

Comprehensive Annual Financial Report

of the

Freehold Regional High School District

County of Monmouth

Englishtown, New Jersey

For the Fiscal Year Ended June 30, 2018

Prepared by

FRHSD Business Office

TABLE OF CONTENTS

	PAGE
INTRODUCTORY SECTION	
Letter of Transmittal	1-5
Roster of Officials	6
Consultants and Advisors	7
Organizational Chart	8
FINANCIAL SECTION	
Independent Auditor's Report	9-11
REQUIRED SUPPLEMENTARY INFORMATION - Part I	12
Management's Discussion and Analysis (Unaudited)	13-23
BASIC FINANCIAL STATEMENTS	24
A. District-Wide Financial Statements:	25
A-1 Statement of Net Position	26
A-2 Statement of Activities	27
B. Major Fund Financial Statements:	28
Governmental Funds:	
B-1 Balance Sheet	29-30
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balance	31
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	32
Other Funds:	33
Propriety Funds:	
B-4 Statement of Net Position	34
B-5 Statement of Revenues, Expenses, and Changes in Net Position	35
B-6 Statement of Cash Flows	36
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	37
B-8 Statement of Changes in Fiduciary Net Position	38
Notes to the Financial Statements	39-88

TABLE OF CONTENTS (CONTINUED)

	PAGE
REQUIRED SUPPLEMENTARY INFORMATION - Part II	89
C. Budgetary Comparison Schedules:	90
C-1 General Fund	91-105
C-2 Special Revenue Fund	106
C-3 Budget to GAAP Reconciliation	107
REQUIRED SUPPLEMENTARY INFORMATION - Part III	108
L. Schedules Related to Accounting and Reporting for Pension (GASB 68)	109
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability – Public Employees Retirement System – Last Ten Years	110
L-2 Schedule of the District's Contributions – Public Employees Retirement System – Last Ten Years	111
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability Teachers Pension and Annuity Fund – Last Ten Years	112
L-4 Schedules Related to Accounting and Reporting for Pension (GASB 68) Note to RSI III for the Fiscal Year Ended June 30, 2016	113
M. Schedule Related to Accounting and Reporting for Postemployment Benefits Other Than Pensions (GASB 75)	114
M-1 Schedule of Changes in the Total OPEB Liability and Related Ratios - Last Ten Years	115
OTHER SUPPLEMENTARY INFORMATION	116
D. School Level Schedules	N/A
E. Special Revenue Fund:	117
E-1 Combining Schedule of Revenues and Expenditures - Budgetary Basis	118-120
E-2 Demonstrably Effective Program Aid Schedule of Expenditures - Budgetary Basis	N/A
E-3 Early Childhood Program Aid Schedule of Expenditures - Budgetary Basis	N/A
E-4 Distance Learning Network Aid Schedule of Expenditures - Budgetary Basis	N/A
E-5 Instructional Supplement Aid Schedule of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund	121
F-1 Summary Statement of Project Expenditures - Budgetary Basis	122
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis	123
F-2a Summary Schedule of Project Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis - Freehold Boro High School - Roof Replacement	124

TABLE OF CONTENTS (CONTINUED)

	PAGE
F. Capital Projects Fund (Continued)	
F-2b Summary Schedule of Project Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis - Marlboro High School - Roof Replacement	125
F-2c Summary Schedule of Project Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis - Freehold Boro High School - Boiler & HVAC Replacement	126
F-2d Summary Schedule of Project Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis - District-wide Energy Savings Improvement Plan	127
F-2e Summary Schedule of Project Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis - Colts Neck High School Roof Replacement	128
F-2f Summary Schedule of Project Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis - Howell High School Roof Replacement	129
F-2g Summary Schedule of Project Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis - Freehold Township High School Roof Replacement	130
F-2h Summary Schedule of Project Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis - Manalapan High School Roof Replacement	131
G. Proprietary Funds	132
Enterprise Fund:	
G-1 Combining Statement of Net Position	133
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	134
G-3 Combining Statement of Cash Flows	135
H. Fiduciary Fund	136
H-1 Combining Statement of Fiduciary Net Position	137
H-2 Combining Statement of Changes in Fiduciary Net Position	138
H-3 Schedule of Receipts and Disbursements - Student Activity Agency Fund	139
H-4 Schedule of Receipts and Disbursements - Payroll Agency Fund	140
H-5 Schedule of Receipt and Disbursements - Other Agency Funds	N/A
I. Long-Term Debt	141
I-1 Schedule of Serial Bonds	142
I-2 Schedule of Obligations Under Capital Leases	143
I-3 Comparative Statements of Revenues, Expenditures and Changes in Fund Balance - Debt Service Fund	144

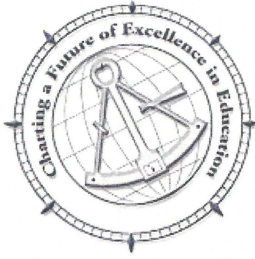
TABLE OF CONTENTS (CONTINUED)

	PAGE	
STATISTICAL SECTION - UNAUDITED		
J-1	Net Position by Component	145
J-2	Changes in Net Position	146-147
J-3	Fund Balances - Governmental Funds	148
J-4	Changes in Fund Balances - Governmental Funds	149
J-5	General Fund Other Local Revenue by Source	150
J-6	Assessed Value and Actual Value of Taxable Property	151-153
J-7	Direct and Overlapping Property Tax Rates	154-156
J-8	Principal Property Tax Payers - Current Year and Nine Years Ago	157-160
J-9	Property Tax Levies and Collection	161
J-10	Ratios of Outstanding Debt by Type	162
J-11	Ratios of General Bonded Debt Outstanding	163
J-12	Ratios of Overlapping Governmental Activities Debt	164
J-13	Legal Debt Margin Information	165
J-14	Demographic and Economic Statistics	166-169
J-15	Principal Employers - Current Year and Nine Years Ago	170
J-16	Full-Time Equivalent District Employees by Function/Program	171
J-17	Operating Statistics	172
J-18	School Building Information	173
J-19	Schedule of Allowable Maintenance for School Facilities	174
J-20	Insurance Schedule	175

SINGLE AUDIT SECTION

K-1	Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with Government Auditing Standards	176-177
K-2	Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal and State Financial Assistance Programs and on Internal Control Over Compliance in Accordance with the Uniform Guidance and New Jersey OMB Circular 15-08	178-179
K-3	Schedule of Expenditures of Federal Awards, Schedule A	180
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	181
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	182-183
K-6	Schedule of Findings and Questioned Costs	184-186
K-7	Schedule of Prior Year Audit Findings	187

INTRODUCTORY SECTION



FREEHOLD REGIONAL HIGH SCHOOL DISTRICT

*Administration Building
11 Pine Street Englishtown NJ 07726*

*(732) 792-7300 ext. 8519
Fax: (732) 446-5192*

February 11, 2019

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

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Freehold Regional High School District (District) for the fiscal year ended June 30, 2018. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. This report will provide the taxpayers of the Freehold Regional High School District with comprehensive financial data in a format enabling them to gain an understanding of the School District's financial affairs.

The Comprehensive Annual Financial Report is presented in four sections as follows:

- The Introductory Section contains this Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal revenue and debt capacities and other operating information of the School District;
- The Single Audit Section - The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, "Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)" and the New Jersey State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid." Information related to this single audit, including the independent auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, are included in the single audit section of this report.

Reporting Entity

The Freehold Regional High School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board's (GASB) as established by Statement No. 39. All funds of the District are included in this report. The Freehold Regional High School District Board of Education and its six high schools constitute the District's reporting entity.

School District Organization









The Freehold Regional High School District, the largest limited-purpose regional high school district in the state, is one of 56 school districts in Monmouth County. The School District provides education to students in grades nine through twelve.

An elected nine-member Board of Education (the "Board") serves as the policy maker for the School District. The Board adopts an annual budget and directly approves all expenditures which serve as the basis for control over and authorization for all expenditures of School District tax money.

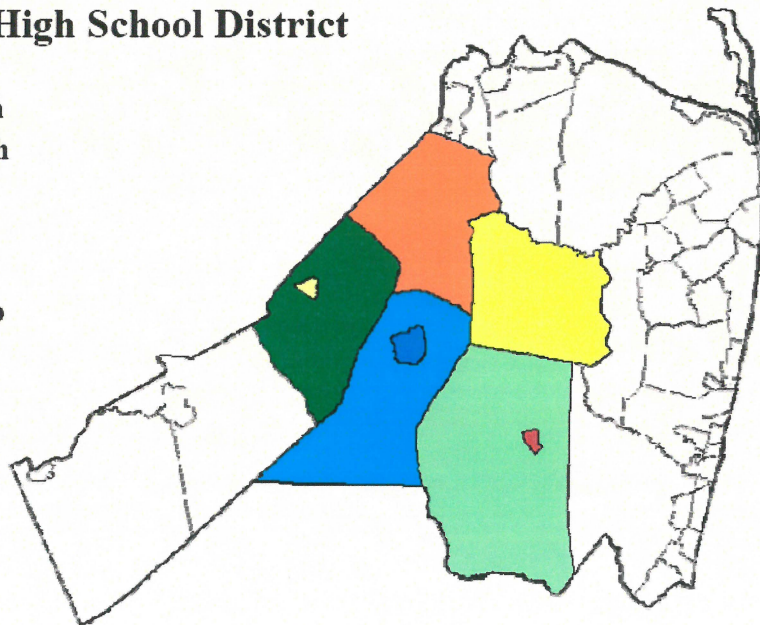
The Superintendent is the chief executive officer of the School District, responsible to the Board for total educational and support operations. The Assistant Superintendent for Business/Board Secretary is the chief financial officer of the School District, responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the School District, acting as custodian of all School District funds, and investing idle funds as permitted by New Jersey law.

Geographically, the District is comprised of the Townships of Colts Neck, Freehold, Howell, Manalapan and Marlboro and the Boroughs of Englishtown, Farmingdale and Freehold. Established in 1953, the District's total area is 198 square miles. Of the 10,688 resident students, 10,524.5 students are enrolled in one of the Freehold Regional High School District's six high schools.

Freehold Regional High School District

-  Colts Neck Township
-  Englishtown Borough
-  Farmingdale Borough
-  Freehold Borough
-  Freehold Township
-  Howell Township
-  Manalapan Township
-  Marlboro Township

Monmouth County
New Jersey



Economic Condition and Outlook

Monmouth County is steeped in history from pre-revolutionary times to the present day. Rich in natural resources, Monmouth's deep forests, rolling countryside and miles of beautiful sandy beaches offer a perfect backdrop for the vast variety of recreational, cultural and leisure opportunities in the area. The County has horse country and thriving agricultural industry in the west, beaches and seaside resorts in the east, and a booming business community throughout. The Freehold Regional High School District serves students from a wide range of socioeconomic backgrounds.

Monmouth County is located in the center of the state approximately 47 miles south of New York City and 55 miles east of Philadelphia. Newark Liberty International Airport is just 40 minutes away. The public and private transportation systems include more than 2,600 miles of rails and roads, making the County accessible to virtually all of New Jersey as well as nearby New York and Philadelphia.

The District's General Fund budget derives a material amount of its support in the form of Unrestricted State Aid. In 2018 the State of New Jersey passed legislation which reallocated this aid amongst the State's various school district's based upon a revised funding formula. As a result, the Freehold Regional High School District will see it's State Aid reduced over the next seven year by over \$25 million. The District's administration is in the process of formulating plans to deal with the ramifications of this loss of revenue.

Educational Program

The District meets advanced academic needs through a wide assortment of accelerated and Advanced Placement classes at each high school. Rising ninth graders who are accepted into one of our prestigious *Learning Center* and *Academy* magnet programs become full-time students at the program's home school for all four years of their high school career. Also offered is an International Baccalaureate (IB) Diploma Program.

Learning Centers are four-year programs of academic study offered to a selected group of highly motivated students who have demonstrated interests and abilities in particular fields of study. They prepare students for further study of that field in college. Students and faculty of a particular program join together to form a unique learning community located within the comprehensive high school setting. All Learning Centers include in-depth study of targeted courses on an advanced level, with many courses meeting the requirements of Advanced Placement or college-level work. Learning Center courses fall under traditional academic disciplines such as science, math, social studies, and language arts. The four-year sequences combine to make an integrated and interdisciplinary academic experience for students. The Learning Centers address the core skills, knowledge, and values that are essential to success in high school and in preparation for acceptance to a competitive four-year college or university.

Academies are four-year programs of specialized coursework and experiences for students who have a particular career interest. Students who attend Academies are prepared to directly enter the work force where they can immediately use the knowledge and skills, or attend a post-secondary technical program, or attend a two- or four-year college. The programs integrate career and technical courses in addition to the traditional academic curriculum. Students who attend our Academies benefit from being part of a career-oriented learning community while at the same time being a fully participating student within a comprehensive high school. The Academy environment encourages students to engage in meaningful learning activities that are relevant to real-world settings.

International Baccalaureate (IB) Diploma Program is a comprehensive and rigorous pre-university course of studies for highly motivated 11th and 12th graders. The IB Diploma Program is widely recognized in the United States and around the world.

Major Initiatives

Strategic Planning

The district completed the final year of Compass, the Freehold Regional High School District's strategic plan. In FY17 the successor plan, *Compass 2.0*, was developed and will continue to enhance the work commenced in the 2012-17 strategic plan. Through the *Compass 2.0* project, the Freehold Regional High School District mapped priorities and projects through the 2021-2022 school year. *Compass 2.0* has four core areas that support the District's mission: Whole Child; Equity and Opportunity; Student Growth and Learning; and, Community Partnerships. View our plan mission, detailed information on each of the four core areas and implementation progress via The Compass Project link on the district's website.

Maximizing Learning Opportunities – Block Schedule

Continuous improvement through thoughtful research and collaborative development has long been a hallmark of the Freehold Regional High School District. Alternative school day structures, and their impact on teaching and learning, were explored and the District implemented a block schedule for the 2018-19 school year. The new schedule is aligned to the District mission that provides students with modern learning experiences and opportunities to explore and learn in greater depth.

Capital Planning

The district's capital plan that provided more than \$20 million in facility improvements through an Energy Savings Improvement Program, state grants and subsidies, and local reserve funds, concluded in 2018. Looking ahead, the current budget law limits opportunities to fund high dollar facility needs through the annual school budget or local reserves. The district has developed a capital referendum that addresses the following four broad areas of need: Modernized Learning Environment, Expanded Utilization of Athletic Facilities, Enhanced Safety and Security, and Infrastructure Maintenance. The referendum, which did not receive voter support, is expected to be re-offered to the public in November of 2019.

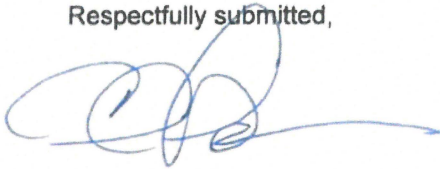
Acknowledgements and Achievements

Among the district's many achievements:

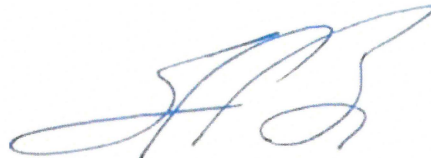
- Mr. Todd Curtis, a Social Studies teacher at Howell High School, was selected as Monmouth County Teacher of the Year
- The Freehold Regional High School District was awarded the Building Capacity for Career Pathways grant from the New Jersey Department of Education's Office of Career and Technical Education. This award provides for up to \$100K per year for five years. A computer science pathways course is currently underway at Freehold High School with the use of these grant funds.
- The District hosted its annual Hackathon at Manalapan High School. HackFRee is a 24-hour hackathon, where teams of students work towards creating a project using programming or electronics. Hackathons are an interactive way to increase a student's coding knowledge. This fantastic event came to fruition thanks to several community partnerships.
- Class of 2018 acceptance into top colleges and universities including Ivy League schools.

We would like to express our appreciation to the members of the Freehold Regional High School District 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 financial and accounting staff.

Respectfully submitted,

A handwritten signature in blue ink, appearing to be 'CS', with a long horizontal flourish extending to the right.

Charles Sampson
Superintendent of Schools

A handwritten signature in blue ink, appearing to be 'SB', with a long horizontal flourish extending to the left.

Sean Boyce, CPA
Assistant Superintendent for Business

**FREEHOLD REGIONAL HIGH SCHOOL BOARD OF EDUCATION
ENGLISHTOWN, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2018**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Michael Messinger, President	2020
Peter Bruno, Vice President	2018
Carl Accettola	2020
Diana Cappiello	2019
Samuel Carollo	2020
Amy Fankhauser	2019
Kathie Lavin	2019
Heshy Moses	2018
Jennifer Sutera	2018

Other Officials

Charles Sampson, Superintendent of Schools

Sean Boyce, CPA, Assistant Superintendent for Business Administration/Board Secretary

Mark Toscano, Esq., Solicitor

**FREEHOLD REGIONAL HIGH SCHOOL BOARD OF EDUCATION
CONSULTANTS AND ADVISORS
JUNE 30, 2018**

Audit Firm

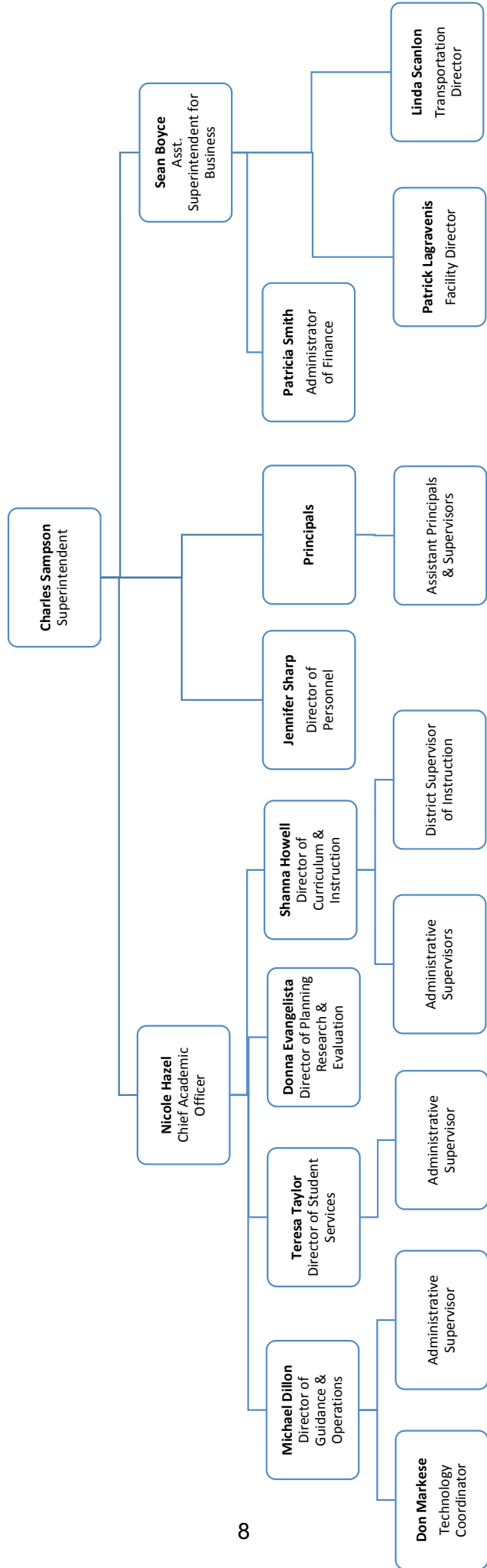
Suplee, Clooney & Company
308 East Broad Street
Westfield, NJ 07090

Attorney

Mark Toscano
Comegno Law Group, P.C.
521 Pleasant Valley Avenue
Moorestown, NJ 08057

Official Depository

Bank of America
One West Main Street
Freehold, New Jersey 07728



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FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Freehold Regional High School District, County of Monmouth, New Jersey as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey, the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and State of New Jersey *OMB Circular 15-08* "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

SUPLEE, CLOONEY & COMPANY

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Freehold Regional High School District, County of Monmouth, New Jersey as of June 30, 2018, 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 7 to the basic financial statements, during the fiscal year ended June 30, 2018, the District adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information in Exhibit C-1 through C-3 and the schedules related to accounting and reporting for pensions in Exhibit L-1 through L-4 and the schedules related to accounting and reporting for postretirement benefits other than pensions (OPEB) in Exhibit M-1 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.

