>		<u>3,176,400.00</u>	<u>3,176,400.00</u>
Total revenues	<u>\$ 4,476,266.08</u>		<u>\$ 4,476,266.08</u>	<u>\$ 4,476,266.08</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	\$ 667,702.20		\$ 667,702.20	\$ 667,702.20
Construction services	3,391,641.03		3,391,641.03	3,391,641.03
Cancellation	<u>0.29</u>		<u>0.29</u>	<u>0.29</u>
Total expenditures	<u>\$ 4,059,343.52</u>		<u>\$ 4,059,343.52</u>	<u>\$ 4,059,343.52</u>
Transferred to debt service fund	<u>\$ 327,351.12</u>	<u>\$ 89,571.44</u>	<u>\$ 416,922.56</u>	<u>\$ 416,922.56</u>
Excess (deficiency) or revenues over/(under) expenditures	<u>\$ 89,571.44</u>	<u>\$ (89,571.44)</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

Additional project information:

Project Number	SP201845
Grant Date	04/08/01 - 04/29/02
Bond Authorization Date	9/25/2001
Bonds Authorized	\$ 5,142,836.00
Bonds Issued	\$ 3,176,400.00
Original Authorized Cost	\$ 5,142,909.00
Additional Authorized Cost (Cancelled)	\$ (120,195.00)
Revised Authorized Cost	\$ 5,022,714.00

Percentage Increase over Original

Authorized Cost	XX
Percentage completion	100.00%
Original target completion date	12/30/2003
Revised target completion date	6/30/2005

**BOARD OF EDUCATION**  
**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE**  
**AND PROJECT STATUS - BUDGETARY BASIS**  
**ADDITIONS & REHABILITATION TO PARK AVENUE ELEMENTARY AND FREEHOLD INTERMEDIATE SCHOOLS**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources</b>				
State sources - SDA Grant		\$ 13,709,600.00	\$ 13,709,600.00	\$ 13,709,600.00
Transfer from Capital Reserve		685.00	685.00	685.00
Bond Sale Proceeds		14,124,730.00	14,124,730.00	14,124,730.00
		<u>\$ 27,835,015.00</u>	<u>\$ 27,835,015.00</u>	<u>\$ 27,835,015.00</u>
<b>Total revenues</b>				
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services		\$ 1,402,800.76	\$ 1,402,800.76	\$ 1,402,800.76
		<u>\$ 1,402,800.76</u>	<u>\$ 1,402,800.76</u>	<u>\$ 1,402,800.76</u>
<b>Total expenditures</b>				
Excess (deficiency) or revenues over/(under) expenditures		<u>\$ 26,432,214.24</u>	<u>\$ 26,432,214.24</u>	<u>\$ 26,432,214.24</u>

## Additional project information:

DOE Project Number	1640-070-17-2000
SDA Project Number	1640-070-17-G3LT
Grant Number	G5-6403
Grant Date	1/11/2017
Bond Authorization Date	6/19/2017
Bonds Authorized	\$ 14,124,730.00
Bonds Issued	\$ 14,124,730.00
Original Authorized Cost	\$ 27,835,015.00
Additional Authorized Cost (Cancelled)	\$ -
Revised Authorized Cost	\$ 27,835,015.00

## Percentage Increase over Original Authorized Cost

Percentage completion	5.04%
Original target completion date	12/31/2020
Revised target completion date	

## Expenditures allocation:

Grants	49.2531 %	\$ 690,922.86
Local	50.7469	711,877.90
	<u>100.0000</u>	<u>1,402,800.76</u>

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
ADDITIONS & REHABILITATION TO FREEHOLD LEARNING CENTER  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State sources - SDA Grant		\$ 11,936,250.00	\$ 11,936,250.00	\$ 11,936,250.00
Bond Sale Proceeds		1,480,270.00	1,480,270.00	1,480,270.00
<b>Total revenues</b>		<b>\$ 13,416,520.00</b>	<b>\$ 13,416,520.00</b>	<b>\$ 13,416,520.00</b>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services		\$ 612,987.10	\$ 612,987.10	\$ 612,987.10
Construction services				
<b>Total expenditures</b>		<b>\$ 612,987.10</b>	<b>\$ 612,987.10</b>	<b>\$ 612,987.10</b>
<b>Excess (deficiency) or revenues over/(under) expenditures</b>		<b>\$ 12,803,532.90</b>	<b>\$ 12,803,532.90</b>	<b>\$ 12,803,532.90</b>
<b>Additional project information:</b>				
DOE Project Number	1640-040-17-1000			
SDA Project Number	1640-040-17-G3LS			
Grant Number	G5-6402			
Grant Date	1/11/2017			
Bond Authorization Date	6/19/2017			
Bonds Authorized	\$ 1,480,270.00			
Bonds Issued	\$ 1,480,270.00			
Original Authorized Cost	\$ 13,416,520.00			
Additional Authorized Cost (Cancelled)	\$ -			
Revised Authorized Cost	\$ 13,416,520.00			
Percentage Increase over Original Authorized Cost				
Percentage completion	4.57%			
Original target completion date	12/31/2020			
Revised target completion date				
<b>Expenditures allocation:</b>				
Grants	88.9892 %		\$ 545,492.32	
Local	11.0108		67,494.78	
	<u>100.0000</u>		<u>612,987.10</u>	

**FIDUCIARY FUNDS**



**BOARD OF EDUCATION**  
**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**STUDENT ACTIVITY AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Agency			Balance June 30, 2017
	Balance July 1, 2016	Cash Receipts	Cash Disbursements	
Elementary Schools:				
Cash and Cash Equivalents:				
FLC	\$ 9,957.47	\$ 11,028.40	\$ 12,643.91	\$ 8,341.96
PAE	<u>8,762.76</u>	<u>9,045.57</u>	<u>11,890.11</u>	<u>5,918.22</u>
Total Elementary Schools	<u>18,720.23</u>	<u>20,073.97</u>	<u>24,534.02</u>	<u>14,260.18</u>
Middle Schools:				
Cash and Cash Equivalents	\$ <u>12,999.41</u>	\$ <u>26,487.95</u>	\$ <u>24,002.53</u>	\$ <u>15,484.83</u>
Total Middle Schools	<u>12,999.41</u>	<u>26,487.95</u>	<u>24,002.53</u>	<u>15,484.83</u>
Other Student Accounts:				
Cash and Cash Equivalents	\$ <u>1,811.34</u>	\$ <u>3,700.00</u>	\$ <u>4,364.00</u>	\$ <u>1,147.34</u>
Total Other Student Accounts	<u>1,811.34</u>	<u>3,700.00</u>	<u>4,364.00</u>	<u>1,147.34</u>
Total All Schools	<u>\$ 33,530.98</u>	<u>\$ 50,261.92</u>	<u>\$ 52,900.55</u>	<u>\$ 30,892.35</u>

BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
FIDUCIARY FUNDS  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Agency			Balance June 30, 2017
	Balance July 1, 2016	Additions	Deletions	
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 9,169.42	\$ 6,857,943.50	\$ 6,855,806.55	\$ 11,306.37
Intrafund Receivable - General Fund	<u>2,264.78</u>		<u>2,264.78</u>	
Total Assets	<u>\$ 11,434.20</u>	<u>\$ 6,857,943.50</u>	<u>\$ 6,858,071.33</u>	<u>\$ 11,306.37</u>
<u>LIABILITIES</u>				
Payroll Deductions and Withholdings	<u>\$ 11,434.20</u>	<u>\$ 6,855,678.72</u>	<u>\$ 6,855,806.55</u>	<u>\$ 11,306.37</u>
Total Liabilities	<u>\$ 11,434.20</u>	<u>\$ 6,855,678.72</u>	<u>\$ 6,855,806.55</u>	<u>\$ 11,306.37</u>

**NONCURRENT DEBT**

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
NONCURRENT DEBT  
SCHEDULE OF SERIAL BONDS  
JUNE 30, 2017**

<u>Issue</u>	<u>Original</u>		<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2017</u>
	<u>Date of Original Issue</u>	<u>Amount of Issue</u>	<u>Date</u>	<u>Amount</u>					
Improvements to the Elementary Schools	12/1/1996	\$ 5,885,000.00				\$ 435,000.00		\$ 435,000.00	
2011 Refunding Bonds	7/7/2011	2,485,000.00	8/15/2017	305,000.00	2.25%				
			8/15/2018	300,000.00	2.50%				
			8/15/2019	295,000.00	4.00%				
			8/15/2020	290,000.00	4.00%				
			8/15/2021	280,000.00	5.00%				
						<u>1,710,000.00</u>	<u>240,000.00</u>	<u>\$ 1,470,000.00</u>	
						<u>\$ 2,145,000.00</u>	<u>\$ 675,000.00</u>	<u>\$ 1,470,000.00</u>	
Total									

BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
NONCURRENT DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE  
JUNE 30, 2017

<u>Series</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding June 30, 2016</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2017</u>
Copiers	N/A	31,601.66	\$ 12,137.70	\$ 6,781.63	\$ 5,356.07
Copiers	N/A	33,875.18	10,635.37	7,414.28	3,221.09
Total			\$ <u>22,773.07</u>	\$ <u>14,195.91</u>	\$ <u>8,577.16</u>