SUPLEE, CLOONEY & COMPANY

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Freehold Regional High School District's basic financial statements. The accompanying supplementary information schedules such as the introductory section, combining statements and individual fund financial statements, the statistical section and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information, such as the introductory and statistical sections, 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 February 11, 2019 on our consideration of the Freehold Regional High School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Freehold Regional High School District's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

February 11, 2019

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

**FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
ENGLISHTOWN, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED**

The discussion and analysis of Freehold Regional High School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance. Certain comparative information between the current fiscal year (2017-2018) and the prior fiscal year (2016-2017) is presented in the MD&A. In FY 2018 the District Implemented GASB 75 "Accounting and Financial Reporting for Post-Retirement Benefits Other Than Pensions". Prior Year Information has not been restated.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2018 are as follows:

- ↪ The District's overall financial position remained stable in 2018. The District's administration is in the process of formulating plans to deal with the ramifications of the loss of revenue expected from the S2 legislation passed by the State of New Jersey in 2018. As a result of this legislation the District is slated to lose over \$25 million over the course of the next seven years.
- ↪ Net Position of governmental activities decreased \$200,427, which represents a .36 percent decrease from 2017.
- ↪ Net Position of business-type activities decreased \$157,627, which represents a 19% percent decrease from 2017. Significant expenditures were made in preparation for the implementation of single unit lunch commencing in the 2018-19 school year. Service continues to run smoothly and the operation is expected to continue to be self-sustaining. Profits are expected to decrease as a result of the single unit lunch.
- ↪ Property taxes continue to provide the majority of revenue for the Governmental Funds accounting for 61.8 percent in 2018. During the seven years the tax cap has been in place, the District has forgone more than \$23 million in available property tax.
- ↪ Governmental Fund expenses (exclusive of the Capital Projects Fund) increased by \$5,757,628 which represents a 2.6 percent increase from 2017. This increase is mainly due to a \$3.1 million increase in on-behalf payments for TPAF pension and TPAF post-retirement contributions, as well as a \$1.0 million increase in transportation costs. Transportation services for special education increased significantly from the prior year.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Freehold Regional High 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 focus of governmental accounting differs from that of business enterprises. In government, the financial statement user is concerned with determining accountability for funds, evaluating operating results, and assessing the level of service that can be provided by the government along with its ability to meet obligations as they become due. In comparison, the primary emphasis in the private sector from both an operational and reporting perspective is on the maximization of profits.

**FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
ENGLISHTOWN, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED (CONTINUED)**

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of a whole school district, presenting both an aggregate view of a school district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending.

This document looks at all financial transactions and asks the question, "How did we do financially during 2018?" The Statement of Net Position and the Statement of Activities attempt to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. 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 changes in those assets. This change in Net Position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs, and other factors.

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

- Governmental activities - All of the School District's programs and services are reported here including instruction, support services, administration, operating maintenance of plant services, student transportation, and extracurricular activities.
- Business-Type Activities - This service is provided on a charge-for-goods-or-services basis to recover all the expenses of the goods or services provided. The Food Service and Extra Curricular funds are reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transactions. The School District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same as in private industry.

**FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
ENGLISHTOWN, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED (CONTINUED)**

Notes to the Basic Financial Statements

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

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 a 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.

Table 1 provides a summary of the School District's Net Position for 2018 and 2017.

**TABLE 1
Net Position**

	2017-2018			2016-2017		
	<u>Governmental Activities</u>	<u>Business Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business Activities</u>	<u>Total</u>
ASSETS						
Current & Other Assets	\$35,871,539	\$558,563	\$36,430,102	\$38,805,660	\$1,373,974	\$40,179,634
Capital Assets	119,675,671	493,155	120,168,826	122,074,250	154,865	122,229,115
Total Assets	155,547,210	1,051,718	156,598,928	160,879,910	1,528,839	162,408,749
DEFERRED OUTFLOWS OF RESOURCES:						
Loss on Refunding of Long Term Debt	45,112		45,112	79,415		79,415
Pension Related	17,337,712		17,337,712	23,744,943		23,744,943
Total Deferred Outflow of Resources	17,382,824		17,382,824	23,824,358		23,824,358
LIABILITIES						
Long-Term Liabilities	86,296,325		86,296,325	108,514,126		108,514,126
Other Liabilities	19,506,517	387,332	19,893,849	20,455,460	706,826	21,162,286
Total Liabilities	105,802,842	387,332	106,190,174	128,969,586	706,826	129,676,412
DEFERRED INFLOWS OF RESOURCES:						
Pension Related	12,735,655		12,735,655	1,142,718		1,142,718
Total Deferred Inflow of Resources	12,735,655		12,735,655	1,142,718		1,142,718
NET POSITION						
Net Investment in Capital Assets	89,024,727	493,155	89,517,882	87,207,182	154,865	87,362,047
Restricted	26,112,090		26,112,090	27,648,406		27,648,406
Unrestricted (Deficit)						
Pension Related	(49,733,871)		(49,733,871)	(49,733,871)		(49,733,871)
Other	(11,011,409)	171,231	(10,840,178)	(10,529,753)	667,148	(9,862,605)
Total Net Position	\$54,391,537	\$664,386	\$55,055,923	\$54,591,964	\$822,013	\$55,413,977

**FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
ENGLISHTOWN, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED (CONTINUED)**

Table 2 details the changes in Net Position for fiscal year 2018 and 2017.

**TABLE 2
CHANGES IN NET POSITION**

	2017-2018			2016-2017		
	Governmental Activities	Business Activities	Total	Governmental Activities	Business Activities	Total
Revenues:						
Program Revenues:						
Charges for Services	\$212,475	\$2,994,466	\$3,206,941	\$230,377	\$3,001,715	\$3,232,092
Operating Grants & Contributions	64,954,154	665,540	65,619,694	59,693,390	666,290	60,359,680
General Revenues						
Property Taxes	135,752,348		135,752,348	132,253,371		132,253,371
Grants (includes State Aid) and Entitlements	55,584,485		55,584,485	55,871,366		55,871,366
Other Revenues	459,661		459,661	2,082,760		2,082,760
Disposal of Capital Assets						
	<u>\$256,963,123</u>	<u>\$3,660,006</u>	<u>\$260,623,129</u>	<u>\$250,131,264</u>	<u>\$3,668,005</u>	<u>\$253,799,269</u>
Expenses:						
Instruction	146,243,677		146,243,677	142,335,228		142,335,228
Pupils and Instructional Staff	47,827,349		47,827,349	45,807,071		45,807,071
General Administration, School Administration, Central Services						
Information Technology & Maintenance	39,791,386		39,791,386	41,469,197		41,469,197
Transportation	17,235,383		17,235,383	16,630,574		16,630,574
Interest on Long-Term Debt	741,084		741,084	936,851		936,851
Business-Type		3,817,633	3,817,633		3,441,891	3,441,891
Other	5,324,671		5,324,671	4,917,067		4,917,067
Total Expenses	<u>\$257,163,550</u>	<u>\$3,817,633</u>	<u>\$260,981,183</u>	<u>\$252,095,988</u>	<u>\$3,441,891</u>	<u>\$255,537,879</u>
Change in Net Position	(\$200,427)	(\$157,627)	(\$358,054)	(\$1,964,724)	\$226,114	(\$1,738,610)
Net Position July 1, (as restated)	<u>54,591,964</u>	<u>822,013</u>	<u>55,413,977</u>	<u>56,556,688</u>	<u>595,899</u>	<u>57,152,587</u>
Net Position June 30,	<u>\$54,391,537</u>	<u>\$664,386</u>	<u>\$55,055,923</u>	<u>\$54,591,964</u>	<u>\$822,013</u>	<u>\$55,413,977</u>

The presentation of net position in the District's June 30, 2018 financial statements includes revenues from federal and state grant programs as well as the state's on-behalf contributions to the Teachers' Pension and Annuity Fund (TPAF) and actuarially calculated expense for the Public Employees Retirement System (PERS). Corresponding amounts have been appropriately assigned throughout governmental expenses.

Variances in both the revenues and expenditures are significantly affected by the actuarially calculated revenue and expense for TPAF and PERS Pension under GASB 68 and Postemployment Benefits under GASB 75.

**FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
ENGLISHTOWN, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED (CONTINUED)**

Governmental Activities

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 for Governmental Activities. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

**TABLE 3
NET COST OF SERVICES**

	Total Cost of Services 2018	Total Cost of Services 2017	Net Cost of Services 2018	Net Cost of Services 2017
Instruction	\$146,243,677	\$142,335,228	\$96,341,961	\$95,464,769
Pupils and Instructional Staff	\$47,827,349	45,807,071	38,023,931	36,991,816
General Administration, School Administration, Central Services				
Information Technology & Maintenance	\$39,791,386	41,469,197	34,883,927	37,468,618
Transportation	\$17,235,383	16,630,574	16,866,457	16,630,574
Interest on Long-Term Debt	\$741,084	936,851	555,974	699,378
Business-Type	\$3,817,633	3,441,891	157,627	(226,114)
Other	\$5,324,671	4,917,067	5,324,671	4,917,067
Total Expenses	<u>\$260,981,183</u>	<u>\$255,537,879</u>	<u>\$192,154,548</u>	<u>\$191,946,108</u>

As noted above, the presentation of position in the District's June 30, 2018 financial statements includes the allocation of expenses funded by federal and state grant programs as well as the state's on-behalf contributions to the Teachers' Pension and Annuity Fund.

- Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.
- Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.
- General administration, school administration, central services, information technology and maintenance include expenses associated with administrative and financial supervision of the District, as well as costs associated with the upkeep of school grounds, buildings, and equipment in an effective working condition.
- Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by State law.
- Interest on long-term debt involves the transactions associated with the payment of interest and other related charges to debt of the School District.
- Business-type expenses include all expenses associated with the food service and extracurricular funds.
- "Other" includes depreciation on capital assets that is not allocated to a specific function mentioned above.

**FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
ENGLISHTOWN, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED (CONTINUED)**

Business-Type Activities

Revenues for the District's business-type activities (food service and extra-curricular programs) were comprised of charges for services and federal and state reimbursements. The food service operation continues to run smoothly and has generated a profit since the District hired a new management company in 2014. The District is implementing a single unit lunch and block schedule for the 2018-19 school year and it is expected to see an initial decline in profits when the new schedule is first implemented.

THE SCHOOL DISTRICT'S FUNDS

All governmental funds are accounted for using the modified accrual basis of accounting. Totals (excluding Capital Projects) for revenues amounted to \$219,841,851 and expenditures were \$223,461,144. Other Financing sources and uses included Capital Lease proceeds of \$2,078,988 used primarily for the purchase of new school buses, technology infrastructure and buildings and grounds equipment. The net change in fund balance was a decrease of \$1,536,316. 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. Governmental Funds Revenues and Expenditures (exclusive of Capital Projects) are summarized in Table 4 and Chart 1 below.

**Table 4
Governmental Funds Revenues and Expenditures
(Exclusive of Capital Projects)**

REVENUES:

	<u>Amount</u>	<u>Percentage</u>	<u>Increase/Decrease from 2017</u>	<u>Percentage Change</u>
Local Sources	\$136,671,746	62.16%	\$1,891,998	1.40%
State Sources	79,926,341	36.36%	2,901,629	3.77%
Federal Sources	<u>3,243,764</u>	<u>1.48%</u>	<u>32,142</u>	<u>1.00%</u>
	<u>\$219,841,851</u>	<u>100.00%</u>	<u>\$4,825,769</u>	<u>2.24%</u>

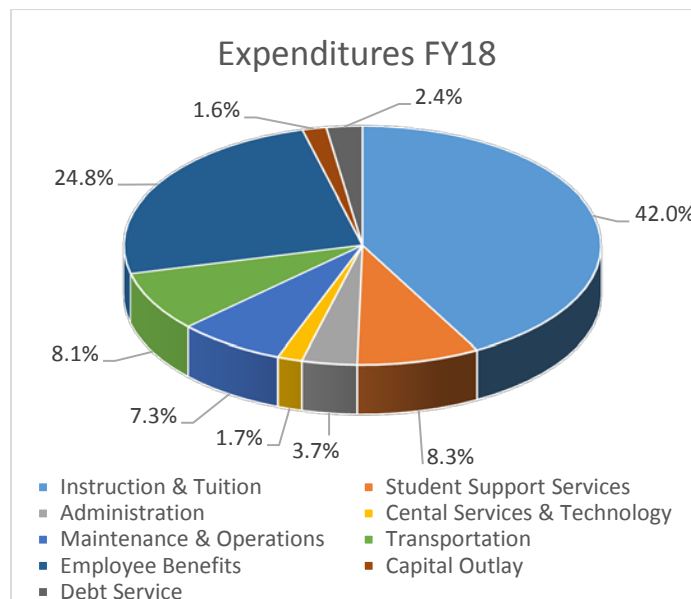
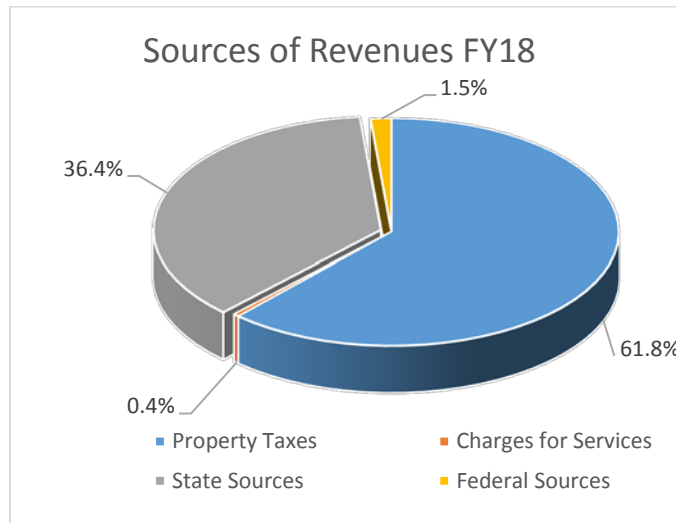
EXPENDITURES:

	<u>Amount</u>	<u>Percentage</u>	<u>Increase/Decrease from 2017</u>	<u>Percentage Change</u>
Current Expense:				
Instruction	\$75,290,948	33.69%	\$178,729	0.24%
Undistributed	135,594,204	60.68%	5,867,589	4.52%
Capital Outlay	3,593,664	1.61%	(446,046)	-11.04%
Special Revenue	3,545,328	1.59%	145,358	4.28%
Debt Service:				
Principal	4,695,000	2.10%	235,000	5.27%
Interest	<u>742,000</u>	<u>0.33%</u>	<u>(223,000)</u>	<u>-23.11%</u>
Total	<u>\$223,461,144</u>	<u>100.00%</u>	<u>\$5,757,630</u>	<u>2.64%</u>

**FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
ENGLISHTOWN, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED (CONTINUED)**

**Chart 1
Governmental Funds Revenues and Expenditures
(Exclusive of Capital Projects)**



**FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
ENGLISHTOWN, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED (CONTINUED)**

Highlights include the following:

- The increase in local revenues was primarily due to an aggregate increase in property taxes of 2.7%. The 2018 levy was above the 2% cap as banked cap of \$926,943 from the health benefits waiver was accessed this year. The change in state revenue was mainly due to the increased on-behalf TPAF pension contribution - See Note 6 for additional information. The district recognizes on-behalf contributions as both revenues and expenses.
- Expenses for instruction, tuition and student support services increased slightly over FY17. While there was a small decrease in special education instruction for in-house programs, it was offset by increases in tuition, related and extraordinary services.
- The Operations and Maintenance of Plant Services section of the budget decreased primarily due to a significantly lower ESIP lease payment in FY18 as compared to the payment in FY17. The lease payment schedule was structured to coincide with the receipt of BPU subsidy revenue.
- Transportation costs continue to rise due to a couple of different factors. Of the utmost concern is the statewide shortage of bus drivers. Contractors, experiencing the effects of this shortage, mixed with the fact that CPI has been so low, opt not to renew routes thereby forcing the District to accept rebid routes at a significantly higher cost. This especially impacts the cost of transporting special education students, and those students attending non-public schools, as those routes are largely bid out by the county's educational services commission. The New Jersey Association of School Business Officials is discussing transportation concerns with state officials. Lease payments for buses also increased from FY17
- Employee benefits appear to have increased significantly, however, \$3.1 million of the is the result of larger on-behalf TPAF Pension and TPAF Post-retirement contributions. Excluding on-behalf payments, employee benefits increased \$1.1 million or 3.7%.
- Capital Outlay represents the completion of the Howell Athletic Facility Improvement project, as well as the replacement of the boiler at the Administrative building.

Capital Projects

The district's capital plan that provided more than \$20 million in facility improvements through an Energy Savings Improvement Program, state grants and subsidies, and local reserve funds, concluded in 2018. Looking ahead, the current budget law limits opportunities to fund high dollar facility needs through the annual school budget or local reserves. The district has developed a capital referendum that addresses the following four broad areas of need: Modernized Learning Environment, Expanded Utilization of Athletic Facilities, Enhanced Safety and Security, and Infrastructure Maintenance. The referendum, which did not receive voter support, is expected to be re-offered to the public in November of 2019.

**FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
ENGLISHTOWN, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED (CONTINUED)**

CAPITAL ASSETS

The District continues to invest in its Capital Assets. Construction in Progress decreased as the work on the ESIP project and the Howell Athletic Field Complex was completed in FY18. The District made several large equipment purchases including various technology infrastructure/equipment upgrades, school buses, and buildings and grounds equipment. Table 5 shows the FY18 Capital Asset activity of the District.