**BOARD OF EDUCATION**  
**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**DEBT SERVICE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 524,928.00		\$ 524,928.00	\$ 524,928.00	
State Sources:					
Debt Service Aid Type II	<u>125,734.00</u>		<u>125,734.00</u>	<u>125,734.00</u>	
Total Revenues	<u>\$ 650,662.00</u>		<u>\$ 650,662.00</u>	<u>\$ 650,662.00</u>	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	\$ 65,581.00		\$ 65,581.00	\$ 65,581.25	\$ (0.25)
Redemption of Principal	<u>675,000.00</u>		<u>675,000.00</u>	<u>675,000.00</u>	
Total Regular Debt Service	<u>\$ 740,581.00</u>		<u>\$ 740,581.00</u>	<u>\$ 740,581.25</u>	<u>\$ (0.25)</u>
Total Expenditures	<u>\$ 740,581.00</u>		<u>\$ 740,581.00</u>	<u>\$ 740,581.25</u>	<u>\$ (0.25)</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(89,919.00)		(89,919.00)	\$ (89,919.25)	(0.25)
<b>Other Financing Sources:</b>					
Operating Transfer In:					
Capital Projects Fund	<u>\$ 89,571.00</u>		<u>\$ 89,571.00</u>	<u>\$ 90,562.19</u>	<u>\$ 991.19</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	(348.00)		(348.00)	\$ 642.94	\$ 990.94
Fund Balance, July 1	<u>\$ 348.23</u>		<u>\$ 348.23</u>	<u>360.17</u>	<u>(11.94)</u>
Fund Balance, June 30	<u><u>\$ 0.23</u></u>		<u><u>\$ 0.23</u></u>	<u><u>\$ 1,003.11</u></u>	<u><u>\$ 979.00</u></u>

**STATISTICAL TABLES (SECTION)**  
**(UNAUDITED)**

**FREEHOLD BOROUGH SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**INTRODUCTION TO STATISTICAL TABLES (SECTION)**  
**(UNAUDITED)**

<b><u>Contents</u></b>	<b><u>Exhibit</u></b>
<b>Financial Trends</b>  These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	<b>J-1 to J-5</b>
<b>Revenue Capacity</b>  These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	<b>J-6 to J-9</b>
<b>Debt Capacity</b>  These schedules contain information to help the reader assess the district's outstanding debt.	<b>J-10 to J-13</b>
<b>Demographic and Economic Information</b>  These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	<b>J-14 &amp; J-15</b>
<b>Operating Information</b>  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.	<b>J-16 to J-20</b>

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



## **FINANCIAL TRENDS**

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**NET POSITION BY COMPONENT**  
**LAST TEN (10) FISCAL YEARS**  
**UNAUDITED**  
*(accrual basis of accounting)*

	2008	2009	2010	2011	Fiscal Year Ending June 30,		2014	2015	2016	2017
					2012	2013				
<b>Governmental activities</b>										
Invested in capital assets	\$ 2,205,363	\$ 2,342,335	\$ 2,586,033	\$ 2,619,340	\$ 3,321,268	\$ 4,132,408	\$ 4,762,647	\$ 5,498,976	\$ 6,392,287	\$ 8,862,920
Restricted	711,665	1,167,630	1,037,480	899,020	1,740,095	880,248	864,913	1,250,488	1,332,286	1,808,155
Unrestricted	357,271	703,546	511,249	586,568		795,716	1,187,662	(5,220,455)	(5,474,726)	(6,011,289)
<b>Total governmental activities net assets</b>	<b>\$ 3,274,299</b>	<b>\$ 4,213,511</b>	<b>\$ 4,134,762</b>	<b>\$ 4,104,927</b>	<b>\$ 5,061,363</b>	<b>\$ 5,808,372</b>	<b>\$ 6,815,222</b>	<b>\$ 1,529,009</b>	<b>\$ 2,249,847</b>	<b>\$ 4,659,786</b>
<b>Business-type activities</b>										
Invested in capital assets	\$ 25,206	\$ 18,474	\$ 12,794	\$ 29,375	\$ 37,925	\$ 45,656	\$ 54,700	\$ 56,563	\$ 66,413	\$ 91,771
Unrestricted	33,315	52,012	141,435	150,774	175,782	232,487	258,674	284,237	362,224	426,235
<b>Total business-type activities net assets</b>	<b>\$ 58,521</b>	<b>\$ 70,486</b>	<b>\$ 154,229</b>	<b>\$ 180,149</b>	<b>\$ 213,707</b>	<b>\$ 278,143</b>	<b>\$ 313,374</b>	<b>\$ 340,800</b>	<b>\$ 428,637</b>	<b>\$ 518,006</b>
<b>District-wide</b>										
Invested in capital assets	\$ 2,230,569	\$ 2,360,809	\$ 2,598,827	\$ 2,648,714	\$ 3,359,193	\$ 4,178,064	\$ 4,817,347	\$ 5,555,539	\$ 6,458,700	\$ 8,954,691
Restricted	711,665	1,167,630	1,037,480	899,020	1,740,095	880,248	864,913	1,250,488	1,332,286	1,808,155
Unrestricted	390,586	755,558	652,684	737,342	175,782	1,028,203	1,446,336	(4,936,218)	(5,112,502)	(5,585,054)
<b>Total district net position</b>	<b>\$ 3,332,820</b>	<b>\$ 4,283,997</b>	<b>\$ 4,288,991</b>	<b>\$ 4,285,076</b>	<b>\$ 5,275,070</b>	<b>\$ 6,086,515</b>	<b>\$ 7,128,596</b>	<b>\$ 1,869,809</b>	<b>\$ 2,678,484</b>	<b>\$ 5,177,792</b>

Note: In 2015 the effective date of GASB 68 an adjustment was made for the provision of the net pension liability for PERS.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**CHANGE IN NET POSITION**  
**LAST TEN (10) FISCAL YEARS**  
**UNAUDITED**  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
<b>Governmental activities</b>										
Instruction										
Regular	\$ 8,381,421	\$ 8,590,909	\$ 8,525,481	\$ 9,118,099	\$ 8,554,496	\$ 8,840,598	\$ 9,016,413	\$ 10,228,333	\$ 11,489,638	\$ 12,721,154
Special education	1,785,986	2,106,147	2,233,631	2,280,846	2,345,285	2,660,173	3,026,315	3,237,427	3,804,410	4,431,357
Other special education	734,719	754,348	829,074	958,899	1,032,112	1,056,890	846,143	942,388	1,055,485	3,857
Other instruction	172,757	95,150	97,788	139,516	138,483	129,790	123,514	162,765	176,171	1,436,137
Support Services:										
Tuition	812,020	840,266	783,788	822,606	814,041	920,169	924,247	1,033,465	808,801	925,634
Student & instruction related services	2,983,162	2,949,086	3,181,058	3,785,116	3,392,310	3,527,885	3,375,872	1,047,754	4,509,672	5,342,679
School Administrative service	753,886	748,160	755,019	791,134	857,476	1,023,196	973,086	3,299,923	855,257	1,379,214
General administration	832,115	1,528,882	1,534,124	1,765,162	1,605,784	1,622,290	1,630,102	3,023,706	2,290,224	2,122,881
Central Services	122,028									
Central Services	328,138									
Plant operations and maintenance	1,598,415	1,752,133	2,056,408	1,940,801	1,764,088	1,668,166	1,677,194	2,114,376	2,220,136	2,326,561
Pupil transportation	578,656	493,554	551,485	470,538	537,046	765,072	656,820	779,883	1,006,637	1,051,525
Other support services			296,572	271,261	170,078					
Interest on long-term debt	347,679	323,155	-	-		189,826	160,571	134,624	105,749	81,298
<b>Total governmental activities expenses</b>	<u>19,430,982</u>	<u>20,181,790</u>	<u>20,844,428</u>	<u>22,343,978</u>	<u>21,211,199</u>	<u>22,404,054</u>	<u>22,410,277</u>	<u>26,004,644</u>	<u>28,322,180</u>	<u>31,822,297</u>
<b>Business-type activities:</b>										
Food service	531,422	625,274	674,929	733,025	782,883	765,615	846,112	919,418	985,409	1,016,129
<b>Total business-type activities expense</b>	<u>531,422</u>	<u>625,274</u>	<u>674,929</u>	<u>733,025</u>	<u>782,883</u>	<u>765,615</u>	<u>846,112</u>	<u>919,418</u>	<u>985,409</u>	<u>1,016,129</u>
<b>Total district expenses</b>	<u>\$ 19,962,404</u>	<u>\$ 20,807,064</u>	<u>\$ 21,519,357</u>	<u>\$ 23,077,003</u>	<u>\$ 21,994,082</u>	<u>\$ 23,169,669</u>	<u>\$ 23,256,389</u>	<u>\$ 26,924,062</u>	<u>\$ 29,307,589</u>	<u>\$ 32,838,426</u>

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**CHANGE IN NET POSITION**  
**LAST TEN (10) FISCAL YEARS**  
**UNAUDITED**  
*(accrual basis of accounting)*

	2008		2009		2010		2011		Fiscal Year Ending June 30,		2014		2015		2016		2017	
									2012	2013								
<b>Program Revenues</b>																		
Governmental activities:																		
Charges for services:																		
Instruction (tuition)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pupil transportation																		
Central and other support services																		
Special schools																		
Operating grants and contributions	4,626,660	2,840,252	2,680,666	3,941,294	2,726,840	2,373,943	2,438,157	2,520,098	3,038,795	3,173,672								
Capital grants and contributions																		
<b>Total governmental activities program revenues</b>	<b>4,626,660</b>	<b>2,840,252</b>	<b>2,680,666</b>	<b>3,941,294</b>	<b>2,726,840</b>	<b>2,373,943</b>	<b>2,438,157</b>	<b>2,520,098</b>	<b>3,038,795</b>	<b>3,173,672</b>								
Business-type activities:																		
Charges for services:																		
Food service	\$ 130,927	\$ 153,976	\$ 144,444	\$ 156,161	\$ 155,093	\$ 142,253	\$ 145,086	\$ 143,804	\$ 163,247	\$ 164,614								
Operating grants and contributions	407,545	483,263	614,228	602,784	661,347	687,798	736,257	803,040	908,925	940,885								
<b>Total business type activities program revenues</b>	<b>538,472</b>	<b>637,239</b>	<b>758,672</b>	<b>758,945</b>	<b>816,440</b>	<b>830,051</b>	<b>881,343</b>	<b>946,844</b>	<b>1,072,172</b>	<b>1,105,499</b>								
<b>Total district program revenues</b>	<b>\$ 5,165,132</b>	<b>\$ 3,477,491</b>	<b>\$ 3,439,338</b>	<b>\$ 4,700,239</b>	<b>\$ 3,543,280</b>	<b>\$ 3,203,995</b>	<b>\$ 3,319,500</b>	<b>\$ 3,466,942</b>	<b>\$ 4,110,967</b>	<b>\$ 4,279,171</b>								
<b>Net (Expense)/Revenue</b>																		
Governmental activities	\$ (14,804,322)	\$ (17,341,538)	\$(18,163,762)	\$(18,402,684)	\$ (18,484,359)	\$(20,030,111)	\$(19,972,120)	\$(23,484,546)	\$ (25,283,385)	\$ (28,648,625)								
Business-type activities	7,050	11,965	83,743	25,920	33,557	64,437	35,231	27,426	86,763	89,370								
<b>Total district-wide net expense</b>	<b>\$ (14,797,272)</b>	<b>\$ (17,329,573)</b>	<b>\$(18,080,019)</b>	<b>\$(18,376,764)</b>	<b>\$ (18,450,802)</b>	<b>\$(19,965,674)</b>	<b>\$(19,936,889)</b>	<b>\$(23,457,120)</b>	<b>\$ (25,196,622)</b>	<b>\$ (28,559,255)</b>								
<b>General Revenues and Other Change in Net Position</b>																		
Governmental activities:																		
Property taxes levied for general purposes, net	\$ 7,504,804	\$ 7,737,636	\$ 7,956,512	\$ 8,028,124	\$ 8,268,967	\$ 8,434,346	\$ 8,911,720	\$ 9,725,469	\$ 10,566,139	\$ 11,054,967								
Taxes levied for debt service	614,451	630,302	611,839	658,411	636,987	667,928	556,871	545,380	556,881	524,928								
Unrestricted grants and contributions	7,462,236	9,392,206	9,307,495	9,765,675	10,586,138	11,502,743	11,311,988	13,749,934	14,848,687	17,171,566								
Restricted grants										2,015,788								
Tuition Received	117,821	96,742	-	-														
Investment earnings	40,990	5,279	-	-						991								
Miscellaneous income	75,817	462,695	127,278	53,478	159,791	157,116	95,383	147,490	124,974	299,771								
Transfers	(52,940)	(44,109)	81,889	(132,840)	(211,088)	13,437	103,008	15,983	(92,457)	685								
Special and Extraordinary Items										(10,133)								
<b>Total governmental activities</b>	<b>\$ 15,763,179</b>	<b>\$ 18,280,751</b>	<b>\$ 18,085,013</b>	<b>\$ 18,372,848</b>	<b>\$ 19,440,795</b>	<b>\$ 20,775,569</b>	<b>\$ 20,978,970</b>	<b>\$ 24,184,256</b>	<b>\$ 26,004,224</b>	<b>\$ 31,058,563</b>								

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**CHANGE IN NET POSITION**  
**LAST TEN (10) FISCAL YEARS**  
**UNAUDITED**  
*(accrual basis of accounting)*

	2008	2009	2010	2011	Fiscal Year Ending June 30, 2012	2013	2014	2015	2016	2017
<b>General Revenues and Other Change in Net Position (Continued)</b>										
Business-type activities:										
Investment earnings										
Transfers	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special and Extraordinary Items								\$ 1,074		
Total business-type activities	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,074</u>	<u>-</u>
Total district-wide	<u>\$ 15,798,179</u>	<u>\$ 18,280,751</u>	<u>\$ 18,085,013</u>	<u>\$ 18,372,848</u>	<u>\$ 19,440,795</u>	<u>\$ 20,775,569</u>	<u>\$ 20,978,970</u>	<u>\$ 24,184,256</u>	<u>\$ 26,005,298</u>	<u>\$ 31,058,563</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 958,857	\$ 939,213	\$ (78,749)	\$ (29,836)	\$ 956,436	\$ 745,459	\$ 1,006,850	\$ 699,710	\$ 720,839	\$ 2,409,938
Business-type activities	<u>42,050</u>	<u>11,965</u>	<u>83,743</u>	<u>25,920</u>	<u>33,557</u>	<u>64,437</u>	<u>35,231</u>	<u>27,426</u>	<u>87,837</u>	<u>89,370</u>
Total district	<u>\$ 1,000,907</u>	<u>\$ 951,178</u>	<u>\$ 4,994</u>	<u>\$ (3,916)</u>	<u>\$ 989,993</u>	<u>\$ 809,895</u>	<u>\$ 1,042,081</u>	<u>\$ 727,136</u>	<u>\$ 808,676</u>	<u>\$ 2,499,308</u>

Note: 2015 includes pension expenses in accordance with GASB 68 related to pension liabilities (TPAF and PERS). Amounts from years prior to 2015 are not available.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN (10) FISCAL YEARS**  
**UNAUDITED**  
*(modified accrual basis of accounting)*

	2008	2009	2010	2011	Fiscal Year Ending June 30,		2014	2015	2016	2017
					2012	2013				
<b>General Fund</b>										
Reserved	\$ 711,665	\$ 1,167,630	\$ 1,034,294							
Unreserved	62,171	265,677	-							
Restricted				\$ 882,401	\$ 1,797,396	\$ 1,787,608	\$ 1,731,217	\$ 2,361,604	\$ 2,482,537	\$ 3,410,733
Assigned				16,619	121,933	34,988	97,351	138,473	175,669	23,535
Unassigned					17,073					
<b>Total general fund</b>	<b>\$ 773,836</b>	<b>\$ 1,433,307</b>	<b>\$ 1,034,294</b>	<b>\$ 899,020</b>	<b>\$ 1,936,402</b>	<b>\$ 1,822,596</b>	<b>\$ 1,828,568</b>	<b>\$ 2,500,077</b>	<b>\$ 2,658,206</b>	<b>\$ 3,434,268</b>
<b>All Other Governmental Funds</b>										
Reserved										
Unreserved (deficit), reported in:										
Special revenue fund	\$ (74,710)	\$ (36,577)	\$ (37,795)	\$ (32,828)	\$ (26,456)	\$ (14,598)	\$ (17,391)	\$ (15,020)	\$ (18,181)	\$ (18,181)
Capital projects fund	1,167,500	1,167,500	1,167,500	1,167,500	359,602	359,602	179,802	179,801	89,571	39,235,747
Debt service fund	2	1	1	0	10,486	10,507	89,923	348	360	1,003
<b>Total all other governmental funds</b>	<b>\$ 1,092,792</b>	<b>\$ 1,130,924</b>	<b>\$ 1,129,706</b>	<b>\$ 1,134,672</b>	<b>\$ 343,632</b>	<b>\$ 355,511</b>	<b>\$ 252,334</b>	<b>\$ 165,130</b>	<b>\$ 71,750</b>	<b>\$39,218,569</b>