**Table 5
Capital Assets for the Fiscal Year Ended June 30, 2018**

	Beginning Balance *	Additions	Transfers or Retirements	Ending Balance
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$446,488			\$446,488
Construction In Progress	25,209,315	\$1,890,407	(\$21,894,877)	5,204,845
Total capital assets not being depreciated	25,655,803	1,890,407	(21,894,877)	5,651,333
<i>Capital assets being depreciated:</i>				
Site improvements	15,820,292		1,907,632	17,727,924
Building and improvements	204,125,462	967,818	19,987,245	225,080,525
Equipment	20,786,285	1,353,426		22,139,711
Total capital assets being depreciated	240,732,039	2,321,244	21,894,877	264,948,160
Total Gross Assets (Memo Only)	266,387,842	4,211,651	-	270,599,493
Less accumulated depreciation for:				
Site improvements	(7,324,703)	(785,651)		(8,110,354)
Building and improvements	(121,905,413)	(4,575,977)		(126,481,390)
Equipment	(15,083,479)	(1,248,599)		(16,332,078)
Total accumulated depreciation	(144,313,595)	(6,610,227)	-	(150,923,822)
Total capital assets being depreciated, net	96,418,444	(4,288,983)	21,894,877	114,024,338
Government activities capital assets, net	\$ 122,074,247	\$ (2,398,576)	-	\$ 119,675,671
Business-type activities:				
<i>Capital assets being depreciated:</i>				
Equipment	649,371	401,322		1,050,693
Less accumulated depreciation	(494,506)	(63,032)		(557,538)
Enterprise fund capital assets, net	\$154,865	\$338,290		\$493,155

* As restated

**FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
ENGLISHTOWN, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED (CONCLUDED)**

DEBT ADMINISTRATION

Among the district's outstanding liabilities at June 30, 2018, \$2,819,304 is for compensated absences, \$23,203,372 for obligations under capital leases, and \$10,145,000 of serial bonds for school construction. As noted earlier, capital leases issued under ESIP are repaid with energy savings rather than additional property tax levy.

CONTACTING THE SCHOOL DISTRICT

This financial report is designed to provide the District's citizens, taxpayers, bond holders, and creditors with a general overview of the District's finances and to show the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Assistant Superintendent for Business Administration at Freehold Regional Board of Education, 11 Pine Street, Englishtown, NJ 07726.

Please visit our website at www.frhsd.com

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2018

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>GOVERNMENTAL</u>	<u>BUSINESS-TYPE</u>	<u>TOTAL</u>
	<u>ACTIVITIES</u>	<u>ACTIVITIES</u>	
ASSETS:			
Cash and cash equivalents	\$ 24,079,062	\$ 169,189	\$ 24,248,251
Receivables, net	6,525,444	363,978	6,889,422
Inventory		25,396	25,396
Restricted assets:			
Restricted cash and cash equivalents	5,267,033		5,267,033
Capital assets:			
Land and Construction in progress	5,651,333		5,651,333
Other Capital Assets net of depreciation	<u>114,024,338</u>	<u>493,155</u>	<u>114,517,493</u>
Total Assets	<u>155,547,210</u>	<u>1,051,718</u>	<u>156,598,928</u>
DEFERRED OUTFLOW OF RESOURCES:			
Loss on Refunding of Long Term Debt	45,112		45,112
Pension Related	<u>17,337,712</u>		<u>17,337,712</u>
Total Deferred Outflow of Resources	<u>17,382,824</u>		<u>17,382,824</u>
LIABILITIES:			
Accounts payable	3,702,761	292,991	3,995,752
Interfund Payable		9,007	9,007
Payable to state government	13,387		13,387
Unearned revenue	131,486	85,334	216,820
Accrued Interest Payable	169,083		169,083
Accrued Liability for Insurance Claims	6,800,000		6,800,000
Noncurrent liabilities:			
Due within one year:			
Bonds and capital leases payable	8,689,800		8,689,800
Due beyond one year:			
Compensated absences payable	2,819,304		2,819,304
Bonds and capital leases payable	24,658,572		24,658,572
Net Pension Liability	<u>58,818,449</u>		<u>58,818,449</u>
Total liabilities	<u>105,802,842</u>	<u>387,332</u>	<u>106,190,174</u>
DEFERRED INFLOW OF RESOURCES:			
Pension Related	<u>12,735,655</u>		<u>12,735,655</u>
NET POSITION:			
Net investment in capital assets	89,024,727	493,155	89,517,882
Restricted for:			
Capital projects fund	1,190,797		1,190,797
Other purposes	24,921,293		24,921,293
Unrestricted (deficit)	<u>(60,745,280)</u>	<u>171,231</u>	<u>(60,574,049)</u>
Total net position	<u>\$ 54,391,537</u>	<u>\$ 664,386</u>	<u>\$ 55,055,923</u>

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

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
JUNE 30, 2018

Functions/Programs	Expenses	Indirect Cost Allocation	Programs Revenues		Net (Expense) Revenue and Changes in Net Position			
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Governmental Activities:								
Instruction:								
Regular	\$ 76,921,324	\$ 29,603,848	\$ 50,275	\$ 35,522,440	\$ (70,952,457)	\$	\$ (70,952,457)	
Special	20,242,496	7,075,798		10,437,881	(16,880,413)		(16,880,413)	
Other Instruction	9,144,176	3,256,035	81,545	3,809,575	(8,509,091)		(8,509,091)	
Support services:								
Tuition	15,600,095				(15,600,095)		(15,600,095)	
Student & instruction related services	24,180,462	8,046,792		9,803,418	(22,423,836)		(22,423,836)	
General administrative services	1,715,197	120,310		26,352	(1,809,155)		(1,809,155)	
School administrative services	9,232,119	3,568,086		4,207,159	(8,593,046)		(8,593,046)	
Central service	1,853,855	420,090		94,114	(2,179,831)		(2,179,831)	
Admin information technology	2,772,581	635,399		54,962	(3,353,018)		(3,353,018)	
Plant operations and maintenance	17,568,013	1,905,736	80,655	444,217	(18,948,877)		(18,948,877)	
Pupil transportation	15,090,544	2,144,839		368,926	(16,866,457)		(16,866,457)	
Unallocated benefits	55,491,377	(55,491,377)						
Interest on Long-Term Debt	741,084			185,110	(555,974)		(555,974)	
Unallocated depreciation	6,610,227	(1,285,556)			(5,324,671)		(5,324,671)	
Total governmental activities	257,163,550		212,475	64,954,154	(191,996,921)		(191,996,921)	
Business-type activities								
Food Service	3,583,671		2,760,504	665,540		(157,627)	(157,627)	
Extra-Curricular	233,962		233,962					
Total business-type activities	3,817,633		2,994,466	665,540		(157,627)	(157,627)	
Total primary government	\$ 260,981,183		\$ 3,206,941	\$ 65,619,694	\$ (191,996,921)	\$ (157,627)	\$ (192,154,548)	
General Revenues:								
Taxes:								
Property taxes, levied for general purposes, net					\$ 131,637,569	\$	\$ 131,637,569	
Taxes levied for debt service					4,114,779		4,114,779	
Federal and state aid not restricted					54,362,826		54,362,826	
Federal and state aid restricted					1,221,659		1,221,659	
Miscellaneous income					459,661		459,661	
Total general revenues					191,796,494		191,796,494	
Change in net position					(200,427)	(157,627)	(358,054)	
Net Position - beginning (as restated)					54,591,964	822,013	55,413,977	
Net Position ending					54,391,537	664,386	55,055,923	

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

MAJOR FUND FINANCIAL STATEMENTS

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

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS:				
Cash and cash equivalents	\$ 28,847,374	\$	\$	\$ 28,847,374
Cash with Fiscal Agents	38,734		459,987	498,721
Other receivables	53,269	7,382		60,651
Due from other funds	4,304,743			4,304,743
Receivables from other governments	2,946,889	371,298	3,098,426	6,416,613
Total assets	\$ 36,191,009	\$ 378,680	\$ 3,558,413	\$ 40,128,102
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable	\$ 956,151	\$ 181,186	\$	\$ 1,137,337
Payable to state government		13,387		13,387
Interfund payables	2,322,768	52,621	1,881,174	4,256,563
Unearned revenue		131,486		131,486
Accrued Liability for Insurance Claims	6,800,000			6,800,000
Total liabilities	10,078,919	378,680	1,881,174	12,338,773
Fund balances:				
Restricted:				
Capital Reserve Account	3,024,594			3,024,594
Emergency Reserve Account	253,301			253,301
Maintenance Reserve Account	1,490,417			1,490,417
Reserved Excess Surplus designated for subsequent years expenditures	11,812,173			11,812,173
Reserve for Excess surplus	8,655,210			8,655,210
Capital Projects fund			1,190,797	1,190,797
Assigned:				
Encumbrances	592,262		486,442	1,078,704
Unassigned				
General fund	284,133			284,133
Total fund balances	26,112,090		1,677,239	27,789,329
Total liabilities and fund balances	\$ 36,191,009	\$ 378,680	\$ 3,558,413	\$ 40,128,102

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

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

Total Fund Balances (Brought Forward)	\$	27,789,329
<p>Amounts Reported for Governmental Activities in the Statement of Net Position (A-1) are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Cost of Assets	\$ 270,599,493	
Accumulated Depreciation	<u>(150,923,822)</u>	119,675,671
<p>Long term liabilities, including bonds payable, and other related amounts that are not due and payable in the current period and therefore are not reported as liabilities in the funds.</p>		
Net Pension Expense	(58,818,449)	
Compensated Absences	(2,819,304)	
Capital Lease Payable	(23,203,372)	
Bonds Payable	<u>(10,145,000)</u>	(94,986,125)
<p>Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.</p>		
Deferred Outflows:		
Pension related	\$ 14,772,288	
Employer Contribution related to pensions	<u>2,565,424</u>	
	17,337,712	
Loss on Refunding Debt	<u>45,112</u>	17,382,824
Deferred Inflows:		
Pension related		(12,735,655)
<p>Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.</p>		
Accounts Payable - Pension Related	(2,565,424)	
Accrued Interest Payable	<u>(169,083)</u>	<u>(2,734,507)</u>
Net Position of Governmental Activities	\$	<u><u>54,391,537</u></u>

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

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Local sources:					
Local Tax Levy	\$ 131,637,569			\$ 4,114,779	\$ 135,752,348
Tuition	50,275				50,275
Unrestricted Miscellaneous Revenue	446,279		3,989		450,268
Interest Earned on Emergency Reserve	468				468
Interest Earned on Maintenance Reserve	2,751				2,751
Interest Earned on Capital Reserve Funds	6,174				6,174
Other Restricted Miscellaneous Revenue	162,200	251,251			413,451
Total - local sources	132,305,716	251,251	3,989	4,114,779	136,675,735
State sources	78,434,074	170,046	41,387	1,322,221	79,967,728
Federal sources	119,733	3,124,031			3,243,764
Total revenues	210,859,523	3,545,328	45,376	5,437,000	219,887,227
EXPENDITURES:					
Current expense:					
Regular instruction	55,286,926	916,067			56,202,993
Special instruction	13,140,551	2,125,455			15,266,006
Other Instruction	6,863,471				6,863,471
Support services:					
Tuition	15,600,095				15,600,095
Student & instruction related services	18,126,647	460,644			18,587,291
General administrative services	1,635,198				1,635,198
School administrative services	6,713,490				6,713,490
Central service	1,565,606				1,565,606
Administrative information technology services	2,176,770				2,176,770
Plant operations and maintenance	16,221,433				16,221,433
Pupil transportation	18,147,561				18,147,561
Unallocated benefits	55,407,404				55,407,404
Debt Service:					
Principal				4,695,000	4,695,000
Interest				742,000	742,000
Capital outlay	3,593,664	43,162	582,926		4,219,752
Total expenditures	214,478,816	3,545,328	582,926	5,437,000	224,044,070
Excess (deficiency) of revenues over (under) expenditures	(3,619,293)		(537,550)		(4,156,843)
Other financing sources (uses):					
Capital Lease	2,078,988				2,078,988
Transfer	3,989		(3,989)		
Total other financing sources (uses)	2,082,977		(3,989)		2,078,988
Net change in fund balances	(1,536,316)		(541,539)		(2,077,855)
Fund balances, July 1, 2017	27,648,406		2,218,778		29,867,184
Fund balances, June 30, 2018	\$ 26,112,090		\$ 1,677,239		\$ 27,789,329

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

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Total net change in fund balances - governmental funds (from B-2) \$ (2,077,855)

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

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

Depreciation expense			(6,610,227)
Capital outlays	\$	4,219,752	
Less: Capital Outlays not capitalized		(8,101)	4,211,651

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of Net Position and is not reported in the statement of activities.

4,695,000

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

Capital lease proceeds - Current Year

(2,560,000)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of Net Position and is not reported in the statement of activities.

Payment of capital lease payable			4,190,298
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In the statement of activities, interest on long-term debt is accrued, regardless of when due. In governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.

78,250

Bond Issue costs are reported in the Governmental Funds as expenditures in the year the bonds are issued. However, on the Statement of Activities the costs are amortized over the life of the Bonds.

(34,303)

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

District pension contributions		2,340,754	
Less: Pension expense		(4,350,022)	(2,009,268)

In the statement of activities, contributed capital assets are reflected in the activity in which they are utilized whereas in the governmental funds, they are reflected as an expense. The change in net assets on the statement of activities must therefore reflect this contribution as a transfer

In the statement of activities, certain expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In 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 a reduction in the reconciliation (-). When the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

(83,973)

Change in net position of governmental activities (A-2)

\$ (200,427)

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

OTHER FUNDS

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2018

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>		
	<u>FOOD SERVICE</u>	<u>EXTRA-CURRICULAR</u>	
	<u>FUND</u>	<u>FUND</u>	<u>TOTAL</u>
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 169,189	\$	\$ 169,189
Accounts receivable:			
State	1,102		1,102
Federal	29,978		29,978
Other	4,079	9,007	13,086
Interfund Receivable	319,812		319,812
Inventories	<u>25,396</u>		<u>25,396</u>
Total current assets	<u>549,556</u>	<u>9,007</u>	<u>558,563</u>
Noncurrent assets:			
Furniture, machinery and equipment	1,050,694		1,050,694
Less accumulated depreciation	<u>(557,539)</u>		<u>(557,539)</u>
Total noncurrent assets	<u>493,155</u>		<u>493,155</u>
Total assets	<u>\$ 1,042,711</u>	<u>\$ 9,007</u>	<u>\$ 1,051,718</u>
LIABILITIES:			
Current liabilities:			
Accounts Payable	\$ 292,991	\$	\$ 292,991
Interfund Payables		9,007	9,007
Unearned Revenue	<u>85,334</u>		<u>85,334</u>
Total current liabilities	<u>\$ 378,325</u>	<u>\$ 9,007</u>	<u>\$ 387,332</u>
NET POSITION:			
Net investment in capital assets	\$ 493,155	\$	\$ 493,155
Unrestricted	<u>171,231</u>		<u>171,231</u>
Total net position	<u>\$ 664,386</u>	<u>\$</u>	<u>\$ 664,386</u>

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

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>		
	<u>FOOD SERVICE</u>	<u>EXTRA-CURRICULAR</u>	
	<u>FUND</u>	<u>FUND</u>	<u>TOTAL</u>
OPERATING REVENUES:			
Charges for services:			
Daily sales - Reimbursable programs	\$ 939,947	\$	\$ 939,947
Daily sales - Non-reimbursable programs	1,774,112		1,774,112
Special Functions	46,445		46,445
Fees - individuals		233,962	233,962
	<hr/>	<hr/>	<hr/>
Total operating revenues	2,760,504	233,962	2,994,466
	<hr/>	<hr/>	<hr/>
OPERATING EXPENSES:			
Cost of sales - reimbursable programs	810,029		810,029
Cost of sales - non-reimbursable programs	668,714		668,714
Salaries and benefits	1,391,133	86,300	1,477,433
Supplies and materials	389,851		389,851
Management fee	105,601		105,601
Miscellaneous	155,311	23,725	179,036
Depreciation	63,032		63,032
Facility Rental		123,937	123,937
	<hr/>	<hr/>	<hr/>
Total operating expenses	3,583,671	233,962	3,817,633
	<hr/>	<hr/>	<hr/>
Operating (loss)	(823,167)		(823,167)
	<hr/>	<hr/>	<hr/>
NONOPERATING REVENUES (EXPENSES):			
State Sources			
State school lunch program	19,493		19,493
Federal Sources			
National school lunch program	473,849		473,849
School breakfast program	42,384		42,384
National food distribution commodities	129,814		129,814
Total nonoperating revenues (expenses)	665,540		665,540
	<hr/>	<hr/>	<hr/>
Income (loss) before contributions and transfers	(157,627)		(157,627)
	<hr/>	<hr/>	<hr/>
Change in net position	(157,627)		(157,627)
	<hr/>	<hr/>	<hr/>
Total net position - beginning	822,013		822,013
	<hr/>	<hr/>	<hr/>
Total net position - ending	\$ 664,386	\$	\$ 664,386
	<hr/>	<hr/>	<hr/>

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

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>		<u>TOTAL</u>
	<u>FOOD SERVICE</u> <u>FUND</u>	<u>EXTRA-CURRICULAR</u> <u>FUND</u>	
Cash flows from operating activities:			
Receipts from customers	\$ 2,779,030	\$ 233,962	\$ 3,012,992
Payments to employees	(1,360,452)	(86,300)	(1,446,752)
Payments to suppliers	(2,321,965)	(147,662)	(2,469,627)
Net cash provided by (used for) operating activities	<u>(934,068)</u>	<u></u>	<u>(934,068)</u>
Cash flows from noncapital financing activities:			
State sources	19,470		19,470
Federal sources	518,119		518,119
Operating subsidies and transfers to other funds	280,187		280,187
Net cash provided by noncapital financing activities	<u>817,776</u>	<u></u>	<u>817,776</u>
Net increase (decrease) in cash and cash equivalents	(517,615)		(517,615)
Cash and cash equivalents, July 1, 2017	<u>686,804</u>	<u></u>	<u>686,804</u>
Cash and cash equivalents, June 30, 2018	<u>\$ 169,189</u>	<u>\$</u>	<u>\$ 169,189</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (823,167)	\$	\$ (823,167)
Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	63,032		63,032
Federal commodities	129,814		129,814
Change in assets and liabilities:			
(Increase) decrease in accounts receivable, net	1,651		1,651
Increase (decrease) in unearned revenue	17,478		17,478
Increase (decrease) in accounts payable	(321,165)		(321,165)
(Increase) decrease in inventories	(1,711)		(1,711)
	<u>(110,901)</u>	<u></u>	<u>(110,901)</u>
Net cash provided by (used for) operating activities	<u>\$ (934,068)</u>	<u>\$</u>	<u>\$ (934,068)</u>

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

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Unemployment Compensation Insurance Trust</u>	<u>Private Purpose Trust</u>	<u>Agency Funds</u>
ASSETS:			
Cash and cash equivalents	\$ <u>1,072,808</u> \$	\$ <u>868,305</u> \$	\$ <u>4,212,441</u>
Total assets	\$ <u><u>1,072,808</u></u> \$	\$ <u><u>868,305</u></u> \$	\$ <u><u>4,212,441</u></u>
LIABILITIES:			
Accounts payable	\$ 40,210 \$	\$	
Interfund payable			358,985
Payable to student groups			917,380
Wage Payable - Summer Payroll			2,920,112
Payroll deductions and withholdings			<u>15,964</u>
Total liabilities	\$ <u>40,210</u> \$	\$	\$ <u>4,212,441</u>
NET POSITION:			
Held in trust for State Unemployment Insurance claims and other purposes	\$ 1,032,598 \$	\$	
Held in trust for scholarships and other purposes		<u>868,305</u>	
Total net position	\$ <u><u>1,032,598</u></u> \$	\$ <u><u>868,305</u></u> \$	\$ <u><u>-0-</u></u>

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

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Unemployment Compensation Insurance Trust</u>	<u>Private Purpose Trust</u>	<u>Total</u>
ADDITIONS:			
Contributions:			
Plan member	\$ 251,611	\$	251,611
Donations	\$	25,837	25,837
Total contributions	<u>251,611</u>	<u>25,837</u>	<u>277,448</u>
Investment earnings:			
Interest	596	517	1,113
Net investment earnings	<u>596</u>	<u>517</u>	<u>1,113</u>
Total additions	<u>252,207</u>	<u>26,354</u>	<u>278,561</u>
DEDUCTIONS:			
Quarterly Contribution Reports	108,233		108,233
Unemployment Claims	129,797		129,797
Scholarships Awarded		49,800	49,800
Total deductions	<u>238,030</u>	<u>49,800</u>	<u>287,830</u>
Change in net position	14,177	(23,446)	(9,269)
Net position beginning of year	<u>1,018,421</u>	<u>891,751</u>	<u>1,910,172</u>
Net position end of year	<u>\$ 1,032,598</u>	<u>\$ 868,305</u>	<u>\$ 1,900,903</u>

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

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Freehold Regional High School District is a Type II District located in Monmouth County, New Jersey. The School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board of Education of the Freehold Regional High School District, comprised of nine elected individuals, is the primary governing authority of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The primary criterion for including activities within the District's reporting entity, are set forth in Statement No. 39 of the Governmental Accounting Standards Board entitled "*Determining Whether Certain Organizations are Component Units*" (GASB 39), as codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

Organizations that are legally separate, tax-exempt entities and meet *all* of the following criteria should be discretely presented as component units. These criteria are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government
2. The primary government, or its component unit, is entitled to, or has the ability to otherwise access, a majority of the economic resources of the organization
3. The economic resources received or held by an *individual organization* that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include six High Schools. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

Basis of Presentation

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

District-wide Statements: The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish generally between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Fund Financial Statements: During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements are presented for each fund category-governmental, proprietary, and fiduciary. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE as the oversight entity believes that the presentation of all funds as major is important for the public interest and to promote consistency among District financial reporting models.