No GASB 54 was implemented in the 2011 fiscal year, which required the presentation of fund balances to be reported in different classifications from those presented in prior years (See Notes to financial statements - Note 2G 15(a-c). Prior years have not been restated above and are not required to be.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN (10) FISCAL YEARS**  
**UNAUDITED**  
*(modified accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Tax levy	\$ 8,119,255	\$ 8,367,938	\$ 8,568,351	\$ 8,686,535	\$ 8,905,954	\$ 9,102,274	\$ 9,468,591	\$ 10,270,849	\$ 11,123,020	\$ 11,579,895
Tuition charges	117,821	96,742		4	3	27	29	18	11	991
Interest earnings	40,990	5,279	24	4	3	27	29	18	11	991
Bonds Proceeds										15,605,000
Miscellaneous	106,731	498,275	165,211	117,519	176,719	157,089	153,256	208,033	158,026	347,181
State sources	9,674,300	10,124,947	8,507,323	10,386,526	10,748,331	11,571,783	11,688,720	12,100,225	12,409,447	38,557,060
Federal sources	2,383,682	2,071,930	3,439,694	3,154,471	2,547,718	2,290,535	2,003,523	2,129,142	3,017,166	3,310,413
<b>Total revenue</b>	<b>20,442,779</b>	<b>21,165,111</b>	<b>20,680,603</b>	<b>22,345,055</b>	<b>22,378,725</b>	<b>23,121,708</b>	<b>23,314,119</b>	<b>24,708,267</b>	<b>26,707,670</b>	<b>69,400,540</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	6,465,760	6,713,493	6,623,944	6,947,817	6,316,553	6,415,514	6,691,137	6,863,550	7,538,855	7,480,927
Special education instruction	1,222,149	1,551,730	1,654,345	1,632,014	1,652,998	1,827,625	2,124,971	2,060,345	2,397,490	2,476,351
Other special instruction	502,763	555,775	614,056	686,122	727,450	726,233	594,131	599,749	665,153	2,155
Other instruction	66,615	70,103	72,427	99,828	97,606	89,178	86,727	103,586	111,021	802,548
<b>Support Services:</b>										
Tuition	812,020	840,266	783,788	822,606	814,041	920,169	924,247	1,033,465	808,801	925,634
Student & inst. related services	2,231,427	2,287,037	2,462,505	2,807,375	2,505,789	2,568,857	2,501,284	2,810,741	2,954,040	3,157,622
General administration	428,889	1,128,254	497,116	578,666	522,781	469,794	477,322	522,965	1,443,270	770,738
School administrative services	517,773	553,267	561,269	568,736	606,326	707,602	685,221	740,856	538,972	1,186,318
Central services	328,138	435,003	392,181	403,822	385,073	414,271	412,805	416,507		
Admin. information technology	122,028	223,552	248,796	283,763	226,816	237,624	256,628	244,004		
Plant operations and maintenance	1,093,672	632,351	1,523,085	1,388,702	1,243,360	1,150,508	1,177,666	1,345,619	1,399,101	1,300,139
Pupil transportation	424,477	387,522	431,362	336,684	378,519	527,658	461,196	496,329	634,370	587,618
Employee benefits	4,553,425	4,200,043	4,372,740	5,078,497	5,017,859	5,680,303	5,512,353	5,874,573	6,585,190	7,709,836
Capital outlay	178,056	93,321	71,544	137,243	70,076	744,540	706,168	240,771	683,046	2,337,192
<b>Debt service:</b>										
Principal	425,000	475,000	475,000	525,000	580,000	630,000	650,000	650,000	690,000	675,000
Interest and other charges	343,589	320,790	296,677	271,321	179,238	179,200	149,169	121,231	93,612	65,581
<b>Total expenditures</b>	<b>19,715,781</b>	<b>20,467,507</b>	<b>21,080,835</b>	<b>22,568,196</b>	<b>21,324,485</b>	<b>23,289,076</b>	<b>23,411,025</b>	<b>24,124,291</b>	<b>26,542,921</b>	<b>29,477,659</b>
<b>Excess (Deficiency) of revenues over (under) expenditures</b>	<b>726,998</b>	<b>697,604</b>	<b>(400,232)</b>	<b>(223,141)</b>	<b>1,054,240</b>	<b>(167,368)</b>	<b>(96,906)</b>	<b>583,976</b>	<b>164,749</b>	<b>39,922,881</b>

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN (10) FISCAL YEARS**  
**UNAUDITED**  
*(modified accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Other Financing sources (uses)</b>										
Capital leases (non-budgeted)	\$ 27,410			\$ 92,837		\$ 65,477				
Cancellation of Grant Receivable					\$ (807,898)					
Transfers out	(35,000)			(4)		\$ (6)			\$ (100,000)	
<b>Total other financing sources (uses)</b>	<u>(7,590)</u>	-	-	92,833	(807,898)	65,471	-	-	(100,000)	-
<b>Net change in fund balances</b>	<u>\$ 719,408</u>	<u>\$ 697,604</u>	<u>\$ (400,232)</u>	<u>\$ (130,308)</u>	<u>\$ 246,342</u>	<u>\$ (101,897)</u>	<u>\$ (96,906)</u>	<u>\$ 583,976</u>	<u>\$ 64,749</u>	<u>\$ 39,922,881</u>
<b>Debt service as a percentage of noncapital expenditures</b>	3.93%	3.91%	3.67%	3.55%	3.57%	3.59%	3.52%	3.23%	3.03%	2.73%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.



**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE**  
**LAST TEN (10) FISCAL YEARS**  
**UNAUDITED**  
*(modified accrual basis of accounting)*

Fiscal Year Ending June 30,	<u>Interest on Investments</u>	<u>E-Rate</u>	<u>Miscellaneous</u>	<u>Tuition</u>	<u>Refund of Prior Year Expenditures</u>	<u>Use of Building</u>	<u>Annual Totals</u>
2008	\$ 38,860	\$ 35,614	\$ 20,547	\$ 11,014	\$ 8,641		\$ 114,676
2009	5,128	35,460	426,034	96,742	-	\$ 1,200	564,564
2010	181	13,942	16,250	96,081		800	127,254
2011	3	19,134	29,744	3,796		800	53,478
2012	3	125,193	20,957	8,957	4,681	-	159,791
2013	-	25,939	68,734	9,709	32,570	5,770	142,721
2014	-	27,639	44,350	4,928	14,666	3,771	95,354
2015	-	65,541	59,654	8,148	11,328	2,800	147,471
2016	-	40,119	31,465	12,470	39,229	1,680	124,963
2017	45	40,055	223,835	25,655	8,606	1,575	299,771

Source: District records

## **REVENUE CAPACITY**

**BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN (10) FISCAL YEARS  
UNAUDITED**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Tax-Exempt Property	Net Valuation	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>b</sup>
2008	11,815,100	763,101,500	-	-	237,093,900	34,727,100	22,941,400	1,069,679,000	10,469,969	207,916,700	1,288,065,669	1,251,360,049	0.756
2009	11,552,000	765,785,300	-	-	236,440,200	25,345,900	23,097,700	1,062,221,100	11,377,335	206,266,600	1,279,865,035	1,277,270,269	0.780
2010	11,375,600	766,577,000	-	-	242,880,100	25,345,900	22,374,900	1,068,553,500	10,281,773	206,266,600	1,285,101,873	1,209,211,673	0.796
2011	10,342,700	768,700,500	-	-	241,539,000	25,345,900	22,388,400	1,068,316,500	9,917,155	206,266,600	1,284,500,255	1,214,517,164	0.810
2012	10,244,400	767,610,400	-	-	241,264,600	25,345,900	22,388,400	1,066,853,700	-	206,799,500	1,273,653,200	1,136,846,368	0.842
2013	10,236,400	764,565,800	-	-	239,840,300	25,345,900	22,388,400	1,062,376,800	-	207,086,800	1,269,463,600	1,029,563,181	0.862
2014	10,235,100	755,357,200	-	-	237,225,100	25,345,900	22,388,400	1,050,551,700	-	208,299,500	1,258,851,200	971,249,860	0.934
2015	10,120,100	741,225,500	-	-	230,456,500	25,345,900	22,065,400	1,029,213,400	-	209,864,800	1,239,078,200	939,635,035	1.032
2016	10,627,200	739,568,800	-	-	229,822,500	25,353,000	22,454,100	1,027,825,600	-	205,667,600	1,233,493,200	989,718,062	1.098
2017	9,632,800	746,201,020	-	-	231,066,700	25,373,900	32,137,100	1,044,411,520	-	253,199,400	1,297,610,920	1,040,633,490	1.107

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxatic

Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100 of Assessed Valuation

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN (10) FISCAL YEARS**  
**UNAUDITED**  
*(rate per \$100 of assessed value)*

Fiscal Year Ended June 30,	Borough of Freehold School District Direct Rate (From J-6) Total			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Direct School Tax Rate <sup>c</sup>	Municipality of Freehold	Freehold Regional High School	County of Monmouth	
2008	0.697	0.059	0.756	0.718	0.375	0.278	2.127
2009	0.723	0.050	0.780	0.756	0.382	0.289	2.207
2010	0.740	0.056	0.796	0.791	0.376	0.283	2.246
2011	0.750	0.060	0.810	0.822	0.378	0.300	2.310
2012	0.779	0.063	0.842	0.850	0.341	0.293	2.326
2013	0.810	0.052	0.862	0.883	0.321	0.277	2.343
2014	0.884	0.050	0.934	0.907	0.312	0.268	2.421
2015	0.978	0.054	1.032	0.944	0.295	0.263	2.534
2016	1.043	0.055	1.098	0.976	0.320	0.261	2.655
2017	1.075	0.032	1.107	1.007	0.343	0.269	2.726

Source: Municipal Tax Collector

**Note:** NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

**a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

**b** Rates for debt service are based on each year's requirements.

**c** Tax rates are per \$100 of assessed valuation.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT  
 COUNTY OF MONMOUTH  
 PRINCIPAL PROPERTY TAXPAYERS  
 CURRENT YEAR AND TEN YEARS AGO  
 UNAUDITED**