Governmental Funds

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

As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. U.S. 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 the current expense by Board resolution; in certain instances approval by the County Superintendent of Schools may also be required.

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

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Projects Funds 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 debt issued to finance major property acquisition, construction and improvement programs.

Proprietary Funds

Enterprise Fund The enterprise fund accounts for all revenues and expenses pertaining to the District's Food Service and Extra-Curricular (Ice Hockey) program operations. These funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (*i.e.* expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Fiduciary Funds

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (agency, private purpose and state unemployment insurance). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, employees, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

The District's Fiduciary funds are as follows:

Payroll Summer Payroll and Student Activities Funds These are agency funds 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.

Unemployment Compensation Insurance Trust Fund This is an expendable trust fund used to account for certain unemployment compensation claims as they arise.

Private Purpose Trust Funds These trust funds are used to account for assets donated by individuals that will provide for the payment of scholarships.

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting-Measurement Focus

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

District-wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation for expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transactions 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. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from the issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval. In accordance with P.L. 2011, c. 202, which became effective January 17, 2012, the District elected to move the 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. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(f)1. Expenditures may not legally exceed budgeted appropriations at the line item level. All budget amendments and transfers must be approved by School Board resolution.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures. Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles (GAAP) with the exception of the legally mandated (N.J.S.A. 18A:22-44.2) revenue recognition of one or more deferred State Aid payments for budgetary purposes only due to the State deferral of such payments into the subsequent budget year and the accounting treatment of encumbrances in the special revenue fund as described 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 recognized 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 records.

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrance Accounting

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

Open encumbrances in the special revenue for which the District has received advances are reflected in the balance sheet as unearned 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.

Interfunds

Interfund receivables and payables arise from transactions between particular funds and are considered short term in duration. The interfund transactions are recorded by all funds affected in the period in which the transactions are executed and are part of the district's available spendable resources.

Inventories and Prepaid Expenses

Inventories of materials and supplies held for consumption in the governmental funds are recorded as expenditures at the time of purchase and year end balances are not reported in the financial statements.

Inventories of food and/or supplies in the food service fund are recorded at cost on a first-in, first-out basis or, in the case of Food Distribution Commodities, at stated value which approximates market.

Prepaid expenses which benefit future periods, other than those recorded in the enterprise fund, are recorded as expenditures in the year of purchase.

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

The District has an established formal system of accounting for its capital assets. Capital Assets used for governmental purposes, which include land, buildings and improvements and furniture and equipment, are only reported in the district-wide financial statements. The District generally defines capital assets as assets with an initial cost of \$2,000 or more and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

In fiscal year 2016, the District implemented GASB 72. The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. These improvements are based in part on the concepts and definitions established in Concepts Statement No. 6, Measurement of Elements of Financial Statements, and other relevant literature.

Capital assets are depreciated in the district-wide statements using the straight-line method over the following estimated useful lives:

	<u>Estimated Life</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and computer equipment	10
Instructional equipment	10
Grounds equipment	15

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 varying amounts of vacation and sick leave in accordance with the District's personnel policy and/or collective bargaining unit contracts. Benefits are paid upon termination.

The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments.

For the district-wide statements, the current portion is the amount estimated to be used in the following year. For the governmental funds in the fund financial statements, a liability is reported only for to the extent of the amount actually due at year end as a result of employee resignations/retirements. Compensated absences are a reconciling item between the fund level and district-wide presentations.

Fund Equity

Fund balance restrictions are used to indicate that portion of the fund balance that is not available for expenditures or is legally segregated for a specific future use. Designation of portions of the fund balances are established to indicate tentative plans for financial utilization in a future period. The unassigned fund balances represent the amount available for future budgetary operations.

Unearned Revenue

Unearned revenue in the General, Special Revenue and Proprietary funds represents funds which have been received but not yet earned.

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the district-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Long term debt is recognized as a liability on the fund financial statements when due.

Net Position

In accordance with GASB 63, Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Fund Balance Reserves

The District has implemented GASB Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions". This statement modifies fund balance reporting and clarifies fund type definitions. This Statement aims to enhance the usefulness of fund balance information by providing clearer fund balance clarifications that can be applied more consistently.

Under the new standard, in the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Reserves (Continued)

Restricted - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation. The District reports the Capital Reserve, Maintenance Reserve, Emergency Reserve and Excess Surplus as Restricted Fund Balance.

Committed - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education. The District does not report any Fund Balance in this category

Assigned - includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator. The District reports Year End Encumbrances and Designated for Subsequent Years Expenditures as Assigned Fund Balance.

Unassigned - is the residual classification for 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 should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

Revenues Exchange and Non-exchange Transactions

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

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues Exchange and Non-exchange Transactions (Continued)

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from property taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Operating Revenues and Expenses

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

Allocation of Indirect 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. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of the program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities.

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent of occurrence. Special items are transactions or events that are within control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

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.

Accounting and Financial Reporting for Pensions

In the District-Wide Financial Statements for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's proportionate share of the New Jersey Public Employees Retirement System ("PERS") and the Teachers' Pension and Annuity Fund ("TPAF") and the additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they were reported by PERS and TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the Governmental Fund Financial Statements the year end Net pension liability is not required to be reflected. Pension related revenues and expenditures are reflected based on amounts that are normally expected to be liquidated with available financial resources for required pension contributions. Expenditures for PERS are recognized based upon billings made by the State of New Jersey due April 1st of each fiscal year. TPAF contributions are paid on the District's behalf by the State of New Jersey. The Governmental Fund Financial Statements reflect both a revenue and expenses for this pension contribution.

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has two items that qualify for reporting in this category, deferred amounts from refunding debt and deferred amounts related to pensions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies as a Deferred Inflow. Deferred amounts related to pensions.

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Board considers petty cash, change funds, cash in banks, and short term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at cost, which approximates market.

Deposits

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. Each depository participating in the GUDPA system must pledge collateral equal to 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds. No collateral is required for amounts covered by FDIC insurance. The collateral which may be pledged to support these deposits includes obligations of the State and federal governments, insured securities and other collateral approved by the Department. When the capital position of the depository deteriorates or the depository takes an unusually large amount of public deposits, the Department of Banking and Insurance requires additional collateral to be pledged. Under (GUDPA), 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 the deposits to the governmental unit.

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Deposits

The Freehold Regional High School District had the following cash and cash equivalents at June 30, 2018:

<u>Fund Type</u>	<u>Amount</u>
Cash in Bank:	
Governmental Funds	\$ 32,210,285
Proprietary Funds	328,887
Fiduciary Funds	<u>6,779,322</u>
Total Cash in Bank	\$ 39,318,494
Less: Reconciling Items	<u>3,636,702</u>
	<u>\$ 35,681,792</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2018, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank of \$39,318,494, \$750,000 was covered by Federal Depository Insurance, and \$38,568,494 was covered under the provisions of NJGUDPA.

Investments

The types of investments which may be purchased by the District are strictly limited by the express authority of the N.J.S.A. 18A:20-37 Education, Administration of School Districts. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a1 et seq., and operated in accordance with 17 C.F.R. § 270.2a7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. These funds are also required to be rated by a nationally recognized statistical rating organization.

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by School Districts;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 C. 17:1941); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1, and existing investment practices of NJARM, the District is generally not exposed to credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risk for its deposits and investments.

NOTE 3: RECEIVABLES

Receivables at June 30, 2018 are listed below. All receivables are considered collectible in full. A summary of the principal items of governmental receivables follows:

	Governmental Financial <u>Statements</u>	District-Wide Financial <u>Statements</u>
State Aid	\$6,089,019	\$6,089,019
Federal Aid	327,594	327,594
Interfunds	4,304,743	48,180
Other	60,651	60,651
	<hr/>	<hr/>
Gross Receivables	10,782,007	6,525,444
Less: Allowance for Uncollectibles	<hr/>	<hr/>
Total Receivables, Net	<u>\$10,782,007</u>	<u>\$6,525,444</u>

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 4: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	<u>Beginning Balance*</u>	<u>Additions</u>	<u>Transfers or Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$446,488			\$446,488
Construction In Progress	<u>25,209,315</u>	<u>\$1,890,407</u>	<u>(\$21,894,87)</u>	<u>5,204,845</u>
<i>Total capital assets not being depreciated</i>	<u>25,655,803</u>	<u>1,890,407</u>	<u>(21,894,877)</u>	<u>5,651,333</u>
<i>Capital assets being depreciated:</i>				
Site improvements	15,820,292		1,907,632	17,727,924
Building and improvements	204,125,462	967,818	19,987,245	225,080,525
Equipment	<u>20,786,285</u>	<u>1,353,426</u>		<u>22,139,711</u>
<i>Total capital assets being depreciated</i>	<u>240,732,039</u>	<u>2,321,244</u>	<u>21,894,877</u>	<u>264,948,160</u>
Total Gross Assets (Memo Only)	266,387,842	4,211,651		270,599,493
Less accumulated depreciation for:				
Site improvements	(7,324,703)	(785,651)		(8,110,354)
Building and improvements	(121,905,41)	(4,575,977)		(126,481,39)
Equipment	<u>(15,083,479)</u>	<u>(1,248,599)</u>		<u>(16,332,078)</u>
Total accumulated depreciation	<u>(144,313,59)</u>	<u>(6,610,227)</u>		<u>(150,923,82)</u>
<i>Total capital assets being depreciated, net</i>	<u>96,418,444</u>	<u>(4,288,983)</u>	<u>21,894,877</u>	<u>114,024,338</u>
<i>Government activities capital assets, net</i>	<u>\$122,074,247</u>	<u>(\$2,398,576)</u>		<u>\$119,675,671</u>
Business-type activities:				
<i>Capital assets being depreciated:</i>				
Equipment	649,371	401,322		1,050,693
Less accumulated depreciation	<u>(494,506)</u>	<u>(63,032)</u>		<u>(557,538)</u>
<i>Enterprise fund capital assets, net</i>	<u>\$154,865</u>	<u>\$338,290</u>		<u>\$493,155</u>

* As restated

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 4: CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functional expenses areas of the District as follows:

<u>Function</u>	<u>Amount</u>
Regular Instruction	\$ 115,901
Other Instruction	1,836
Student & Instruction Related Services	53,548
General Administrative Services	3,540
School Administrative Services	5,035
Central Service	3,290
Administrative Technology	400,646
Plant, Operations & Maintenance	85,241
Pupil Transportation	616,519
Unallocated	<u>5,324,671</u>
	<u>\$ 6,610,227</u>

NOTE 5: LONG-TERM LIABILITIES

Bonds are issued by the District pursuant to the provisions of Title 18A, Education, of the New Jersey Statutes and are required to be approved by the voters of the municipality through referendum. The proceeds of bonds are recorded in the Capital Projects Fund and are restricted to the use for which they were approved in the bond referendum. All bonds are retired in annual installments within the statutory period of usefulness

School Bonds issued by the District are entitled to and benefit from the provision of the New Jersey School Board Reserve Act P.L. 1980 c.72. Basically, funds are held by the State of New Jersey within its State Fund for the Support of Free Public Schools as a school bond reserve pledged by law to secure payment of principal and interest due on such bonds in the event of the inability of the issuer to make payments.

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 5: LONG-TERM LIABILITIES (CONTINUED)

The following is a summary of transactions that affect long-term liabilities for the year ended June 30, 2018:

Governmental Funds:

	Balance June 30, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance June 30, <u>2018</u>	Amounts Due Within <u>One Year</u>
Bonds Payable	\$14,840,000		\$4,695,000	\$10,145,000	\$4,940,000
Compensated Absences	2,735,331	\$83,973		2,819,304	
Capital Leases Payable	24,833,670	2,560,000	4,190,298	23,203,372	3,749,800
Pension Liability	<u>74,990,423</u>		<u>16,171,974</u>	<u>58,818,449</u>	
Balance June 30, 2018	<u>\$117,399,424</u>	<u>\$2,643,973</u>	<u>\$25,057,272</u>	<u>\$94,986,125</u>	<u>\$8,689,800</u>

Debt Service Requirements:

The annual requirements to amortize all debt outstanding as of June 30, 2018, including interest payments on issued debt, are as follows:

Fiscal Year <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FY2019	\$4,940,000	\$507,250	\$5,447,250
FY2020	<u>5,205,000</u>	<u>260,250</u>	<u>5,465,250</u>
	<u>\$10,145,000</u>	<u>\$767,500</u>	<u>\$10,912,500</u>

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 5: LONG-TERM LIABILITIES (CONTINUED)

General obligation school and refunding bonds payable with their outstanding balances are comprised of the following individual issues:

<u>Issue</u>	<u>Amount Outstanding June 30, 2018</u>	<u>Bonds Authorized But Not Issued</u>
\$42,690,000.00 in Refunding School Bonds dated November 16, 2001, due in remaining annual installments ranging between \$4,695,000.00 and \$5,205,000.00 beginning March 1, 2019 and ending March 1, 2020 with interest of 5.00%	\$ <u>10,145,000</u>	\$ <u>-0-</u>
	\$ <u>10,145,000</u>	\$ <u>-0-</u>

Refunding School Bonds

In governmental funds, debt issuance costs are recognized in the current period. For the District-wide financial statements, governmental activity debt issuance costs are amortized straight-line over the life of the specific bonds (18 to 20 years). The cost associated with the issues of the various bonds amounted to \$639,077. The current year portion charged to the Statement of Activities was \$34,303 leaving a balance of \$45,112. Under the escrow agreement, the escrow is irrevocably pledged to the payment of principal and interest on the refunded bonds. As a result, the refunded obligations are considered to be defeased and the liability for those bonds has been removed from the financial statements.

Bonds Authorized But Not Issued

As of June 30, 2018, the District had no Bonds Authorized but not issued.

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 5: LONG-TERM LIABILITIES (CONTINUED)

Capital Leases Payable

The District is leasing various equipment and improvements totaling \$35,965,739 as follows:

<u>Description</u>	<u>Date</u>	<u>Term</u>	<u>Interest Rate</u>	<u>Amount</u>
Technology Improvements and School Buses	12/31/13	5 Years	1.433%	\$1,155,792
District Wide Energy Savings Improvement Plan	12/31/13	15 Years	2.690%	\$17,498,000
Roof, Boiler and HVAC Replacement	12/31/13	5 Years	1.390%	\$2,957,597
School Buses and Technology	12/31/13	5 Years	1.334%	\$3,500,000
Roof Replacement	12/31/14	5 Years	1.570%	\$3,250,000
School Buses	12/31/14	5 Years	1.390%	\$331,100
School Buses and Maintenance Vehicles	12/31/15	5 Years	1.433%	\$1,661,250
School Buses, Technology and Copiers	7/15/16	5 Years	1.290%	\$3,052,000
School Buses, Technology and Buildings and Grounds Equipment	7/15/17	5 Years	1.680%	\$2,560,000

The following is a schedule of the future minimum lease payments under the capital lease and the present value of the net minimum lease payments at June 30, 2018:

<u>Fiscal Year Ended</u> <u>June 30,</u>	<u>Governmental</u> <u>Funds</u>
2019	\$4,266,874
2020	3,531,809
2021	2,477,203
2022	2,462,520
2023-2027	7,551,585
2028-2031	6,247,188
Total Minimum Lease Payments	\$26,537,179
Less: Amount Representing Interest	3,333,807
Present Value of Lease Payments	\$23,203,372

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 5: LONG-TERM LIABILITIES (CONTINUED)

OPERATING LEASES

The District has a commitment to lease building space, and a parking lot under an operating lease that expires on June 30, 2021. The District also has operating leases for copiers and a postage machine that expire on various dates over the next five years. The total operating lease payments made during the year ended June 30, 2018 were \$238,395. Future minimum lease payments are below. The FY 2022 and FY 2023 amounts include payments expected to be made for the transportation depot lease, assuming that the current lease will be renewed.

<u>Years Ending June 30,</u>	<u>Principal</u>
2019	\$238,395
2020	232,398
2021	226,070
2022	214,894
2023	<u>210,316</u>
Total minimum lease payments	<u>\$1,122,073</u>

NOTE 6: PENSION PLANS

Description of Plans All required employees of the District are covered by the Public Employees' Retirement System, the Teachers' Pension and Annuity Fund or the Defined Contribution Retirement Program which 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 each system will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for each of the above systems. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or on line at www.state.nj.us/treasury/pensions.

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Defined Contribution Retirement Program (DCRP) The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

Significant Legislation

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 6: PENSION PLANS (CONTINUED)

Pension Plan Design Changes

Effective June 28, 2011, P.L. 2011, c. 78, new members of TPAF and PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

Funding Changes

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30 year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2018 for PFRS), the UAAL will be amortized over a closed 30 year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20 year period.

COLA Suspension

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

Vesting and Benefit Provisions The vesting and benefit provisions of PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after ten years of service, except for post-retirement healthcare benefits that vest after 25 years of service.

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.

Contribution Requirements The contribution policy is set by N.J.S.A. 43:15A and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Effective June 28, 2011, P.L. 2011, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for TPAF and PERS.

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 6: PENSION PLANS (CONTINUED)

Employers are required to contribute at an actuarially determined rate in both 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 TPAF (i.e. the State of New Jersey makes the employer contribution on behalf of public school districts).

Three Year Trend Information for PERS

<u>Year Ended</u> <u>June 30,</u>	<u>Annual</u> <u>Pension Cost</u> <u>(APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2018	\$2,340,754	100%	\$2,340,754
2017	\$2,249,388	100%	\$2,249,388
2016	\$2,161,050	100%	\$2,161,050

Three Year Trend Information for TPAF (On-Behalf)

<u>Year Ended</u> <u>June 30,</u>	<u>Annual</u> <u>Pension Cost</u> <u>(APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2018	\$11,260,712	100%	\$11,260,712
2017	\$8,422,087	100%	\$8,422,087
2016	\$5,888,709	100%	\$5,888,709

In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District for the years ended June 30, 2018, 2017 and 2016 \$5,644,204 \$5,566,615, and \$5,503,498, respectively for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68

Public Employees Retirement System (PERS)

At June 30, 2018, the District reported a liability of \$58,818,449 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. 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 members, actuarially determined. At June 30, 2017, the District's proportion was 0.2526739183 percent, which was a decrease of 0.0005255599 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$4,350,002 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2017 measurement date.