	2017			2008			
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	
Nestle USA	\$ 23,777,300	1	2.28%	Nestle USA	\$ 33,055,600	1	3.09%
Freehold Racing Association	21,225,300	2	2.03%	Freehold Racing Association	29,225,300	2	2.73%
AEW Brookside	16,386,200	3	1.57%	AEW Brookside	14,269,000	3	1.33%
East Coast Post & Coach	8,905,900	4	0.85%	Post & Coach	6,495,700	4	0.61%
Freefern Associates	6,976,200	5	0.67%	Park Plaza Shopping	5,560,900	5	0.52%
Spring Terrace Apartments	4,985,200	6	0.48%	Freefern Associates	4,565,000	6	0.43%
Park Plaza Shopping Center	4,868,500	7	0.47%	Chiu's Property, Inc.	3,774,000	7	0.35%
Monmouth Pines LLC	4,147,400	8	0.40%	Delli Santi, Nicholas	3,722,800	8	0.35%
E. Main Street LLC	4,142,200	9	0.40%	Bell Atlantic - NJ	3,000,000	9	0.28%
Rug Mill LLC	3,045,000	10	0.29%	JCP&L	2,566,200	10	0.24%
<b>Total</b>	<b>\$ 98,459,200</b>		<b>9.43%</b>		<b>\$ 106,234,500</b>		<b>9.93%</b>
<b>Total Assessed Value</b>	<b>\$ 1,044,411,520</b>			<b>\$ 1,069,679,000</b>			

Source: Municipal Tax Assessor

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN (10) FISCAL YEARS**  
**UNAUDITED**

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Fiscal Tax Levy<sup>a</sup></u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2008	23,236,126	22,780,509	98.04%	297,895
2009	24,069,140	23,572,143	97.94%	434,433
2010	24,511,865	23,918,982	97.58%	460,299
2011	25,178,131	24,582,100	97.63%	572,124
2012	25,088,345	24,363,083	97.11%	529,942
2013	25,187,171	24,415,921	96.94%	529,992
2014	25,699,245	25,076,603	97.58%	624,398
2015	26,373,750	25,797,936	97.81%	588,736
2016	27,564,905	26,750,029	97.04%	494,461
2017	28,319,712	N/A	96.80% <i>(anticipated)</i>	668,100 <i>(anticipated)</i>

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

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

## **DEBT CAPACITY**

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN (10) FISCAL YEARS**  
**UNAUDITED**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2008	6,674,000	-	128,216	-	-	6,802,216	3.11%	620	
2009	6,199,000	-	74,608	-	-	6,273,608	2.87%	572	
2010	5,724,000	-	23,739	-	-	5,747,739	2.63%	524	
2011	5,199,000	-	86,413	-	-	5,285,413	1.88%	439	
2012	4,765,000	-	59,299	-	-	4,824,299	1.71%	400	
2013	4,135,000	-	93,007	-	-	4,228,007	1.48%	345	
2014	3,485,000	-	61,406	-	-	3,546,406	1.26%	294	
2015	2,835,000	-	40,189	-	-	2,875,189	1.02%	239	
2016	2,145,000	-	22,773	-	-	2,167,773	0.77%	180	
2017	1,470,000	-	8,577	-	-	1,478,577	0.53%	123	

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

<sup>a</sup> See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.



**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN (10) FISCAL YEARS**  
**UNAUDITED**

General Bonded Debt Outstanding					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
2008	6,674,000	-	6,674,000	0.51%	608
2009	6,199,000	-	6,199,000	0.48%	565
2010	5,724,000	-	5,724,000	0.44%	522
2011	5,199,000	-	5,199,000	0.40%	431
2012	4,765,000	-	4,765,000	0.37%	395
2013	4,135,000	-	4,135,000	0.32%	343
2014	3,485,000	-	3,485,000	0.27%	289
2015	2,835,000	-	2,835,000	0.23%	235
2016	2,145,000	-	2,145,000	0.22%	178
2017	1,470,000	-	1,470,000	0.14%	122

**Notes:**

- Details regarding the district's outstanding debt can be found in the notes to the financial statements.
- a** See Exhibit NJ J-6 for property tax data.
- b** Population data can be found in Exhibit NJ J-14.

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Deductions are allowable for resources that are restricted to repaying the principal of debt outstanding.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF JUNE 30, 2017**  
**UNAUDITED**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Freehold	\$ 10,099,295	100.000%	\$ 10,099,295
County of Monmouth	435,341,390	0.878437%	3,824,202
Other debt			
Freehold Regional High School District	\$ 14,840,000	2.6563%	<u>\$ 394,195</u>
Subtotal, overlapping debt			\$ 14,317,692
<b>Borough of Freehold District Direct Debt:</b>			
Issued and Outstanding	\$ 1,470,000		
Authorized but not Issued	<u>15,605,000</u>		<u>17,075,000</u>
<b>Total direct and overlapping debt</b>			<b><u><u>\$ 31,392,692</u></u></b>

**Sources:** Assessed value data used to estimate applicable percentages provided by the Monmouth County Board of Taxation.  
 Debt outstanding data provided by each governmental unit.

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Freehold Borough. This process recognizes that, when considering the District's ability to issue and repay noncurrent debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

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

**BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN (10) FISCAL YEARS  
UNAUDITED**

**Legal Debt Margin Calculation for Fiscal Year 2017**

	Equalized valuation basis
	2016 \$ 1,032,101,092
	2015 986,304,992
	2014 951,845,338
	<u>\$ 2,970,251,422</u>
Average equalized valuation of taxable property	\$ 990,083,807.33
Debt limit (3 % of average equalization value)	29,702,514 <sup>a</sup>
Total Net Debt Applicable to Limit	<u>17,075,000</u>
Legal debt margin	<u>\$ 12,627,514</u>

	Fiscal Year									
	<u>2008</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>	<u>2017</u>
Debt limit	\$ 36,700,251	\$ 36,789,898	\$ 36,789,848	\$ 36,514,977	\$ 35,162,509	\$ 33,494,756	\$ 27,805,160	\$ 29,515,627	\$ 29,125,398	\$ 29,702,514
Total net debt applicable to limit	<u>7,812,816</u>	<u>7,337,816</u>	<u>6,862,816</u>	<u>6,337,816</u>	<u>4,765,000</u>	<u>4,135,000</u>	<u>3,485,000</u>	<u>2,835,000</u>	<u>2,145,000</u>	<u>17,075,000</u>
Legal debt margin	<u>\$ 28,887,435</u>	<u>\$ 29,452,082</u>	<u>\$ 29,927,032</u>	<u>\$ 30,177,161</u>	<u>\$ 30,397,509</u>	<u>\$ 29,359,756</u>	<u>\$ 24,320,160</u>	<u>\$ 26,680,627</u>	<u>\$ 26,980,398</u>	<u>\$ 12,627,514</u>
Total net debt applicable to the limit as a percentage of debt limit	21.29%	19.95%	18.65%	17.36%	13.55%	12.35%	12.53%	9.61%	7.36%	57.49%

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

<sup>a</sup> Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN (10) FISCAL YEARS**  
**UNAUDITED**

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2008	10,976	218,532,160	19,910	5.70%
2009	10,976	218,532,160	19,910	7.30%
2010	10,976	218,532,160	19,910	11.90%
2011	12,052	281,185,212	23,331	12.00%
2012	12,052	281,185,212	23,331	12.10%
2013	12,052	281,185,212	23,331	12.60%
2014	12,052	281,185,212	23,331	5.80%
2015	12,052	281,185,212	23,331	6.70%
2016	12,052	281,185,212	23,331	5.00%
2017	12,052	281,185,212	23,331	4.10%

**Source:**

<sup>a</sup> Population information provided by the 2000 census for 2007 through 2010 and the 2010 census for 2011 through 2017

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented.

<sup>c</sup> Per capita personal income by municipality estimated based upon the 2000 Census for 2007 through 2010 and 2010 census for the 2011 through 2017 published by the US Bureau of Economic Analysis.

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development (Monmouth County rate).

BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND TEN YEARS AGO  
UNAUDITED

<u>Employer</u>	<u>2017</u>			<u>2008</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
County of Monmouth (Est)	345	1	a	1,100	1	a
Freehold Borough Board of Education	218	2	a	192	4	a
Nestle-Hills Coffee Company	200	3	a	350	2	a
Freehold Regional High School (Est)	130	4	a	150	5	a
Freehold Racing Association (Est)	100	5	a	200	3	a
Freehold Borough - Municipality	92	6	a	-		a
	<u>1,085</u>		<u>a</u>	<u>1,992</u>		<u>a</u>

Source: Borough of Freehold

<sup>a</sup> No authoritative source exists for Total Municipal Employment in the Borough.

## **OPERATING INFORMATION**

**BOROUGH OF FREEHOLD SCHOOL DISTRICT  
 COUNTY OF MONMOUTH  
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN (10) FISCAL YEARS**

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction										
Regular	83.1	89.0	94.0	99.1	102.1	96.9	86.8	84.8	95.0	97.0
Special education	38.0	38.0	39.0	31.5	30.6	27.5	54.5	57.0	63.0	57.0
Other instruction	16.6	16.8	18.1	20.5	20.0	40.1	9.5	10.0	10.0	12.0
Support Services:										
Student & instruction related services	18.8	21.2	24.2	24.2	22.0	22.8	26.0	27.0	28.0	31.0
General administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administrative services	11.5	13.0	16.7	16.7	16.3	11.0	11.0	11.0	11.0	12.0
Central services	4.3	5.0	7.0	7.0	7.0	8.8	8.8	8.8	8.8	9.0
Plant operations and maintenance	11.0	12.0	12.0	12.0	12.0	11.0	11.0	11.0	11.0	12.0
Pupil transportation	3.0	3.0	3.0	3.0	3.0	3.0	0.0	0.0	0.0	
Total	<u>188.3</u>	<u>200.0</u>	<u>216.0</u>	<u>216.0</u>	<u>215.0</u>	<u>223.1</u>	<u>209.6</u>	<u>211.6</u>	<u>228.8</u>	<u>232.0</u>

Source: District Personnel Records



**BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
OPERATING STATISTICS  
LAST TEN (10) FISCAL YEARS**

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2008	1,347	18,769,135	13,934	25.75%	63.00	1:20	1:24	1341.6	1,277	23.43%	95.18%
2009	1,328	19,578,397	14,743	5.80%	69.00	1:18	1:23	1320.8	1,292	-1.55%	97.82%
2010	1,369	20,237,614	14,783	0.27%	68.00	1:19	1:23	1356.1	1,297	2.67%	95.63%
2011	1,426	21,736,564	15,243	3.11%	67.00	1:20	1:23	1406.5	1,347	3.72%	95.73%
2012	1,496	20,495,171	13,700	-10.12%	67.00	1:22	1:23	1475.2	1,411	4.88%	95.65%
2013	1,538	21,735,337	14,132	3.15%	76.00	1:22	1:23	1515.3	1,443	2.72%	95.23%
2014	1,573	21,905,887	13,926	1.65%	72.00	1:22	1:23	1567.9	1,511	6.28%	96.37%
2015	1,633	23,112,288	14,153	0.15%	75.00	1:24	1:18	1633.4	1,586	7.79%	97.09%
2016	1,677	25,076,263	14,953	7.37%	84.00	1:23	1:18	1692.0	1,630	3.59%	96.33%
2017	1,680	26,399,886	15,714	11.03%	88.00	1:25	1:21	1704.0	1,631	0.71%	96.33%

Sources: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated classroom teaching staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d Cost per Pupil calculated using Total Enrollment ÷ Operating Expenditures. This is not intended to represent the statutory calculation of cost per pupil.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**SCHOOL BUILDING INFORMATION**  
**LAST TEN (10) FISCAL YEARS**

	<u>2008</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>	<u>2017</u>
<b><u>District Building</u></b>										
<b><u>Elementary School</u></b>										
Freehold Learning Center (1972, 1996 and 2001)										
Square Footage	49,239	49,239	49,239	49,239	49,239	49,239	49,239	49,239	49,329	49,329
Functional Capacity	460	460	460	460	460	460	394*	394	394	394
Enrollment	453	503	490	504	525	552	552	596	593	593
<b><u>Elementary/Intermediate School</u></b>										
Park Avenue Complex (1957, 1962, 1969, 1996, 2001 and 2006)										
Square Footage	97,810	97,810	97,810	97,810	97,810	97,810	97,810	97,810	97,810	97,810
Functional Capacity	660	660	660	660	660	660	754*	754	754	754
Enrollment	829	809	865	906	953	949	949	1046	1,084	1,084
<b><u>Other</u></b>										
Central Administration										
Square Feet	1,164	1,164	1,164	1,164	1,164	1,164	1,164	1,164	1,164	1,164

Number of Schools at June 30, 2017  
 Elementary = 1  
 Elementary/Intermediate = 1

**Source:** District Facilities Office

**Note:** Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of and additions. Enrollment is based on the annual October district count.

\* During 2014 as part of a referendum initiative the Board's Architect and the DOE independently reviewed and certified functional capacity for each building.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES**  
**LAST TEN (10) FISCAL YEARS**

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

	* School Facilities Project # (s)	Freehold Learning Center	Park Avenue Complex	Total
2008	N/A	\$ 24,874	\$ 36,124	\$ 60,998
2009	N/A	34,205	68,821	103,026
2010	N/A	88,602	178,272	266,874
2011	1640-060-09-0ZUZ	78,972	158,895	237,867
2012	N/A	56,584	113,850	170,434
2013	N/A	46,493	92,293	138,786
2014	N/A	29,440	84,574	114,014
2015	N/A	71,374	144,937	216,311
2016	N/A	158,306	318,274	476,580
2017	N/A	102,124	252,316	354,440
Total School Facilities		<u>\$ 690,974</u>	<u>\$ 1,608,772</u>	<u>\$ 2,139,330</u>

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

Source: District records

BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
INSURANCE SCHEDULE  
JUNE 30, 2017  
UNAUDITED

<u>Type of Policy</u>	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Utica:		
Property - Blanket Building and Contents	\$ 31,973,685.00	\$ 1,000.00
Employee Benefits Coverage	1,000,000.00	1,000.00
General Liability Coverage:		
Limit of Liability - Aggregate	3,000,000.00	
Products - Completed Operations	3,000,000.00	
Personal and Advertising Liability	1,000,000.00	
Fire Damage	1,000,000.00	
Premises Medical Payments	10,000.00	
Inland Marine		
Misc. Articles Floater:		
Valuable Papers and Records	100,000.00	100.00
Cameras	50,000.00	250.00
Musical Instruments	500,000.00	250.00
Mobile Equipment	500,000.00	250.00
Electronic Data Processing:		
Hardware	400,000.00	250.00
Software	425,000.00	250.00
Extra Expense	50,000.00	
Automobile Coverage:		
Liability	1,000,000.00	
Medical Payments	10,000.00	
Uninsured/Underinsured Motorist	1,000,000.00	
Commercial Crime:		
Employee Dishonesty Blanket	100,000.00	
Commercial Umbrella Policy	10,000,000.00	10,000.00
Educators Legal Liability Policy	1,000,000.00	10,000.00
Boiler & Machinery - Hartford Steam Boiler - Limit for Accident	31,973,685.00	1,000.00

BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
INSURANCE SCHEDULE  
JUNE 30, 2017  
UNAUDITED

(CONTINUED)

<u>Type of Policy</u>	<u>Coverage</u>	<u>Deductible</u>
Workers Compensation and Employers Liability Insurance Policy - New Jersey School Board Association Insurance Group (MOCSSIF) Section "A" Section "B"		
Each accident	\$ 2,000,000.00	
Each employee	2,000,000.00	
Aggregate	2,000,000.00	
Volunteer Accident Policy - Peoples Benefit/Bollinger	25,000.00	
Student Accident for All Students Including Interscholastic Athletics Except Football	5,000,000.00	
Public Official Bonds - Selective Way Insurance Company:		
Bruce Rodman - Treasurer	210,000.00	
Joseph Howe - School Business Administrator/Board Secretary	200,000.00	
Patricia Saxton - Assistant Business Administrator	25,000.00	

Source: District records.

**SINGLE AUDIT SECTION**

# SAMUEL KLEIN AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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Exhibit K-1  
Sheet 1 of 2

**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 Board of Education  
Borough of Freehold Board of Education  
County of Monmouth, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance Department, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Freehold Board of Education, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Borough of Freehold Board of Education's basic financial statements, and have issued our report thereon dated December 4, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Freehold Borough School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Freehold Borough School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**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 (CONTINUED)**

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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Education of the Borough of Freehold School District's financial statements are free of 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 basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Gerard Stankiewicz  
Certified Public Accountant  
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey  
December 4, 2017



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Exhibit K-2  
Sheet 1 of 3

**INDEPENDENT AUDITORS REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NJOMB 15-08**

The Honorable President and Members  
of the Board of Education  
Borough of Freehold Board of Education  
County of Monmouth, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Borough of Freehold Board of Education's compliance with the types of compliance requirements described in *the OMB Compliance Supplement* and *New Jersey State Aid/Grant Compliance supplement* that could have a direct and material effect on each of District's major federal and state programs for the year ended June 30, 2017. The Borough of Freehold 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 the requirements of laws, regulations, contracts and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough of Freehold Board of Education'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 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance); the *New Jersey State Aid/Grant Compliance Supplement*; the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, Uniform Guidance and NJOMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether on compliance 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 Borough of Freehold Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

**INDEPENDENT AUDITORS REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NJOMB 15-08  
(CONTINUED)**

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 Borough of Freehold Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Borough of Freehold Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the Borough of Freehold Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Freehold Board of Education'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 New Jersey State Aid/Grant Compliance Supplement, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Freehold Board of Education's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 non compliance 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.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**INDEPENDENT AUDITORS REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NJOMB 15-08  
(CONTINUED)**

Purpose of Report

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



Gerard Stankiewicz  
Certified Public Accountant  
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