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience		\$ 1,384,971.00
Changes of assumptions	\$ 11,806,447.00	11,849,891.00
Net difference between projected and actual earnings on pension plan investments		400,514.00
Changes in proportion and differences between District contributions and proportionate share of contributions	929,208.00	1,136,912.00
District contributions subsequent to the measurement date		2,565,434.00
	<u>\$ 12,735,655.00</u>	<u>\$ 17,337,722.00</u>

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(Continued)

Public Employees Retirement System (PERS) (Continued)

The \$2,565,424 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, 2018, the plan measurement date is June 30, 2017) will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30</u>	<u>Amount</u>
2019	\$1,492,175
2020	\$2,196,992
2021	\$1,252,368
2022	(\$1,667,510)
2023	(\$1,237,392)

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which rolled forward to June 30, 2017. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	2.25 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 State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality 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).

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017 and 7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed market equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts venture capital	8.25%	13.08%
	<u>100.00%</u>	

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.0% and 3.98% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.65%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, 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 State employer contributed 40% of the actuarially determined contributions and the local employer 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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, 2017 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, 2018		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>4.00%</u>	<u>5.00%</u>	<u>6.00%</u>
District's proportionate share of the pension liability	\$72,968,278	\$58,818,449	\$47,029,888

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

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). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

Teachers Pensions and Annuity Fund (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.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2018 was as follows:

Net Pension Liability:	
Districts proportionate share	-0-
State's proportionate share associated with the District	<u>\$504,841,622</u>
	<u><u>\$504,841,622</u></u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. 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, 2017, the proportion of the TPAF net pension liability associated with the District was .7487609350% which was an increase of .0132596285 percent from its proportion measured as of June 30, 2016.

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

For the year ended June 30, 2018, the District recognized on-behalf pension expense and revenue of \$34,972,871 for contributions provided by the State. This pension expense and revenue was based on the pension plans June 30, 2017 measurement date.

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.00%

Mortality Rates

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.

The actuarial assumptions used in the July 1, 2016 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 (7.00% and 7.65% at June 30, 2017 and June 30, 2016 respectively) 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.

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (Continued)

Long-Term Expected Rate of Return (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed market equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts venture capital	8.25%	13.08%
	<u>100.00%</u>	

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.25% and 3.22% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.65, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, 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 State contributed 40% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, 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

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

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 Teachers Public and Annuity Fund (TPAF). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75

Plan Description and Benefits Provided

The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan, that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Employees Covered by Benefit Terms

The State Health Benefit Local Education Retired Employees Plan Membership covered by the benefit terms consisted of the following:

Active Plan Members	\$223,747
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	142,331
Inactive Plan Members or Beneficiaries	
Not Yet Receiving Benefits	<u>- 0 -</u>
Total Plan Members	<u>\$366,078</u>

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Total OPEB Liability

The portion of the Total OPEB Liability that was associated with the District at June 30, 2018 was as follows:

Total OPEB Liability:	
District's Proportionate Share	-0-
State's Proportionate Share associated With the District	<u>\$344,629,404</u>
	<u>\$344,329,404</u>

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017.

The total OPEB Liability was determined separately based on actual data of the District.

For the year ended June 30, 2018, the District recognized on-behalf post-employment expense and revenue of \$20,636,793 in the government-wide financial statements for contributions provided by the State. This expense and revenue was based on the plans June 30, 2017 measurement date.

At June 30, 2017, the District's proportion was 0.6424877331 percent, which was a decrease of .0012418946 from its proportion measured as of June 30, 2016.

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS, TPAF/ABP and PFRS participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Consequently, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Actuarial Assumptions and Other Imputes

The total OPEB liability in the June 30, 2017 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation 2.5 percent

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases			
Through 2026	1.55-4.55%	2.15-4.15%	2.10-8.98%
	Based on years of Service	Based on Age	Based of Age
Thereafter	2.00-5.45%	3.15-5.15%	3.10-9.98
	Based on years of Service	Based on Age	Based of Age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-Retirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015, July 1, 2010 - June 30, 2013, and July 1, 2011 - June 30, 2014 for TPAF, PFRS and PERS, respectively.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Pan B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Discount Rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in the Total OPEB Liability

Shown below are details regarding The Total OPEB Liability for the Measurement Period from June 30, 2016 to June 30, 2017:

Balance at 6/30/16		\$372,280,329
Changes for the year:		
Service cost	\$14,557,134	
Interest	10,916,077	
Changes in assumptions or other inputs	(45,435,718)	
Benefit payments	(7,982,348)	
Contributions from Members	293,930	
Net change in OPEB Liability		(27,650,925)
Balance at 6/30/17		\$344,629,404

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total nonemployer OPEB liability associated with the District as of June 30, 2017 calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB 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, 2017		
	1.00% Decrease (2.58%)	At Discount Rate (3.58)	1.00% Increase (4.58%)
District's Share of OPEB Liability Associated with the District	\$409,099,966	\$344,629,404	\$293,490,741

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in Healthcare Trends

The following presents the total nonemployer OPEB liability associated with the District as of June 30, 2017 calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2017		
	<u>1.00%</u>	Healthcare Cost	<u>1.00%</u>
	<u>Decrease</u>	<u>Trend Rate</u>	<u>Increase</u>
District's Share of OPEB Liability Associated with the District	\$283,424,369	\$344,629,404	\$425,908,970

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB associated with the District from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Changes of assumptions	\$ 40,757,938	-
Changes in proportion	567,513.00	-
	<u>\$ 41,325,451</u>	<u>\$ -</u>

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB associated with the District will be recognized in OPEB expense as follows:

Year Ended June 30,	<u>Amount</u>
2019	(\$4,886,095)
2020	(\$4,886,095)
2021	(\$4,886,095)
2022	(\$4,886,095)
2023	(\$4,886,095)
Total Thereafter	<u>(\$16,894,977)</u>
	<u><u>(\$41,325,451)</u></u>

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero. There is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources in the financial statements.

State Health Benefit Local Education Retired Employee Plan Information

The New Jersey Division of Pension and Benefits issues publicly available reports on the OPEB plan. Those reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295 or on their website at:

<http://www.state.nj.us/treasury/pensions/gasb-notice-opeb.shtml>

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 8: LITIGATION

The District's counsel advises that there is no litigation, pending litigation, claims, contingent liabilities, unasserted claims or assessments or statutory violations which involve the School District and which might materially affect the District's financial position.

NOTE 9: CONTINGENCIES

The District receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2017-2018 fiscal year were subject to the Uniform Guidance and New Jersey OMB Circular 15-08 which mandates that grant revenues and expenditures be audited in conjunction with the District's annual audit if expenditures for federal or state programs exceed \$750,000. Findings and questioned costs, if any, relative to federal and state financial assistance programs are discussed in the Single Audit Section, Schedule of Findings and Questioned Costs. In addition, all grants and cost reimbursements are subject to financial and compliance audits by the grantors. The District's management does not believe any such audit would result in material amounts of disallowed costs.

NOTE 10: 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 insurance coverage covering each of those risks of loss. The administration believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded the insurance coverage in any of the past three fiscal years.

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 10: RISK MANAGEMENT (CONTINUED)

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 unemployment trust fund for the current and previous two years:

<u>Year Ended</u> <u>June 30,</u>	<u>Interest</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2018	\$ 596	\$ 251,611	\$ 230,030	\$ 1,032,598
2017	426	252,690	215,947	1,018,421
2016	670	242,539	250,132	981,252

Workers' Compensation Insurance - The Board is self-insured for workers' compensation insurance. Claims are managed by PMA Management Corp. through a service agreement for which competitive proposals were sought. The financial statements reflect the current expenses of the program as well as an accrued liability for future claims against the current fiscal year. At June 30, 2018, the amount was \$2,750,000.

Health Benefits - The District provides health benefits to employees through a minimum premium insurance policy administered by Horizon Blue Cross Blue Shield of New Jersey ("Horizon"). The incurred but not reported liability ("IBNR") actuarially computed by Horizon was \$4,050,000 at June 30, 2018. It was also noted that the entire IBNR is adjusted for changes in estimate at year end and such changes are reflected in the district's budget and the entire liability is treated as a liability for budgetary purposes.

NOTE 11: COMPENSATED ABSENCES

The District accounts for compensated absences (e.g. unused vacation and 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 varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 11: COMPENSATED ABSENCES (CONTINUED)

The liability for vested compensated absences of the governmental fund types are recorded in the district - wide statement of net assets. As of June 30, 2018, a liability existed for compensated absences for governmental fund-types in the district- wide Statement of Net Position in the amount of \$2,819,304.

For additional descriptive information see Note 1, Summary of Significant Accounting Policies.

NOTE 12: FUND BALANCE APPROPRIATED

General Fund The table below reflects the District's Fund Balance at June 30, 2018 on both a GAAP (Exhibit B-1) and Budgetary (Exhibit C-1) basis including the required adjustment related to the last state aid payment which under GAAP is not recognized:

	<u>Budgetary</u>		<u>GAAP</u>
	<u>Basis</u>	<u>Adjustment</u>	<u>Basis</u>
Restricted:			
Designated for Subsequent			
Year's Expenditures:			
Excess Surplus	\$ 11,812,173	\$	\$ 11,812,173
Excess Surplus Current			
Year	8,655,210		8,655,210
Maintenance Reserve	1,490,417		1,490,417
Capital Reserve	3,024,594		3,024,594
Emergency Reserve	253,301		253,301
Assigned:			
Encumbrances	592,262		592,262
Unassigned	<u>5,396,846</u>	<u>(5,112,713)</u>	<u>284,133</u>
	<u>\$ 31,224,803</u>	<u>\$ (5,112,713)</u>	<u>\$ 26,112,090</u>

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 13: CALCULATION OF EXCESS SURPLUS – BUDGETARY BASIS

Calculation of Excess Surplus In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2007, c73 (S1701), the Restricted Fund Balance- Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if the District did not appropriate a required minimum amount as budgeted fund balance in the subsequent year's budget.

General Fund Expenditures:		
Fiscal Year Ended, June 30, 2018	\$	214,478,816
Less:		
Capital Leases (non-budgeted)	\$ 2,078,988	
Reimb. TPAF Social Security Contributions	5,644,204	
Reimb. TPAF Pension Contributions	<u>18,546,777</u>	
		<u>26,269,969</u>
Adjusted General Fund Expenditures		188,208,847
Excess Surplus Percentage		<u>2.00%</u>
		3,764,177
Increased by:		
Additional Assigned Fund Balance - Unreserved Designated for Subsequent Year's Expenditures July 1, 2018 - August 1, 2018	1,267,927	
Non-Public Transportation Aid (unbudgeted)	124,753	
Extraordinary Aid (unbudgeted)	<u>239,989</u>	
		<u>1,632,669</u>
Maximum Unreserved/Undesignated General Fund Balance		5,396,846
Actual Unassigned - General Fund Balance		<u>14,052,056</u>
Excess Surplus	\$	<u><u>8,655,210</u></u>
Recapitulation of Excess Surplus, June 30, 2018:		
Reserved for Excess Surplus - Designated for Subsequent Year's Expenditure	\$	11,812,173
Reserved for Excess Surplus		<u>8,655,210</u>
	\$	<u><u>20,467,383</u></u>

As of June 30, 2018, \$11,812,173 is reported as Reserved Fund Balance Excess Surplus Designated for Subsequent Year's Expenditure and is required to be appropriated for property tax relief in the 2018-19 budget. \$8,655,210 is reported as Reserved Fund Balance Excess Surplus and is required to be appropriated for property tax relief in the 2019-20 budget.

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2018:

<u>Fund</u>	<u>Interfund Balance</u>	
	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 1,981,975	\$
Special Revenue Fund		52,621
Capital Projects Fund		1,881,174
Proprietary Funds	310,805	
Fiduciary Funds		358,985
	\$ 2,292,780	\$ 2,292,780

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were received.

NOTE 15: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Freehold Regional High School District Board of Education for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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 of Education, 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 (June 1 to June 30) of any unanticipated revenue or unexpended line item appropriations, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained by either a separate proposal at budget time or by a special question at one of the four special election dates authorized by N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 15: CAPITAL RESERVE ACCOUNT (CONTINUED)

The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Balance, July 1, 2017	\$	3,338,420
Increased by:		
Interest		6,174
		6,174
		3,344,594
Decreased by:		
Appropriation of Capital Reserve 7/24/17		320,000
		320,000
Balance, June 30, 2018	\$	3,024,594

NOTE 16: EMERGENCY RESERVE ACCOUNT

In accordance with N.J.S.A. 18A:7F-41c(1), an emergency reserve account was established by the District. The emergency reserve account is maintained in the general fund.

The funds in the reserve shall be used to finance unanticipated general fund current expense costs required for T&E. For the purpose of the emergency reserve account “unanticipated” shall mean reasonably unforeseeable and shall not include additional costs caused by poor planning or error.

The account balance is not to exceed \$250,000 or one percent of the district’s general fund budget up to a maximum of \$1,000,000 whichever is greater. Withdrawals require approval by the Commissioner.

At June 30, 2018, the balance of the Emergency Reserve Account was \$253,301 and is within the statutory limitations.

The activity of the emergency reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Balance, July 1, 2017	\$	252,833
Increased by:		
Interest		468
		468
Balance, June 30, 2018	\$	253,301

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 17: MAINTENANCE RESERVE ACCOUNT

In accordance with N.J.S.A. 18A:7G-13, a Maintenance reserve account was established by the District. The Maintenance reserve account is maintained in the general fund.

A district board of education or board of school estimate, as appropriate, may increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes.

A district board of education or board of school estimate, as appropriate, may by resolution withdraw such funds from the maintenance reserve account and appropriate into the required maintenance account lines at budget time or any time during the year for use on required maintenance activities for a school facility as reported in the comprehensive maintenance plan pursuant to N.J.A.C. 6A:26A-4.

The district board of education shall ensure that the maintenance reserve account balance does not, at any time, exceed four percent of the replacement cost of the school district's school facilities for the current year. If the account exceeds this maximum amount at June 30, the district board of education shall reserve and designate such excess in the subsequent year's budget.

At June 30, 2018, the balance of the Maintenance Reserve Account was \$1,490,417 and is within the statutory limitations.

The activity of the emergency reserve for the July 1, 2017 to June 30, 2018, fiscal year is as follows:

Balance, July 1, 2017	\$	1,487,666
Increased by:		
Interest		2,751
Balance, June 30, 2018	\$	1,490,417

NOTE 18: INVENTORY

Inventory in the Food Service Fund at June 30, 2018 consisted of the following:

Food and Supplies	<u>\$25,396</u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Amendments of 1996) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 19: PRIOR PERIOD ADJUSTMENT

The Net Investment in Capital Assets balance was restated to properly reflect the results of the District's updated physical inventory performed in July 2018. The adjustment below was reflected against the beginning Net Position on the District Wide Financial Statements:

		Governmental <u>Activities</u>
Beginning Net Position 06/30/17	\$	56,279,961
Adjustments:		
Overstatement of Net Investment in Capital Assets		<u>(1,687,997)</u>
Beginning Net Position 06/30/17(As restated)	\$	<u>54,591,964</u>

NOTE 20: 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. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school 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.

The District has identified tax abatement agreements that have been entered into that require disclosure under this statement. The gross dollar amount, on an accrual basis, by which the District's property tax revenues were potentially reduced during the reporting period as a result of tax abatement agreements totaled \$620,608. It is important to note that the District Tax Levy is guaranteed to be paid in full by the municipalities and that the District collected its full tax levy for FY2018.

Freehold Regional High School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 21: SUBSEQUENT EVENTS

The Board of Education has evaluated subsequent events occurring after the financial statement date through February 11, 2019 which is the date the financial statements were available to be issued. The District has determined that there are no material subsequent events that need to be disclosed except as noted below.

On July 13, 2018, the District entered into a lease agreement in the amount of \$2,082,000 for the purchase of thirteen school buses and security cameras, various technology items and buildings and grounds equipment. The lease is for a term of five years with an interest rate of 2.8957%.

On July 23, 2018, the District appropriated an additional \$1,267,924 of Unassigned Fund Balance for use in the FY2019 Budget to partially offset this loss of Unrestricted State Aid. Per guidance from the Department of Education, this amount is an allowable adjustment to the Excess Surplus Calculation and therefore reflected as an element of Unassigned Fund Balance at June 30, 2018

The District's General Fund budget derives a material amount of its support in the form of Unrestricted State Aid. In 2018 the State of New Jersey passed legislation which reallocated this aid amongst the State's various school district's based upon a revised funding formula. As a result, the Freehold Regional High School District will see its State Aid reduced over the next seven year by a total of approximately \$25,358,544. The District's administration is in the process of formulating plans to deal with the ramifications of this loss of revenue.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
REVENUES					
Local sources:					
Local Tax Levy	\$ 131,637,569	\$	\$ 131,637,569	\$ 131,637,569	\$
Tuition	75,000		75,000	50,275	(24,725)
Unrestricted Miscellaneous Revenue	150,001		150,001	446,279	296,278
Interest Earned on Emergency Reserve	242		242	468	226
Interest Earned on Maintenance Reserve	1,806		1,806	2,751	945
Interest Earned on Capital Reserve Funds	2,952		2,952	6,174	3,222
Other Restricted Miscellaneous Revenue	150,000		150,000	162,200	12,200
Total - local sources	132,017,570		132,017,570	132,305,716	288,146
State sources:					
Equalization Aid	40,713,982		40,713,982	40,713,982	
Categorical Transportation Aid	1,110,522		1,110,522	1,110,522	
Categorical Special Education Aid	7,030,185		7,030,185	7,030,185	
Security Aid	735,594		735,594	735,594	
Adjustment Aid	1,636,230		1,636,230	1,636,230	
PARCC Readiness Aid	113,720		113,720	113,720	
Per Pupil Growth Aid	113,720		113,720	113,720	
Professional Learning Community Aid	110,130		110,130	110,130	
Other State Aids Out of Cap				124,753	124,753
Extraordinary Aid	2,300,000		2,300,000	2,539,989	239,989
On-behalf TPAF Pension (non-budgeted)				11,260,712	11,260,712
On-behalf TPAF Post Retirement Contributions (non-budgeted)				7,273,055	7,273,055
On-behalf TPAF Long-Term Disability Insurance Contributions (non-budgeted)				13,010	13,010
Reimbursed TPAF Social Security Contributions (non-budgeted)				5,644,204	5,644,204
Total - state sources	53,864,083		53,864,083	78,419,806	24,555,723
Federal sources:					
Medicaid reimbursement	99,914		99,914	119,733	19,819
Total - federal sources	99,914		99,914	119,733	19,819
Total revenues	185,981,567		185,981,567	210,845,255	24,863,688