December 4, 2017  
Freehold, New Jersey

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Federal Grantor / Pass - Through Grantor / Program Title	Federal CFDA Number	Federal FAIN Number	Grant Period		Award Amount	Balance, June 30, 2016			Cash Received	Budgetary (Expenditures)	Refunded to Grantor	Balance, June 30, 2017				
			From	To		Deferred Revenue/ (Accounts Receivable)	Due to Grantor	Adjustment				Deferred Revenue	(Accounts Receivable)	Due to Grantor		
<b>General Fund:</b>																
ARRA/SEMI	93.778	1705NJ5MAP	7/1/2016	6/30/2017	\$ 2,238.69			\$ 2,238.69	(2,238.69)							
Medical Assistance Program	93.778	1705NJ5MAP	7/1/2016	6/30/2017	85,575.10			85,575.10	(85,575.10)							
								\$ 87,813.79	(87,813.79)							
<b>Enterprise Fund:</b>																
U.S. Department of Agriculture																
Passed - Through NJS Department of Education:																
Food Distribution Program	10.555	171NJ304N1099	7/1/2016	6/30/2017	\$ 44,498.96			\$ 44,498.96	(43,480.15)		\$ 1,018.81					
Food Distribution Program	10.555	16161NJ304N1099	7/1/2015	6/30/2016	57,052.14	\$ 3,398.15			(3,398.15)							
School Breakfast Program	10.553	171NJ304N1099	7/1/2016	6/30/2017	175,119.11			159,766.46	(175,119.11)			\$ (15,352.65)				
School Breakfast Program	10.553	16161NJ304N1099	7/1/2015	6/30/2016	182,428.64	(15,044.04)		15,044.04								
National School Lunch Program	10.555	171NJ304N1099	7/1/2016	6/30/2017	584,353.92			538,257.08	(584,353.92)				(46,096.84)			
National School Lunch Program	10.555	16161NJ304N1099	7/1/2015	6/30/2016	593,932.29	(43,513.18)		43,513.18								
Healthy Hunger Free Kids Program	10.555	171NJ304N1099	7/1/2016	6/30/2017	12,444.06			11,454.96	(12,444.06)				(989.10)			
Healthy Hunger Free Kids Program	10.555	16161NJ304N1099	7/1/2015	6/30/2016	12,994.86	(958.80)		958.80								
Fruit & Vegetable Program	10.582	171NJ304L1603	7/1/2016	6/30/2017	56,792.90			46,233.88	(56,792.90)				(10,559.02)			
After School Snack Program	10.555	171NJ304N1099	7/1/2016	6/30/2017	28,419.56			27,329.08	(28,419.56)				(1,090.48)			
After School Snack Program	10.555	16161NJ304N1099	7/1/2015	6/30/2016	25,344.48	(1,238.16)		1,238.16								
Summer Food Service Program	10.559	171NJ304N1099	7/1/2016	8/30/2017	28,212.07			28,212.07	(28,212.07)							
<b>Total Enterprise Fund</b>						\$ (57,356.03)		\$ 916,506.67	(932,219.92)		\$ 1,018.81	\$ (74,088.09)				
<b>Total</b>						\$ (57,356.03)		\$ 1,004,320.46	(1,020,033.71)		\$ 1,018.81	\$ (74,088.09)				

See accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Federal Grantor / Pass - Through Grantor / Program Title	Federal CFDA Number	Federal FAIN Number	Grant Period		Award Amount	Balance, June 30, 2016			Cash Received	Budgetary (Expenditures)	Refunded to Grantor	Balance, June 30, 2017		
			From	To		Deferred Revenue/ (Accounts Receivable)	Due to Grantor	Adjustment				Deferred Revenue	(Accounts Receivable)	Due to Grantor
<b>Special Revenue Fund</b>														
<b>U.S. Department of Education</b>														
<b>Passed - Through NJS Department of Education:</b>														
Title I	84.010A	S010A150030	7/1/2015	6/30/2016	\$ 1,138,348.00	\$ (158,907.09)		\$ (0.91)	\$ 158,908.00					
Title I	84.010A	S010A160030	7/1/2016	6/30/2017	1,091,045.00				840,552.00	\$ (977,562.89)		\$ (137,010.89)		
Title II, Part A	84.367A	S367A150029	7/1/2015	6/30/2016	73,116.00	(17,296.32)		0.32	17,296.00					
Title II, Part A	84.367A	S367A160029	7/1/2016	6/30/2017	58,290.00				35,143.00	(50,888.66)		(15,745.66)		
Title III, Part A	84.365A	S365A150030	7/1/2015	6/30/2016	94,076.00	(6,826.73)		(0.27)	6,827.00					
Title III, Part A	84.365A	S365A160030	7/1/2016	6/30/2017	93,105.00				63,386.00	(74,434.60)		(11,048.60)		
Title III, Immigrant	84.365A	S365A160030	7/1/2016	6/30/2017	1,969.00									
I.D.E.A. Part B	84.027A	H027A150100	7/1/2015	6/30/2016	471,794.00	(16,584.16)		0.16	16,584.00					
I.D.E.A. Part B	84.027A	H027A160100	7/1/2016	6/30/2017	488,125.00				349,680.00	(475,310.52)		(125,630.52)		
I.D.E.A. Part B	84.027A	H027A150100	7/1/2009	6/30/2010	3,255.87		\$ 3,255.87				\$ (3,255.87)			
I.D.E.A. Preschool	84.173A	H173A160114	7/1/2016	6/30/2017	18,736.00				18,736.00	(18,736.00)				
21st Century CLC Program	84.287C	S287C150030	7/1/2015	6/30/2016	544,995.00	(31,473.43)		1.26	187,110.00	(155,637.83)				
21st Century CLC Program	84.287C	S287C160030	7/1/2016	6/30/2017	500,000.00				325,127.00	(349,875.21)		(24,748.21)		
Preschool Expansion Grant	84.419B	S419B150020	7/1/2015	6/30/2016	865,654.00	(91,594.70)		(0.30)	91,595.00					
Preschool Expansion Grant	84.419B	S419B150020	7/1/2016	6/30/2017	1,123,730.00				996,177.00	(1,120,153.67)		(123,976.67)		
						\$ (322,682.43)	3,255.87	\$ 0.26	\$ 3,107,121.00	\$ (3,222,599.38)	\$ (3,255.87)	\$ (438,160.55)	\$	
<b>Total Special Revenue Fund</b>						\$ (322,682.43)	3,255.87	\$ 0.26	\$ 3,107,121.00	\$ (3,222,599.38)	\$ (3,255.87)	\$ (438,160.55)	\$	
<b>Total Federal Financial Assistance</b>						\$ (380,038.46)	3,255.87	\$ 0.26	\$ 4,111,441.46	\$ (4,242,633.09)	\$ (3,255.87)	\$ 1,018.81	\$ (512,248.64)	

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

State Grantor/ Program Title	Grant or State Project Number	Grant Period		Award Amount	June 30, 2016			Budgetary (Expenditures)	Repayment of Prior Year's Balance	Balance, June 30, 2017		MEMO Budgetary Receivable	MEMO Cumulative Total Expenditures
		From	To		Deferred Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received			Deferred Revenue (Accounts Receivable)	Due to Grantor		
State Department of Education:													
General Fund:													
Categorical Special Education Aid	17-495-034-5120-089	7/1/2016	- 6/30/2017	\$ 842,591.00			\$ 842,591.00	\$ (842,591.00)			\$ (83,978.80)	\$ (842,591.00)	
Equalization Aid	17-495-034-5120-078	7/1/2016	- 6/30/2017	8,149,685.00			8,149,685.00	(8,149,685.00)			(812,257.38)	(8,149,685.00)	
Categorical Security Aid	17-495-034-5120-084	7/1/2016	- 6/30/2017	212,987.00			212,987.00	(212,987.00)			(21,227.85)	(212,987.00)	
Categorical Transportation Aid	17-495-034-5120-014	7/1/2016	- 6/30/2017	54,775.00			54,775.00	(54,775.00)			(5,459.28)	(54,775.00)	
Underadequacy Aid	17-495-034-5120-096	7/1/2016	- 6/30/2017	435,142.00			435,142.00	(435,142.00)			(43,369.44)	(435,142.00)	
PARCC Readiness Aid	17-495-034-5120-098	7/1/2016	- 6/30/2017	15,960.00			15,960.00	(15,960.00)			(1,590.69)	(15,960.00)	
Per Pupil Growth Aid	17-495-034-5120-097	7/1/2016	- 6/30/2017	15,960.00			15,960.00	(15,960.00)			(1,590.69)	(15,960.00)	
Professional Learning Community Aid	17-495-034-5120-101	7/1/2016	- 6/30/2017	16,920.00			16,920.00	(16,920.00)			(1,686.37)	(16,920.00)	
Extraordinary Aid	17-100-034-5120-044	7/1/2016	- 6/30/2017	181,876.00				(181,876.00)	\$ (181,876.00)			(181,876.00)	
Extraordinary Aid	16-100-034-5120-044	7/1/2015	- 6/30/2016	102,803.00	\$ (102,803.00)		102,803.00						
Nonpublic Transportation Aid	17-495-034-5120-014	7/1/2016	- 6/30/2017	696.00				(696.00)		(696.00)		(696.00)	
Nonpublic Transportation Aid	16-495-034-5120-014	7/1/2015	- 6/30/2016	2,032.00	(2,032.00)		2,032.00					(696.00)	
Reimbursed T.P.A.F. Social Security Contributions (Non Budgeted)	17-495-034-5095-002	7/1/2016	- 6/30/2017	708,987.31			674,414.17	(708,987.31)		(34,573.14)		(708,987.31)	
On-Behalf Teacher's Pension and Annuity Fund	17-495-034-5064-002	7/1/2016	- 6/30/2017	1,007,120.00			1,007,120.00	(1,007,120.00)				(1,007,120.00)	
On-Behalf TPAF - Post Retirement Medical	17-495-034-5094-001	7/1/2016	- 6/30/2017	839,160.00			839,160.00	(839,160.00)				(839,160.00)	
On-Behalf TPAF - Non-Contributory Insurance	17-495-034-5094-004	7/1/2016	- 6/30/2017	2,830.00			2,830.00	(2,830.00)				(2,830.00)	
<b>Total General Fund</b>					\$ (104,835.00)		\$ 12,372,379.17	\$ (12,484,689.31)		\$ (217,145.14)		\$ (971,160.50)	\$ (12,484,689.31)