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE/ (UNFAVORABLE)</u>
EXPENDITURES					
CURRENT EXPENSE:					
Instruction - regular programs:					
Salaries of teachers:					
Grades 9-12	\$ 53,135,651	\$ (188,475)	\$ 52,947,176	\$ 52,440,231	\$ 506,945
Total Salaries of teachers:	<u>53,135,651</u>	<u>(188,475)</u>	<u>52,947,176</u>	<u>52,440,231</u>	<u>506,945</u>
Regular Programs - Home Instruction:					
Salaries of teachers	220,000		220,000	201,496	18,504
Purchased professional educational services	<u>113,326</u>	<u>(15,000)</u>	<u>98,326</u>	<u>58,611</u>	<u>39,715</u>
Total Regular Programs - Home Instruction:	<u>333,326</u>	<u>(15,000)</u>	<u>318,326</u>	<u>260,107</u>	<u>58,219</u>
Regular programs - undistributed instruction:					
Purchased professional educational services	17,990	(7,055)	10,935	10,935	
Purchased technical services	137,760	35,283	173,043	161,618	11,425
Other purchased services(400-500 series)	939,637	(120,587)	819,050	710,006	109,044
General supplies	1,585,000	(61,801)	1,523,199	1,466,921	56,278
Textbooks	298,021	(60,342)	237,679	235,031	2,648
Other Objects	<u>1,310</u>	<u>767</u>	<u>2,077</u>	<u>2,077</u>	
Total Regular programs - undistributed instruction	<u>2,979,718</u>	<u>(213,735)</u>	<u>2,765,983</u>	<u>2,586,588</u>	<u>179,395</u>
Total Regular Programs - Instruction	<u>56,448,695</u>	<u>(417,210)</u>	<u>56,031,485</u>	<u>55,286,926</u>	<u>744,559</u>

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Special education:					
Cognitive - Mild:					
Salaries of teachers	\$ 186,755	\$	\$ 186,755	\$ 136,755	\$ 50,000
Other salaries for instruction	270,440		270,440	240,077	30,363
General supplies	5,000	(3,250)	1,750	1,707	43
Other Objects	300	(300)			
Total Cognitive - Mild	462,495	(3,550)	458,945	378,539	80,406
Cognitive - Moderate:					
Salaries of teachers	427,946		427,946	200,854	227,092
Other salaries for instruction	146,815		146,815	146,815	
Other purchased services(400-500 series)	1,200	(929)	271	271	
General supplies	3,000	1,688	4,688	4,688	
Total Cognitive - Moderate	578,961	759	579,720	352,628	227,092
Learning and / or Language Disabilities:					
Salaries of teachers	951,142		951,142	743,672	207,470
Other salaries for instruction	332,423		332,423	301,757	30,666
Other purchased services(400-500 series)	15,120		15,120	2,192	12,928
General supplies	11,500	4,269	15,769	15,757	12
Textbooks	500	817	1,317	1,316	1
Other Objects	800	(800)			
Total Learning and / or Language Disabilities	1,311,485	4,286	1,315,771	1,064,694	251,077

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Behavioral Disabilities:					
Salaries of teachers	\$ 243,541	\$	243,541	229,393	\$ 14,148
Other salaries for instruction	45,605		45,605	45,605	
Purchased professional educational services	401,000		401,000	400,800	200
General supplies	2,500	(700)	1,800	1,772	28
Total Behavioral Disabilities:	<u>692,646</u>	<u>(700)</u>	<u>691,946</u>	<u>677,570</u>	<u>14,376</u>
Resource room/resource center:					
Salaries of teachers	10,837,178	(250,000)	10,587,178	9,846,346	740,832
Other purchased services (400-500 series)		250	250	250	
General supplies	31,000	(6,263)	24,737	24,710	27
Textbooks	1,500	(1,500)			
Other Objects	300	(300)			
Total Resource room/resource center	<u>10,869,978</u>	<u>(257,813)</u>	<u>10,612,165</u>	<u>9,871,306</u>	<u>740,859</u>
Autism:					
Salaries of teachers	303,942		303,942	254,342	49,600
Other salaries for instruction	469,852		469,852	398,641	71,211
Purchased professional - educational services	1,000	(450)	550	550	
Other purchased services(400-500 series)	500		500	500	
General supplies	13,600	(1,395)	12,205	10,972	1,233
Total Autism	<u>788,894</u>	<u>(1,845)</u>	<u>787,049</u>	<u>665,005</u>	<u>122,044</u>
Home Instruction:					
Salaries of teachers	150,000		150,000	96,340	53,660
Purchased professional - educational services	158,827		158,827	34,469	124,358
Total Home Instruction:	<u>308,827</u>		<u>308,827</u>	<u>130,809</u>	<u>178,018</u>
Total special education	<u>15,013,286</u>	<u>(258,863)</u>	<u>14,754,423</u>	<u>13,140,551</u>	<u>1,613,872</u>
Basic skills/remedial:					
Salaries of teachers	803,054		803,054	675,169	127,885
Total basic skills/remedial	<u>803,054</u>		<u>803,054</u>	<u>675,169</u>	<u>127,885</u>

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Bilingual education:					
Salaries of teachers	\$ 238,541	\$	238,541	\$ 238,541	
General supplies	450	(34)	416	416	
Textbooks	500		500	498	2
Total bilingual education	<u>239,491</u>	<u>(34)</u>	<u>239,457</u>	<u>239,455</u>	<u>2</u>
School sponsored Co-curricular and Extra-Curricular activities:					
Salaries	1,115,275	(13,500)	1,101,775	1,011,105	90,670
Purchased services (300-500 series)	37,071	(1,254)	35,817	27,376	8,441
Supplies and Materials	34,260	18,983	53,243	50,207	3,036
Other Objects	30,960	(66)	30,894	30,139	755
Total school sponsored Co-curricular and Extra-curricular activities	<u>1,217,566</u>	<u>4,163</u>	<u>1,221,729</u>	<u>1,118,827</u>	<u>102,902</u>
School sponsored athletics:					
Salaries	3,328,357	1,296	3,329,653	3,327,684	1,969
Purchased services (300-500 series)	547,231	3,788	551,019	537,410	13,609
Supplies and Materials	231,843	43,342	275,185	270,280	4,905
Other Objects	127,855	8,268	136,123	135,670	453
Total school sponsored athletics	<u>4,235,286</u>	<u>56,694</u>	<u>4,291,980</u>	<u>4,271,044</u>	<u>20,936</u>
Other instructional programs:					
Salaries	588,746		588,746	543,687	45,059
Purchased services (300-500 series)	14,905	(1,500)	13,405	3,669	9,736
Supplies and Materials	8,000	1,500	9,500	9,395	105
Other Objects	2,865		2,865	2,225	640
Total other instructional programs	<u>614,516</u>		<u>614,516</u>	<u>558,976</u>	<u>55,540</u>
Total other instructional programs	<u>7,109,913</u>	<u>60,823</u>	<u>7,170,736</u>	<u>6,863,471</u>	<u>307,265</u>
Total - instruction	<u>78,571,894</u>	<u>(615,250)</u>	<u>77,956,644</u>	<u>75,290,948</u>	<u>2,665,696</u>

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Undistributed expenditures:					
Instruction:	\$	\$	\$	\$	
Tuition to other LEA's within the state-regular	52,048		52,048	49,658	2,390
Tuition to other LEA's within the state-special	270,318		270,318	216,853	53,465
Tuition to county vocational school district-regular	3,461,400	194,500	3,655,900	3,612,217	43,683
Tuition to county vocational school district-special	730,000		730,000	587,729	142,271
Tuition to CSSD and regional day schools	2,136,085		2,136,085	2,034,285	101,800
Tuition to private schools for the handicapped within state	9,490,297		9,490,297	8,401,603	1,088,694
Tuition to private schools for the handicapped - special, out-state	799,793	(194,500)	605,293	598,894	6,399
Tuition-state facilities	98,856		98,856	98,856	
Total undistributed expenditures - instruction	17,038,797		17,038,797	15,600,095	1,438,702
Attendance and social work services:					
Salaries	746,706		746,706	743,938	2,768
Other purchased services (400-500 series)	75	(20)	55	55	
Supplies and Materials	2,450	(150)	2,300	2,261	39
Total attendance and social work services	749,231	(170)	749,061	746,254	2,807
Health services:					
Salaries	1,255,060	(36,858)	1,218,202	1,183,067	35,135
Purchased professional and technical services	124,125	17,352	141,477	123,819	17,658
Other Purchased Services (400-500 series)	1,850	(100)	1,750	1,301	449
Supplies and materials	16,850	2,895	19,745	15,735	4,010
Other Objects	300	(215)	85	85	
Total health services	1,398,185	(16,926)	1,381,259	1,324,007	57,252
Other support services - speech, OT, PT & related services:					
Salaries	601,934	(5,082)	596,852	592,873	3,979
Purchased professional - Educational services	377,632		377,632	233,131	144,501
Supplies and materials	4,600	1,151	5,751	5,142	609
Total other support services - speech, OT, PT & related services	984,166	(3,931)	980,235	831,146	149,089

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE/ (UNFAVORABLE)</u>
Other support services - Extraordinary Services					
Salaries	\$ 1,972,296	\$ 41,940	\$ 2,014,236	\$ 2,014,235	1
Purchased Professional - Educational Services	2,643,856		2,643,856	2,330,672	313,184
Total other support services - Extraordinary Services	4,616,152	41,940	4,658,092	4,344,907	313,185
Other support services - Guidance:					
Salaries of other professional staff	4,230,879		4,230,879	4,220,052	10,827
Salaries of secretarial and clerical assistants	800,156	(2,052)	798,104	626,654	171,450
Other Salaries	6,000	1,200	7,200	6,150	1,050
Other Purchased Professional and Technical Services	67,000	(102)	66,898	62,553	4,345
Other Purchased Services (400-500 series)	48,620	2,843	51,463	42,285	9,178
Supplies and Materials	35,419	476	35,895	35,400	495
Other objects	875		875	180	695
Total other support services - Guidance	5,188,949	2,365	5,191,314	4,993,274	198,040
Other support services - child study teams:					
Salaries of other professional staff	2,876,801		2,876,801	2,736,677	140,124
Salaries of secretarial and clerical assistants	331,460	2,052	333,512	333,511	1
Purchased Professional - Educational Services	996,358	(127,500)	868,858	436,031	432,827
Other Purchased Professional and Technical Services	1,459	350	1,809	338	12
Other Purchased Services (400-500 series)	5,000	258	5,258	1,488	229
Misc. Pur Serv (400-500 series o/ than resid. Costs)	116,700	(4,110)	112,590	1,696	3,304
Supplies and Materials			112,590	61,709	50,881
Total other support services - child study teams	4,327,778	(128,950)	4,198,828	3,571,450	627,378

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE/ (UNFAVORABLE)</u>
Improvement of instructional services:					
Salaries of Supervisors of Instruction	\$ 537,623	\$	\$ 537,623	\$ 533,874	\$ 3,749
Salaries of secretarial and clerical assistants	210,267		210,267	189,294	20,973
Other Salaries	265,300	(13,440)	251,860	195,350	56,510
Other Purchased Services (400-500)	117,250	24,071	141,321	97,142	44,179
Supplies and Materials	13,000	20,940	33,940	26,982	6,958
Other objects	38,000		38,000	31,919	6,081
Total improvement of instructional services:	1,181,440	31,571	1,213,011	1,074,561	138,450
Educational media services/school library:					
Salaries	387,269		387,269	277,016	110,253
Purchased Professional and Technical Services	61,649	5,773	67,422	67,401	21
Other Purchased Services (400-500)	10,990	(3,350)	7,640	7,240	400
Supplies and Materials	26,761	8,539	35,300	34,658	642
Total educational media services/school library	486,669	10,962	497,631	386,315	111,316
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	525,356	(155)	525,201	524,769	432
Salaries of secretarial and clerical assistants	31,730	155	31,885	31,885	
Purchased Professional - Educational Services	172,000	(1,440)	170,560	154,940	15,620
Other Purchased Services (400-500)	167,309	(15,532)	151,777	121,727	30,050
Supplies and Materials	13,000	8,880	21,880	18,758	3,122
Other objects	3,800	(461)	3,339	2,654	685
Total instructional staff training services:	913,195	(8,553)	904,642	854,733	49,909

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Support services general administration:					
Salaries	\$ 373,184	\$	\$ 373,184	\$ 370,198	\$ 2,986
Legal services	360,000		360,000	292,351	67,649
Audit Fees	59,750		59,750	55,845	3,905
Architectural/Engineering Services	77,319	75,000	152,319	62,507	89,812
Other purchased professional services	2,400	(1,180)	1,220		1,220
Purchased technical services	20,455		20,455	10,408	10,047
Communications/telephone	691,549	(84,500)	607,049	550,933	56,116
BOE Other purchased services(580-585)	5,000		5,000	2,450	2,550
Misc. purchased services (400-500 Series, other than 530 & 585)	240,567	22,313	262,880	242,259	20,621
General supplies	12,950	700	13,650	10,696	2,954
BOE in-house training/meeting supplies	4,000		4,000	138	3,862
Miscellaneous expenditures	17,635		17,635	10,750	6,885
BOE membership dues and fees	27,000		27,000	26,663	337
Total support services general administration	1,891,809	12,333	1,904,142	1,635,198	268,944
Support services school administration:					
Salaries of principals/asst. principals	3,431,068	150,000	3,581,068	3,307,487	273,581
Salaries of other professional staff	1,772,945	100,000	1,872,945	1,762,024	110,921
Salaries of secretarial and clerical assistants	1,354,678	40,766	1,395,444	1,327,281	68,163
Other Purchased Services (400-500 series)	74,196	(7,812)	66,384	60,418	5,966
Supplies and Materials	105,113	16,958	122,071	120,897	1,174
Other objects	161,043	(6,444)	154,599	135,383	19,216
Total support services school administration	6,899,043	293,468	7,192,511	6,713,490	479,021

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE/ (UNFAVORABLE)</u>
Central Services:					
Salaries	\$ 1,333,484	\$	1,333,484	\$ 1,323,210	\$ 10,274
Purchased professional services	3,850	32,000	35,850	1,830	34,020
Purchased technical services	31,450		31,450	23,979	7,471
Misc. purchased services (400-500 series)	95,350	3,765	99,115	87,976	11,139
Supplies and materials	52,000	(3,017)	48,983	41,611	7,372
Interest on Lease Purchase Agreement	77,846		77,846	77,843	3
Miscellaneous expenditures	9,700	500	10,200	9,157	1,043
Total central services	1,603,680	33,248	1,636,928	1,565,606	71,322
Administrative Information Technology:					
Salaries	843,101		843,101	774,914	68,187
Purchased technical services	548,946	66,800	615,746	614,538	1,208
Other purchased services (400-500 series)	679,803	92,677	772,480	717,449	55,031
Supplies and Materials	60,000	15,300	75,300	69,869	5,431
Total Administrative Information Technology	2,131,850	174,777	2,306,627	2,176,770	129,857
Required Maintenance for School Facilities:					
Salaries	851,893		851,893	809,202	42,691
Cleaning, Repair and Maintenance Services	1,573,693	211,091	1,784,784	1,551,664	233,120
Lead Testing	6,853		6,853		6,853
Misc. purchased services (400-500 series)	7,000	(3,200)	3,800	2,559	1,241
General supplies	343,585	(60,265)	283,320	236,280	47,040
Other objects	61,429	(35,838)	25,591	24,201	1,390
Total Required Maintenance for School Facilities	2,844,453	111,788	2,956,241	2,623,906	332,335

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Custodial Services :					
Salaries	\$ 4,299,513	\$	4,299,513	\$ 4,280,528	\$ 18,985
Purchased professional and technical services	36,500	(1,000)	35,500	33,952	1,548
Cleaning, repair and maintenance services	161,296	(22,000)	139,296	138,657	639
Rental of land and building - other than lease purchase agreement	255,000	(1,500)	253,500	237,472	16,028
Lease Purchase Payments-Energy Savings Improvement Prog.	2,714,871		2,714,871	2,714,871	
Other purchased property services	320,000	(73,950)	246,050	226,816	19,234
Insurance	631,255	(17,662)	613,593	613,593	
General supplies	374,000		374,000	373,645	355
Energy (Natural Gas)	700,000	(55,800)	644,200	644,170	30
Energy (Electricity)	1,610,774	129,750	1,740,524	1,740,508	16
Energy (Gasoline)	809,500	(80,732)	728,768	684,404	44,364
Total custodial services	11,912,709	(122,894)	11,789,815	11,688,616	101,199
Care & Upkeep of Grounds:					
Salaries	676,584		676,584	650,200	26,384
Cleaning, Repair and Maintenance Services	459,046	28,375	487,421	484,408	3,013
General supplies	160,000	(17,945)	142,055	131,112	10,943
Total Care and Upkeep of Grounds	1,295,630	10,430	1,306,060	1,265,720	40,340
Security:					
Salaries	479,055	6,534	485,589	485,589	
Purchased Professional & Technical Services (300-500)	110,000	69,075	179,075	96,271	82,804
Cleaning, Repair and Maintenance Services	6,000	(2,250)	3,750	1,859	1,891
General Supplies	25,100	59,069	84,169	59,472	24,697
Total Security	620,155	132,428	752,583	643,191	109,392
Total operation and maintenance of plant services	16,672,947	131,752	16,804,699	16,221,433	583,266

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Student transportation services:					
Salaries of Non-Instructional Aides	\$ 279,823	\$ 5,158	\$ 284,981	\$ 284,980	\$ 1
Salaries for pupil transportation (between home and school)-regular	3,146,581	596,981	3,743,562	3,733,477	10,085
Salaries for pupil transportation (between home and school)-Special Ed	841,068	(88,000)	753,068	752,670	398
Salaries for pupil transportation (other than between home & school)	714,058	(300,000)	414,058	395,858	18,200
Management Fee - ESC & CTSA transportation programs	254,825	(36,000)	218,825	218,083	742
Other Purchased professional and technical services	227,500	43,483	270,983	259,250	11,733
Cleaning, Repair and Maintenance Services	723,700	(18,000)	705,700	703,520	2,180
Lease Purchase Payments - School Buses	944,457		944,457	944,455	2
Contracted Services - between home and school vendors	4,521,608	286,976	4,808,584	4,803,163	5,421
Contracted services (other than btw home & school)-vendors	270,500	(77,712)	192,788	188,902	3,886
Contract. Serv. (spec ed students)-vendors	54,028	(13,000)	41,028	36,519	4,509
Contract. Serv. (spec ed students)-Joint Agreements	147,005	(103,640)	43,365	4,862	38,503
Contracted services (regular students) - ESCs & CTSA	735,000	(131,000)	604,000	603,287	713
Contracted services (spec ed students) - ESCs & CTSA	4,080,000	228,276	4,308,276	4,292,736	15,540
Contract. Serv - Aid in Lieu Pymts-Non-Public Schools	140,000	45,000	185,000	184,581	419
Travel	1,100	800	1,900	830	1,070
Miscellaneous purchased services - Transportation(580-590)	135,000	33,493	168,493	168,493	
General supplies	19,800	(7,400)	12,400	4,703	7,697
Transportation Supplies	690,000	(60,800)	629,200	565,819	63,381
Other objects	2,307		2,307	1,373	934
Total student transportation services	17,928,360	404,615	18,332,975	18,147,561	185,414