See Accompanying Notes to Schedules of Financial Assistance.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

State Grantor/ Program Title	Grant or State Project Number	Grant Period		Award Amount	June 30, 2016		Cash Received	Budgetary (Expenditures)	Repayment of Prior Year's Balance	Balance, June 30, 2017		MEMO Budgetary Receivable	MEMO Cumulative Total Expenditures
		From	To		Deferred Revenue/ (Accounts Receivable)	Due to Grantor				Deferred Revenue (Accounts Receivable)	Due to Grantor		
State Department of Education (Continued):													
Special Revenue Fund:													
N.J. Nonpublic Aid:													
Textbook Aid	17-100-034-5120-064	7/1/2016	6/30/2017	\$ 14,179.00			\$ 14,179.00	\$ (13,923.00)		\$ 256.00		\$ (13,923.00)	
Textbook Aid	16-100-034-5120-064	7/1/2015	6/30/2016	16,730.00		\$ 36.79			\$ (36.79)				
Nursing Services	17-100-034-5120-070	7/1/2016	6/30/2017	22,320.00			22,320.00	(21,488.00)		832.00		(21,488.00)	
Nursing Services	16-100-034-5120-070	7/1/2015	6/30/2016	27,090.00		206.28			(206.28)				
Technology	17-100-034-5120-373	7/1/2016	6/30/2017	6,396.00			6,396.00	(6,331.00)		65.00		(6,331.00)	
Technology	16-100-034-5120-373	7/1/2015	6/30/2016	7,618.00		48.01			(48.01)				
Security	17-100-034-5120-509	7/1/2016	6/30/2017	12,400.00			12,400.00	(12,400.00)				(12,400.00)	
Security	16-100-034-5120-509	7/1/2015	6/30/2016	7,525.00		1,080.00			(1,080.00)				
Auxiliary Services:													
Compensatory Education	17-100-034-5120-067	7/1/2016	6/30/2017	34,936.00			34,936.00	(25,082.00)		9,854.00		(25,082.00)	
Compensatory Education	16-100-034-5120-067	7/1/2015	6/30/2016	27,919.00		6,768.24			(6,768.24)				
Transportation	17-100-034-5120-068	7/1/2016	6/30/2017	6,300.00			6,300.00	(6,300.00)				(6,300.00)	
Home Instruction	17-100-034-5120-067	7/1/2016	6/30/2017	844.00				(844.00)	\$ (844.00)			(844.00)	
English as a Second Language	17-100-034-5120-067	7/1/2016	6/30/2017	7,308.00			7,308.00	(4,568.00)		2,740.00		(4,568.00)	
Handicapped Services:													
Supplemental Instruction	17-100-034-5120-066	7/1/2016	6/30/2017	14,909.00			14,909.00	(9,416.00)		5,493.00		(9,416.00)	
Examination and Classification	17-100-034-5120-066	7/1/2016	6/30/2017	28,822.00			28,822.00	(12,790.00)		16,032.00		(12,790.00)	
Examination and Classification	16-100-034-5120-066	7/1/2015	6/30/2016	20,622.00		341.60			(341.60)				
Corrective Speech	17-100-034-5120-066	7/1/2016	6/30/2017	22,088.00			22,088.00	(15,904.00)		6,184.00		(15,904.00)	
Other:													
Preschool Education Aid	17-495-034-5120-086	7/1/2016	6/30/2017	181,815.00			163,633.50	(181,815.00)		(18,181.50)		(181,815.00)	
Preschool Education Aid	16-495-034-5120-086	7/1/2015	6/30/2016	181,815.00	\$ (18,181.50)		18,181.50						
Total Special Revenue Fund					\$ (18,181.50)	\$ 8,480.92	\$ 351,473.00	\$ (310,861.00)	\$ (8,480.92)	\$ (19,025.50)	\$ 41,456.00	\$ (310,861.00)	

**BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

State Grantor/ Program Title	Grant or State Project Number	Grant Period		Award Amount	June 30, 2016		Cash Received	Budgetary (Expenditures)	Repayment of Prior Year's Balance	Balance, June 30, 2017		MEMO Budgetary Receivable	MEMO Cumulative Total Expenditures
		From	To		Deferred Revenue/ (Accounts Receivable)	Due to Grantor				Deferred Revenue (Accounts Receivable)	Due to Grantor		
State Department of Education (Continued):													
Debt Service Fund:													
Debt Service Support	17-495-034-5120-075	7/1/2016	6/30/2017	\$ 125,734.00			\$ 125,734.00	(125,734.00)					\$ (125,734.00)
Total Debt Service Fund							\$ 125,734.00	(125,734.00)					\$ (125,734.00)
Enterprise Fund:													
National School Lunch Program (State Share)	16-100-010-3350-023	7/1/2015	6/30/2016	11,540.11	\$ (849.67)		\$ 849.67						
National School Lunch Program (State Share)	17-100-010-3350-023	7/1/2016	6/30/2017	11,044.04			10,168.13	(11,044.04)		\$ (875.91)			\$ (11,540.11)
Total Enterprise Fund					\$ (849.67)		\$ 11,017.80	(11,044.04)		\$ (875.91)			\$ (11,540.11)
Capital Projects Fund:													
Expansion of Schools													
PAE/FIS	16-40-070-17-2000	1/11/2017	12/31/2020	\$ 13,709,600.00			\$ 513,750.00	(690,922.83)		(177,172.83)			\$ (690,922.83)
FLC	16-40-040-17-1000	1/11/2017	12/31/2020	11,936,250.00			265,950.00	(545,492.32)		(279,542.32)			(545,492.32)
Total Capital Projects Fund							\$ 779,700.00	(1,236,415.15)		(456,715.15)			(1,236,415.15)
Total State Financial Assistance					\$ (123,866.17)	\$ 8,480.92	\$ 13,640,303.97	\$ (14,168,743.50)	\$ (8,480.92)	\$ (693,761.70)	\$ 41,456.00	\$ (971,160.50)	\$ (14,169,239.57)
Less: TPAF on-Behalf													
Pension	17-495-034-5064-002							\$ (1,007,120.00)					
Medical	17-495-034-5094-001							(839,160.00)					
Insurance	17-495-034-5094-004							(2,830.00)					
								\$ (12,319,633.50)					

See Accompanying Notes to Schedules of Financial Assistance.



**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2017**

**1. GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Borough of Freehold School District. The information in this Schedule is presented in accordance with the requirements of Title 2, *US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and NJOMB 15-08. The Board of Education is defined in Note 1 (A) to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules or expenditures of federal awards and state financial assistance.

**2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this Schedule is presented in accordance with the requirements of Title 2, *US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and NJOMB 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the 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 (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last two (2) state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

**BOARD OF EDUCATION  
 BOROUGH OF FREEHOLD SCHOOL DISTRICT  
 NOTES TO THE SCHEDULES OF EXPENDITURES OF  
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (CONTINUED)  
 YEAR ENDED JUNE 30, 2017**

**3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$10,074.00 for the General Fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 87,813.79	\$ 12,474,615.31	\$ 12,562,429.10
Special Revenue Fund	3,222,599.38	310,861.00	3,533,460.38
Capital Project Fund		25,645,850.00	25,645,850.00
Debt Service Fund		125,734.00	125,734.00
Food Service Fund	<u>929,840.58</u>	<u>11,044.04</u>	<u>940,884.62</u>
	<u>\$ 4,240,253.75</u>	<u>\$ 38,568,104.35</u>	<u>\$ 42,808,358.10</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. FEDERAL AND STATE LOANS OUTSTANDING**

The District had no loans outstanding payable to federal or state entities at June 30, 2017.

**6. OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

The amount reported as TPAF Pension Contribution and Post Retirement Medical Contributions represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2017. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

The State of New Jersey also makes TPAF post-retirement medical and pension contribution expenditures on-behalf of the District. These expenditures are not subject to New Jersey OMB Circular 15-08 because the contributions are made by the State directly and do not have any compliance related requirements, and therefore have not been included on the Schedule of State Awards, as directed by the funding agency.

**BOARD OF EDUCATION**  
**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

**7. INDIRECT COSTS**

The district did not use the 10% de minimus indirect cost rate.

**BOARD OF EDUCATION  
 BOROUGH OF FREEHOLD SCHOOL DISTRICT  
 COUNTY OF MONMOUTH  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:

Unmodified, dated  
 December 4, 2017

Internal control over financial reporting:

1. Material weakness(es) identified?                           yes      x   no
2. Reportable condition(s) identified that are  
 not considered to be material weaknesses?                           yes      x   none reported
- Noncompliance material to basic financial statements noted?                           yes      x   no

**Federal Awards**

Internal control over major programs:

1. Material weakness(es) identified?                           yes      x   no
2. Reportable condition(s) 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, dated  
 December 4, 2017

Any audit findings disclosed that are required to be reported  
 in accordance with section .510(a) of the Uniform Guidance?                           yes      x   no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010A</u>	<u>Title I, Part A</u>
<u>84.419A</u>	<u>Preschool Expansion</u>

Dollar threshold used to distinguish between Type A and Type B programs:                    \$750,000.00

Auditee qualified as low-risk auditee?                      X   yes           no



**BOARD OF EDUCATION**  
**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS**  
**YEAR ENDED JUNE 30, 2017**

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

There were no findings for the year ended June 30, 2017.