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	\$ 2,200,561	\$	2,200,561	2,135,993	\$ 64,568
Other retirement contributions - PERS	2,380,500	3,853	2,384,353	2,384,353	
Unemployment Compensation	8,000		8,000	5,425	2,575
Workers Compensation	715,000	639,619	1,354,619	1,354,618	1
Health Benefits	28,439,000	(1,378,772)	27,060,228	25,047,446	2,012,782
Tuition Reimbursements	225,000		225,000	72,072	152,928
Other Employee Benefits	176,000	55,000	231,000	216,516	14,484
Total Unallocated Benefits - Employee Benefits:	34,144,061	(680,300)	33,463,761	31,216,423	2,247,338
On-behalf TPAF Pension (non-budgeted)				11,260,712	(11,260,712)
On-behalf TPAF Post Retirement Contributions (non-budgeted)				7,273,055	(7,273,055)
On-behalf TPAF Long-Term Disability Insurance Contributions (non-budgeted)				13,010	(13,010)
Reimbursed TPAF Social Security Contributions (non-budgeted)				5,644,204	(5,644,204)
Total On-behalf contributions				24,190,981	(24,190,981)
Total personal services	34,144,061	(680,300)	33,463,761	55,407,404	(21,943,643)
Total Undistributed Expenditures	118,156,312	298,201	118,454,513	135,594,204	(17,139,691)
Interest Earned on Maintenance Reserve	1,806		1,806		1,806
Interest Earned on Emergency Reserve	242		242		242
TOTAL EXPENDITURES - GENERAL CURRENT EXPENSE FUND 11	196,730,254	(317,049)	196,413,205	210,885,152	(14,471,947)

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
CAPITAL OUTLAY:					
Equipment:					
Regular program - Instruction	\$ 18,000	\$ 26,306	\$ 44,306	\$ 44,294	\$ 12
Grades 9-12	15,000	18,234	33,234	33,229	5
Undistributed Expenditures	6,000		6,000		6,000
Child Study Team					
School Admin.	5,000	1,875	6,875	6,875	
Administrative Information Technology	12,000	49,823	61,823	11,160	50,663
Maintenance of school facility		139,212	139,212	61,628	77,584
Custodial services	12,980		12,980	12,980	
Care & upkeep grounds		22,570	22,570	21,795	775
Security		4,795	4,795	4,795	
Total Equipment	68,980	262,815	331,795	196,756	135,039
Facilities acquisition and construction services:					
Architectural/Engineering Services	17,813	3,399	21,212	20,405	807
Construction services	1,004,331	370,835	1,375,166	1,289,414	85,752
Assessment for Debt Service on SDA Funding	8,101		8,101	8,101	
Total facilities acqis. and const. services	1,030,245	374,234	1,404,479	1,317,920	86,559
Capital Reserve Interest - Transfer to	2,952		2,952		2,952
Assets acquired under capital leases (non-budgeted)					
Undistributed expenditures:					
Technology				965,481	(965,481)
Maintenance Equipment				89,747	(89,747)
Custodial Equipment				15,624	(15,624)
Grounds Equipment				62,849	(62,849)
Transportation				945,287	(945,287)
Total assets acquired under capital leases (non-budgeted)				2,078,988	(2,078,988)
TOTAL CAPITAL OUTLAY	1,102,177	637,049	1,739,226	3,593,664	(1,854,438)

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>ORIGINAL</u> <u>BUDGET</u>	<u>BUDGET</u> <u>TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> <u>FAVORABLE/</u> <u>(UNFAVORABLE)</u>
TOTAL EXPENDITURES	\$ 197,832,431	\$ 320,000	\$ 198,152,431	\$ 214,478,816	\$ (16,326,385)
Excess (deficiency) of revenues over (under) expenditures					
Other financing sources/(uses)	(11,850,864)	(320,000)	(12,170,864)	(3,633,561)	8,537,303
Transfers				3,989	3,989
Capital leases (non-budgeted)				2,078,988	2,078,988
Total other financing sources				2,082,977.00	2,082,977
Excess of Revenues and other Financing Sources Over Expenditures and Other Expenditures and other Financing Sources	(11,850,864)	(320,000)	(12,170,864)	(1,550,584)	10,620,280
Fund balances, July 1	32,775,387		32,775,387	32,775,387	
Fund balances, June 30	\$ 20,924,523	\$ (320,000)	\$ 20,604,523	\$ 31,224,803	\$ 10,620,280
Recapitulation:					
Restricted:					
Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 11,812,173	
Excess Surplus - Current Year				8,655,210	
Maintenance Reserve				1,490,417	
Capital Reserve				3,024,594	
Emergency Reserve				253,301	
Assigned:					
Encumbrances				592,262	
Unassigned				5,396,846	
				31,224,803	
Reconciliation to Governmental Funds Statements (GAAP):					
Less: Last Two State Aid Payments not recognized on GAAP basis				5,112,713	
Fund Balance per Governmental Funds (GAAP)				\$ 26,112,090	

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES:					
Federal sources	\$ 2,643,822	\$ 521,620	\$ 3,165,442	3,123,292	\$ (42,150)
State sources	121,581	134,705	256,286	200,562	(55,724)
Other sources	194,173	81,578	275,751	250,091	(25,660)
Total revenues	2,959,576	737,903	3,697,479	3,573,945	(123,534)
EXPENDITURES:					
Instruction:					
Salaries of teachers	435,991		435,991	435,991	
Other salaries	216,775	(32,323)	184,452	177,026	7,426
Other purchased professional-educational services		52,528	52,528	47,501	5,027
Other purchased services	21,250	24,994	46,244	46,219	25
Tuition	1,786,937	332,755	2,119,692	2,119,692	
Supplies and materials	144,968	78,898	223,866	197,738	26,128
Textbooks	12,739	1,942	14,681	13,426	1,255
Miscellaneous expenditures		1,442	1,442	550	892
Total instruction	2,618,660	460,236	3,078,896	3,038,143	40,753
Support services:					
Other salaries	137,901	(78,485)	59,416	54,007	5,409
Personal services - employee benefits	122,661	20,794	143,455	143,455	
Purchased professional - educational services	1,645	120,355	122,000	103,599	18,401
Purchased technical services	21,190	26,942	48,132	31,301	16,831
Other purchased services	40,000	45,617	85,617	63,706	21,911
Supplies and materials	17,519	83,837	101,356	84,872	16,484
Total support services	340,916	219,060	559,976	480,940	79,036
Facilities acquisition and construction services:					
Instructional equipment		58,607	58,607	54,862	3,745
Total facilities acquisition and construction serv.		58,607	58,607	54,862	3,745
Total expenditures	2,959,576	737,903	3,697,479	3,573,945	123,534
Excess (deficiency) of revenues over (under) expenditures	\$	\$	\$	\$	\$

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Note A - Explanation of difference between budgetary inflows and outflows
and GAAP Revenues and Expenditures

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 210,845,255	\$ 3,573,945
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized		
Current Year		(36,582)
Prior Year		7,965
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year	(5,112,713)	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	5,126,981	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	210,859,523	3,545,328
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	214,478,816	3,573,945
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Adjust for encumbrances:		
Add prior year encumbrances		7,965
Less current year encumbrances		(36,582)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 214,478,816	\$ 3,545,328

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

Fiscal Year Ending <u>June 30,</u>	District's Proportion Share of the Net Pension <u>Liability (Asset)</u>	District's Proportionate Share of the Net Pension <u>Liability (Asset)</u>	District's Covered-Employee <u>Payroll</u>	District's Proportion Share of the Net Pension Liability (Asset) as a percentage of it's Covered- <u>Employee Payroll</u>	Plan Fiduciary Net Position as a percentage of the total <u>Pension Liability</u>
2013	0.2480186673%	\$ 47,401,295	\$ 17,091,600	277.34%	48.72%
2014	0.2604910930%	48,771,057	16,998,122	286.92%	52.08%
2015	0.2513632728%	56,426,018	17,223,313	327.61%	47.92%
2016	0.2531994782%	74,990,423	17,291,154	433.69%	40.14%
2017	0.2526739183%	58,818,449	17,667,039	332.93%	48.10%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

Fiscal Year Ending <u>June 30,</u>	Contractually Required <u>Contribution</u>	Contributions in Relation to the Contractually Required <u>Contributions</u>	Contribution Deficiency (<u>Excess</u>)	District's Covered- Employee <u>Payroll</u>	Contributions as a Percentage of Covered- Employee <u>Payroll</u>
2014	\$ 1,868,770	\$ 1,868,770	-0-	\$ 16,998,122	10.99%
2015	2,147,451	2,147,451	-0-	17,223,313	12.47%
2016	2,161,050	2,161,050	-0-	17,291,154	12.50%
2017	2,249,388	2,249,388	-0-	17,667,039	12.73%
2018	2,340,754	2,340,754	-0-	17,759,374	13.18%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS PENSION AND ANNUITY FUND
LAST TEN YEARS

Fiscal Year Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered-Employee Payroll	District's Proportion Share of the Net Pension Liability (Asset) as a percentage of it's Covered- Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2013	0.6964971070%	-0-	\$ 71,284,377	-0-	33.76%
2014	0.7258543595%	-0-	73,554,631	-0-	33.64%
2015	0.7216320523%	-0-	76,215,735	-0-	28.71%
2016	0.7355013065%	-0-	76,690,024	-0-	22.33%
2017	0.7487609350%	-0-	76,773,797	-0-	25.41%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)
NOTE TO RSI III
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Public Employees Retirement System

Change in benefit terms: None

Change in assumptions: The discount rate changed from 3.98% to 5.00% as of June 30, 2017.

Teacher Pension and Annuity Fund

Change in benefit terms: None

Change in assumptions: The discount rate changed from 3.22% to 4.25% as of June 30, 2017.

SCHEDULE RELATED TO ACCOUNTING AND REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (GASB 75)

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE
TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TEN YEARS

	Fiscal Year Ended June <u>30, 2018</u>
Changes for the year:	
Service cost	\$14,557,134
Interest	10,916,077
Changes in assumptions or other inputs	(45,435,718)
Benefit payments	(7,982,348)
Contributions from Members	293,930
Net changes	<u>(27,650,925)</u>
Beginning Balance	<u>\$372,280,329</u>
Ending Balance	<u><u>\$344,629,404</u></u>
Covered Employee Payroll	94,440,836
Total OPEB Liability as a percentage of Covered Employee Payroll	-0-
Change of Benefit Terms:	
No Change in Benefits terms between the June 30, 2016 actuarial valuation and the June 30, 2017 actuarial valuation.	
Change of Assumptions:	
The Discount Rate Changed from 2.85% at the June 30, 2016 measurement date to 3.58% at the 6/30/2017 measurement date.	

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	TITLE I	TITLE IIA	TITLE III	TITLE III IMMIGRANT	TITLE IV	IDEA PART B	CARL D. PERKINS
REVENUES:							
Federal sources	\$ 725,134	\$ 142,467	\$ 19,664	\$ 5,921	\$ 22,956	\$ 2,124,716	\$ 26,734
State sources							
Other sources							
Total revenues	<u>\$ 725,134</u>	<u>\$ 142,467</u>	<u>\$ 19,664</u>	<u>\$ 5,921</u>	<u>\$ 22,956</u>	<u>\$ 2,124,716</u>	<u>\$ 26,734</u>
EXPENDITURES:							
Instruction:							
Salaries of teachers	435,991						
Other salaries	26,707		4,050		4,170		
Other purchased professional-educational services	39,171				8,000		330
Other purchased services	3,120		650		416		600
Tuition						2,119,692	
Supplies and materials	42,158		11,155	5,921	8,193		22,833
Textbooks							
Miscellaneous Expenditures					550		
Total instruction	<u>547,147</u>		<u>15,855</u>	<u>5,921</u>	<u>21,329</u>	<u>2,119,692</u>	<u>23,763</u>
Support services:							
Other Salaries	12,192	19,281					
Personal services - employee benefits	140,313	1,475	310		319		
Purchased professional - educational services	5,000	82,600	3,499		1,000		
Purchased Technical Services							
Other purchased services	3,813	13,146			308		124
Supplies and materials	1,873	25,965				5,024	
Miscellaneous expenditures							
Total support services	<u>163,191</u>	<u>142,467</u>	<u>3,809</u>		<u>1,627</u>	<u>5,024</u>	<u>124</u>
Facilities acquisition and construction serv:							
Instructional equipment	14,796						2,847
Total facilities acquisition and construction serv.	<u>14,796</u>						<u>2,847</u>
Total expenditures	<u>\$ 725,134</u>	<u>\$ 142,467</u>	<u>\$ 19,664</u>	<u>\$ 5,921</u>	<u>\$ 22,956</u>	<u>\$ 2,124,716</u>	<u>\$ 26,734</u>

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	JROTC	EMERGENCY IMPACTAID	NON - PUBLIC TEXTBOOKS	NON - PUBLIC NURSING	NON - PUBLIC TECHNOLOGY	NON - PUBLIC SECURITY	COLLEGE FAIR
REVENUES:							
Federal sources	\$ 40,575	\$ 15,125					
State sources			\$ 13,426	\$ 17,543	\$ 9,416	\$ 19,490	\$ 9,008
Other sources							
Total revenues	<u>\$ 40,575</u>	<u>15,125</u>	<u>13,426</u>	<u>17,543</u>	<u>9,416</u>	<u>19,490</u>	<u>9,008</u>
EXPENDITURES:							
Instruction:							
Salaries of teachers							
Other salaries							
Other purchased professional-educational services							
Other purchased services	40,575						
Tuition							
Supplies and materials					9,416		
Textbooks			13,426				
Miscellaneous Expenditures							
Total instruction	<u>40,575</u>		<u>13,426</u>		<u>9,416</u>		
Support services:							
Other salaries		10,084					
Personal services - employee benefits							
Purchased professional - educational services						10,815	
Purchased Technical Services				17,543			8,001
Other purchased services		5,041				8,675	1,007
Supplies and materials							
Miscellaneous expenditures							
Total support services		<u>15,125</u>		<u>17,543</u>		<u>19,490</u>	<u>9,008</u>
Facilities acquisition and construction serv:							
Instructional equipment							
Total facilities acquisition and construction serv.							
Total expenditures	<u>\$ 40,575</u>	<u>15,125</u>	<u>13,426</u>	<u>17,543</u>	<u>9,416</u>	<u>19,490</u>	<u>9,008</u>

(Continued on next page)

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	SPECIAL OLYMPICS	WIB	CAREER PATHWAYS YR 2	CAREER PATHWAYS YR 3	SUMMER PROGRAMS	OTHER LOCAL	2018	2017
REVENUES:								
Federal sources								
State sources	\$ 5,500	\$ 43,911	\$ 71,859	\$ 68,828	\$ 91,563		\$ 3,123,292	\$ 3,065,157
Other sources						\$ 100,109	200,562	123,997
Total revenues	<u>\$ 5,500</u>	<u>\$ 43,911</u>	<u>\$ 71,859</u>	<u>\$ 68,828</u>	<u>\$ 91,563</u>	<u>\$ 100,109</u>	<u>\$ 3,573,945</u>	<u>\$ 3,407,935</u>
EXPENDITURES:								
Instruction:								
Salaries of teachers							435,991	457,188
Other salaries	5,500	43,911	1,125		91,563		177,026	169,028
Other purchased professional-educational services							47,501	34,466
Other purchased services						858	46,219	51,670
Tuition			31,577	35,045		31,440	2,119,692	2,075,838
Supplies and materials							197,738	168,409
Textbooks							13,426	10,176
Miscellaneous Expenditures							550	575
Total instruction	<u>5,500</u>	<u>43,911</u>	<u>32,702</u>	<u>35,045</u>	<u>91,563</u>	<u>32,298</u>	<u>3,038,143</u>	<u>2,967,350</u>
Support services:								
Other salaries			12,450				54,007	72,207
Personal services - employee benefits			1,038				143,455	138,552
Purchased professional - educational services			11,500				103,599	100,144
Purchased Technical Services						2,943	31,301	10,476
Other purchased services			9,430	20,033		3,810	63,706	48,232
Supplies and materials			775			41,553	84,872	51,578
Miscellaneous expenditures							698	698
Total support services			<u>35,193</u>	<u>20,033</u>		<u>48,306</u>	<u>480,940</u>	<u>421,886</u>
Facilities acquisition and construction serv:								
Instructional equipment			3,964			19,505	54,862	18,699
Total facilities acquisition and construction serv.			<u>3,964</u>	<u>13,750</u>		<u>19,505</u>	<u>54,862</u>	<u>18,699</u>
Total expenditures	<u>\$ 5,500</u>	<u>\$ 43,911</u>	<u>\$ 71,859</u>	<u>\$ 68,828</u>	<u>\$ 91,563</u>	<u>\$ 100,109</u>	<u>\$ 3,573,945</u>	<u>\$ 3,407,936</u>

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES - BUDGETARY BASIS
AS OF JUNE 30, 2018

<u>ISSUE/PROJECT TITLE</u>	<u>ORIGINAL DATE</u>	<u>REVISED BUDGETARY APPROPRIATIONS</u>	<u>PRIOR YEAR</u>	<u>EXPENDITURES TO DATE CURRENT YEAR</u>	<u>(MEMO ONLY) UNEXPENDED PROJECT BALANCE</u>
Freehold Boro High School - Roof Replacement	6/20/2014	\$ 1,326,847	\$ 1,110,425	\$ 1,066	215,356
Marlboro High School - Roof Replacement	6/20/2014	924,454	891,248	1,715	31,491
Freehold Boro High School - Boiler & HVAC Replacement	6/20/2014	2,189,793	1,648,192	30,632	510,969
Districtwide Energy Savings Improvement Plan	3/10/2014	19,500,000	18,516,786	548,235	434,979
Colts Neck High School - Roof Replacement	6/26/2015	681,493	629,145		52,348
Howell High School - Roof Replacement	6/26/2015	1,734,211	1,590,485		143,726
Freehold Township High School - Roof Replacement	6/26/2015	1,020,247	863,175	407	156,665
Manalapan High School - Roof Replacement	6/26/2015	1,492,785	1,296,401	871	195,513
Totals		\$ 28,869,830	\$ 26,545,857	\$ 582,926	1,741,047
					Fund balance - budgetary basis 1,741,047
					Less: SDA Grant Not Recognized (63,808)
					Fund balance - GAAP basis \$ 1,677,239

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2018

Revenues and Other Financing Sources:	
State Sources - SDA Grant Adjustment	\$ (1,161)
Interest Earnings	3,989
Total revenues	<u>2,828</u>
Expenditures and Other Financing Uses:	
Architectural/engineering services	150,327
Other purchased professional and technical services	2,000
Construction services	430,599
Total expenditures	<u>582,926</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(580,098)</u>
Other financing sources (uses):	
Transfers out	<u>(3,989)</u>
Total other financing sources (uses)	(3,989)
Net change in fund balance	(584,087)
Fund balance - beginning	<u>2,325,134</u>
Fund balance - ending	\$ <u><u>1,741,047</u></u>
Fund Balance - budgetary basis	\$ 1,741,047
SDA Grant not Recognized	<u>(63,808)</u>
Fund Balance - GAAP basis (B-1)	\$ <u><u>1,677,239</u></u>

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
FREEHOLD BORO HIGH SCHOOL - ROOF REPLACEMENT
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Prior Periods*</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources - SDA Grant	\$ 479,758	\$ (1,161)	\$ 478,597	\$ 478,597
Capital Lease	848,250		848,250	848,250
Total revenues	<u>1,328,008</u>	<u>(1,161)</u>	<u>1,326,847</u>	<u>1,326,847</u>
Expenditures and Other Financing Uses:				
Legal services	5,507		5,507	5,507
Architectural/engineering services	91,933	437	92,370	92,371
Other purchased professional and technical services	7,901	629	8,530	8,530
Construction services	1,005,084		1,005,084	1,220,439
Total expenditures	<u>1,110,425</u>	<u>1,066</u>	<u>1,111,491</u>	<u>1,326,847</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 217,583</u>	<u>\$ (2,227)</u>	<u>\$ 215,356</u>	<u>\$ 0</u>

* As restated

Additional project information:

Project Number	1650-050-14-G2AF
Grant Date	06/20/14
Lease Authorization Date	03/10/14
Lease Authorized	\$930,793
Lease Issued	\$930,793
Original Authorized Cost	\$1,551,321
Change in Authorized Cost	(\$224,474)
Revised Authorized Cost	\$1,326,847

Percentage Increase/(decrease) over Original Authorized Cost	-14.47%
Percentage completion	99.00%
Original target completion date	FY15
Revised target completion date	FY19

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
MARLBORO HIGH SCHOOL - ROOF REPLACEMENT
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Prior Periods*</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources - SDA Grant	\$ 336,764	\$	\$ 336,764	\$ 336,764
Capital Lease	587,690		587,690	587,690
Total revenues	<u>924,454</u>	<u>0</u>	<u>924,454</u>	<u>924,454</u>
Expenditures and Other Financing Uses:				
Legal services	2,989		2,989	2,989
Architectural/engineering services	67,245	1,373	68,618	68,618
Other purchased professional and technical services	9,095	342	9,437	9,437
Construction services	811,919		811,919	843,410
Total expenditures	<u>891,248</u>	<u>1,715</u>	<u>892,963</u>	<u>924,454</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 33,206</u>	<u>\$(1,715)</u>	<u>\$ 31,491</u>	<u>0</u>

* As restated

Additional project information:

Project Number	1650-080-14-G2AJ
Grant Date	06/20/14
Lease Authorization Date	03/10/14
Lease Authorized	\$505,147
Lease Issued	\$505,147
Original Authorized Cost	\$841,911
Additional Authorized Cost	\$82,543
Revised Authorized Cost	\$924,454

Percentage Increase/(decrease) over Original Authorized Cost

Percentage completion

Original target completion date

Revised target completion date

9.80%

100.00%

FY15

FY18

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
FREEHOLD BORO HIGH SCHOOL - BOILER & HVAC REPLACEMENT
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Prior Periods*</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources - SDA Grant	\$ 668,136	\$	668,136	\$ 668,136
Capital Lease	1,521,657		1,521,657	1,521,657
Total revenues	<u>2,189,793</u>		<u>2,189,793</u>	<u>2,189,793</u>
Expenditures and Other Financing Uses:				
Legal services	9,003		9,003	9,003
Architectural/engineering services	96,303	4,453	100,756	100,756
Other purchased professional and technical services	11,402	1,029	12,431	12,431
Construction services	1,531,484	25,150	1,556,634	2,067,603
Total expenditures	<u>1,648,192</u>	<u>30,632</u>	<u>1,678,824</u>	<u>2,189,793</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 541,601</u>	<u>\$ (30,632)</u>	<u>\$ 510,969</u>	

* As restated

Additional project information:

Project Number	1650-050-14-G2AE
Grant Date	06/20/14
Lease Authorization Date	03/10/14
Lease Authorized	\$1,521,657
Lease Issued	\$1,521,657
Original Authorized Cost	\$2,536,095
Change in Authorized Cost	(\$346,302)
Revised Authorized Cost	\$2,189,793

Percentage Increase/(decrease) over Original Authorized Cost -13.65%
 Percentage completion 100.00%
 Original target completion date FY15
 Revised target completion date FY18

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
DISTRICTWIDE ENERGY SAVINGS IMPROVEMENT PLAN
FOR THE YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Energy savings obligations (ESIP)	\$ 17,500,000	\$	\$ 17,500,000	\$ 17,500,000
Transfer from Capital Reserve	2,000,000		2,000,000	2,000,000
Total revenues	<u>19,500,000</u>		<u>19,500,000</u>	<u>19,500,000</u>
Expenditures and Other Financing Uses:				
Legal services	17,500		17,500	28,842
Architectural/engineering services	1,185,734	142,786	1,328,520	1,413,657
Other purchased professional and technical services	67,473		67,473	67,473
Construction services	17,246,079	405,449	17,651,528	17,990,028
Total expenditures	<u>18,516,786</u>	<u>548,235</u>	<u>19,065,021</u>	<u>19,500,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 983,214</u>	<u>\$ (548,235)</u>	<u>\$ 434,979</u>	

Additional project information:

Project Number	N/A
Grant Date	N/A
Lease Authorization Date	03/10/14
Lease Authorized	\$17,500,000
Lease Issued	\$17,500,000
Original Authorized Cost	\$17,500,000
Additional Authorized Cost	\$2,000,000
Revised Authorized Cost	\$19,500,000

Percentage Increase/(decrease) over Original Authorized Cost 11.43%
 Percentage completion 95.00%
 Original target completion date FY16
 Revised target completion date FY19

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
COLTS NECK HIGH SCHOOL - ROOF REPLACEMENT
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources - SDA Grant	\$ 249,373	\$	249,373	\$ 249,373
Capital Lease	432,120		432,120	432,120
Total revenues	<u>681,493</u>		<u>681,493</u>	<u>681,493</u>
Expenditures and Other Financing Uses:				
Legal services	1,987		1,987	2,000
Architectural/engineering services	58,047		58,047	58,047
Other purchased professional and technical services	9,559		9,559	9,559
Construction services	559,552		559,552	611,887
Total expenditures	<u>629,145</u>		<u>629,145</u>	<u>681,493</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 52,348</u>	<u>\$</u>	<u>52,348</u>	<u>\$</u>

Additional project information:

Project Number	1650-010-14-G2WA
Grant Date	06/26/15
Lease Authorization Date	02/11/15
Lease Authorized	\$517,991
Lease Issued	\$517,991
Original Authorized Cost	\$863,318
Change in Authorized Cost	(\$181,825)
Revised Authorized Cost	\$681,493
Percentage Increase/(decrease) over Original Authorized Cost	-21.06%
Percentage completion	100.00%
Original target completion date	FY16
Revised target completion date	FY17

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
HOWELL HIGH SCHOOL - ROOF REPLACEMENT
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources - SDA Grant	\$ 631,819	\$	631,819	\$ 631,819
Capital Lease	1,102,392		1,102,392	1,102,392
Total revenues	<u>1,734,211</u>		<u>1,734,211</u>	<u>1,734,211</u>
Expenditures and Other Financing Uses:				
Legal services	4,922		4,922	4,925
Architectural/engineering services	143,767		143,767	143,767
Other purchased professional and technical services	19,784		19,784	19,784
Construction services	1,422,012		1,422,012	1,565,735
Total expenditures	<u>1,590,485</u>		<u>1,590,485</u>	<u>1,734,211</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 143,726</u>	<u>\$</u>	<u>143,726</u>	<u>\$</u>

Additional project information:

Project Number	1650-060-14-G2AH
Grant Date	06/26/15
Lease Authorization Date	02/11/15
Lease Authorized	\$1,321,627
Lease Issued	\$1,321,627
Original Authorized Cost	\$2,202,712
Change in Authorized Cost	(\$468,501)
Revised Authorized Cost	\$1,734,211
Percentage Increase/(decrease) over Original Authorized Cost	-21.27%
Percentage completion	100.00%
Original target completion date	FY16
Revised target completion date	FY17

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
FREEHOLD TOWNSHIP HIGH SCHOOL - ROOF REPLACEMENT
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources - SDA Grant	\$ 389,125	\$	389,125	\$ 389,125
Capital Lease	631,122		631,122	631,122
Total revenues	<u>1,020,247</u>		<u>1,020,247</u>	<u>1,020,247</u>
Expenditures and Other Financing Uses:				
Legal services	3,080		3,080	3,080
Architectural/engineering services	71,125	407	71,532	71,532
Other purchased professional and technical services	12,721		12,721	12,721
Construction services	776,248		776,248	932,914
Total expenditures	<u>863,174</u>	<u>407</u>	<u>863,581</u>	<u>1,020,247</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 157,073</u>	<u>\$ (407)</u>	<u>\$ 156,666</u>	<u>\$ -</u>

Additional project information:

Project Number	1650-055-14-G2AG
Grant Date	06/26/15
Lease Authorization Date	02/11/15
Lease Authorized	\$770,971
Lease Issued	\$770,971
Original Authorized Cost	\$1,284,952
Change in Authorized Cost	(\$264,705)
Revised Authorized Cost	\$1,020,247
Percentage Increase/(decrease) over Original Authorized Cost	-20.60%
Percentage completion	99.00%
Original target completion date	FY16
Revised target completion date	FY19

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
MANALAPAN HIGH SCHOOL - ROOF REPLACEMENT
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources - SDA Grant	\$ 408,419	\$	408,419	\$ 408,419
Capital Lease	1,084,366		1,084,366	1,084,366
Total revenues	<u>1,492,785</u>		<u>1,492,785</u>	<u>1,492,785</u>
Expenditures and Other Financing Uses:				
Legal services	5,288		5,288	5,288
Architectural/engineering services	100,985	871	101,856	101,856
Other purchased professional and technical services	11,575		11,575	11,575
Construction services	1,178,553		1,178,553	1,374,066
Total expenditures	<u>1,296,401</u>	<u>871</u>	<u>1,297,272</u>	<u>1,492,785</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 196,384</u>	<u>\$ (871)</u>	<u>\$ 195,513</u>	<u>\$ -</u>

Additional project information:

Project Number	1650-070-14-G2A1
Grant Date	06/26/15
Lease Authorization Date	02/11/15
Lease Authorized	\$612,629
Lease Issued	\$612,629
Original Authorized Cost	\$1,021,048
Additional Authorized Cost	\$471,737
Revised Authorized Cost	\$1,492,785

Percentage Increase/(decrease) over Original Authorized Cost	46.20%
Percentage completion	99.00%
Original target completion date	FY16
Revised target completion date	FY19

PROPRIETARY FUND DETAIL STATEMENTS

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

FOOD SERVICES FUND: This fund provides for the operation of Food services within the school district.

EXTRACURRICULAR FUND This fund provides for the operation of an ice hockey program within the school district.

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2018

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>		<u>COMPARATIVE TOTALS</u>	
	<u>FOOD SERVICE</u>	<u>EXTRA-CURRICULAR</u>	<u>JUNE 30</u>	
	<u>FUND</u>	<u>FUND</u>	<u>2018</u>	<u>2017</u>
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 169,189	\$	\$ 169,189	\$ 686,804
Accounts receivable:				
State	1,102		1,102	1,079
Federal	29,978		29,978	31,864
Other	4,079	9,007	13,086	5,729
Interfund receivable	319,812		319,812	624,813
Inventories	25,396		25,396	23,685
	<u>549,556</u>	<u>9,007</u>	<u>558,563</u>	<u>1,373,974</u>
Total current assets				
Noncurrent assets:				
Furniture, machinery and equipment	1,050,694		1,050,694	649,371
Less accumulated depreciation	(557,539)		(557,539)	(494,506)
	<u>493,155</u>		<u>493,155</u>	<u>154,865</u>
Total noncurrent assets				
Total assets	<u>\$ 1,042,711</u>	<u>\$ 9,007</u>	<u>\$ 1,051,718</u>	<u>\$ 1,528,839</u>
LIABILITIES:				
Current liabilities:				
Accounts payable	\$ 292,991	\$	\$ 292,991	\$ 614,156
Interfund payable		9,007	9,007	
Unearned revenue	85,334		85,334	92,670
	<u>378,325</u>	<u>9,007</u>	<u>387,332</u>	<u>706,826</u>
Total current liabilities				
Total liabilities	<u>\$ 378,325</u>	<u>\$ 9,007</u>	<u>\$ 387,332</u>	<u>\$ 706,826</u>
NET POSITION:				
Net investment in capital assets	\$ 493,155	\$	\$ 493,155	\$ 154,865
Unrestricted	171,231		171,231	667,148
	<u>664,386</u>		<u>664,386</u>	<u>822,013</u>
Total net position				

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND		COMPARATIVE TOTALS	
	FOOD SERVICE	EXTRA-CURRICULAR	JUNE 30	
	<u>FUND</u>	<u>FUND</u>	<u>2018</u>	<u>2017</u>
OPERATING REVENUES:				
Charges for services:				
Daily sales - Reimbursable programs	\$ 939,947	\$	\$ 939,947	\$ 1,023,659
Daily sales - Non-reimbursable programs	1,774,112		1,774,112	1,684,990
Special functions	46,445		46,445	52,755
Fees - individuals		233,962	233,962	240,311
Total operating revenues	<u>2,760,504</u>	<u>233,962</u>	<u>2,994,466</u>	<u>3,001,715</u>
OPERATING EXPENSES:				
Cost of sales - Reimbursable programs	810,029		810,029	699,909
Cost of sales - Non-reimbursable programs	668,714		668,714	755,315
Salaries and benefits	1,391,133	86,300	1,477,433	1,440,708
Supplies and materials	389,851		389,851	107,353
Management fee	105,601		105,601	102,777
Miscellaneous	155,311	23,725	179,036	165,464
Depreciation	63,032		63,032	38,840
Facility rental		123,937	123,937	131,525
Total operating expenses	<u>3,583,671</u>	<u>233,962</u>	<u>3,817,633</u>	<u>3,441,891</u>
Operating income (loss)	<u>(823,167)</u>		<u>(823,167)</u>	<u>(440,176)</u>
NONOPERATING REVENUES (EXPENSES):				
State sources				
State school lunch program	19,493		19,493	17,392
Federal sources				
National school lunch program	473,849		473,849	468,387
School breakfast program	42,384		42,384	37,836
National food distribution commodities	129,814		129,814	142,675
Total nonoperating revenues (expenses)	<u>665,540</u>		<u>665,540</u>	<u>666,290</u>
Change in net position	(157,627)		(157,627)	226,114
Total net position - beginning	<u>822,013</u>		<u>822,013</u>	<u>595,899</u>
Total net position - ending	<u>\$ 664,386</u>	<u>\$</u>	<u>\$ 664,386</u>	<u>\$ 822,013</u>

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND		COMPARATIVE TOTALS	
	FOOD SERVICE FUND	EXTRA-CURRICULAR FUND	JUNE 30	
			2018	2017
Cash flows from operating activities:				
Receipts from customers	\$ 2,779,030	\$ 233,962	\$ 3,012,992	\$ 3,007,999
Payments to employees	(1,360,452)	(86,300)	(1,446,752)	(1,113,818)
Payments for employee benefits	(30,681)		(30,681)	
Payments to suppliers	(2,321,965)	(147,662)	(2,469,627)	(1,539,864)
Net cash provided by (used for) operating activities	<u>(934,068)</u>		<u>(934,068)</u>	<u>354,317</u>
Cash flows from noncapital financing activities:				
State sources	19,470		19,470	19,512
Federal sources	518,119		518,119	569,099
Operating subsidies and transfers to other funds	280,187		280,187	(317,953)
Net cash provided by noncapital financing activities	<u>817,776</u>		<u>817,776</u>	<u>270,658</u>
Cash flows from capital and related financing activities:				
Purchases of capital assets	(401,323)		(401,323)	(11,390)
Net cash provided by (used for) capital and related financing activities	<u>(401,323)</u>		<u>(401,323)</u>	<u>(11,390)</u>
Net increase (decrease) in cash and cash equivalents	(517,615)		(517,615)	613,585
Cash and cash equivalents, July 1, 2017	<u>686,804</u>		<u>686,804</u>	<u>73,219</u>
Cash and cash equivalents, June 30, 2018	<u>\$ 169,189</u>	<u>\$</u>	<u>\$ 169,189</u>	<u>\$ 686,804</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ (823,167)	\$	\$ (823,167)	\$ (440,176)
Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	63,032		63,032	38,840
Federal commodities	129,814		129,814	142,675
Change in assets and liabilities:				
(Increase) decrease in accounts receivable, net	1,651		1,651	(1,114)
Increase (decrease) in unearned revenue	17,478		17,478	26,377
Increase (decrease) in accounts payable	(321,165)		(321,165)	584,766
(Increase) decrease in inventories	(1,711)		(1,711)	2,949
	<u>(110,901)</u>		<u>(110,901)</u>	<u>794,493</u>
Net cash provided by (used for) operating activities	<u>\$ (934,068)</u>	<u>\$</u>	<u>\$ (934,068)</u>	<u>\$ 354,317</u>

FIDUCIARY FUNDS DETAIL STATEMENTS
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Fiduciary Funds are used to account for funds received by the district for a specific purpose:

Unemployment Compensation Insurance Fund This expendable trust fund is used to pay certain Unemployment compensation claims as they arise.

Private Purpose Trust These trust funds are used to account for assets held by the district for scholarships and loans to the students where there are no restrictions regarding the use of principal and income.

Agency Funds are used to account for assets held by the district as an agent for another party:

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

Payroll Fund: This agency fund is used to account for the payroll transactions of the school district.

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2018

	STUDENT ACTIVITY	AGENCY FUNDS PAYROLL AGENCY	TOTAL AGENCY	UNEMPLOYMENT COMPENSATION INSURANCE TRUST	PRIVATE PURPOSE TRUST	TOTAL JUNE 30 2018
ASSETS:						
Cash and cash equivalents	\$ 917,380	\$ 3,295,061	\$ 4,212,441	\$ 1,072,808	\$ 868,305	\$ 6,153,554
Total assets	\$ 917,380	\$ 3,295,061	\$ 4,212,441	\$ 1,072,808	\$ 868,305	\$ 6,153,554
LIABILITIES:						
Accounts payable	\$	\$	\$	\$ 40,210	\$	\$ 40,210
Interfund payable		358,985	358,985			358,985
Payable to student groups	917,380		917,380			917,380
Wages payable - Summer Payroll		2,920,112	2,920,112			2,920,112
Payroll deductions and withholdings		15,964	15,964			15,964
Total liabilities	\$ 917,380	\$ 3,295,061	\$ 4,212,441	\$ 40,210	\$	\$ 4,252,651
NET POSITION:						
Held in trust for State Unemployment Insurance claims and other purposes	\$	\$	\$	\$ 1,032,598	\$	\$ 1,032,598
Held in trust for scholarships and other purposes					868,305	868,305
Total net position	\$	\$	\$	\$ 1,032,598	\$ 868,305	\$ 1,900,903

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>UNEMPLOYMENT COMPENSATION INSURANCE TRUST</u>	<u>PRIVATE PURPOSE TRUST</u>	<u>TOTAL</u>
ADDITIONS:			
Contributions:			
Plan Members	\$ 251,611	\$	\$ 251,611
Donations		25,837	25,837
Total contributions	<u>251,611</u>	<u>25,837</u>	<u>277,448</u>
Investment earnings:			
Interest	596	517	1,113
Net investment earnings	<u>596</u>	<u>517</u>	<u>1,113</u>
Total additions	<u>252,207</u>	<u>26,354</u>	<u>278,561</u>
DEDUCTIONS:			
Quarterly Contribution Reports	108,233		108,233
Unemployment Claims	129,797		129,797
Scholarships Awarded		49,800	49,800
Total deductions	<u>238,030</u>	<u>49,800</u>	<u>287,830</u>
Change in net assets	14,177	(23,446)	(9,269)
Net position beginning of year	<u>1,018,421</u>	<u>891,751</u>	<u>1,910,172</u>
Net position end of year	<u>\$ 1,032,598</u>	<u>\$ 868,305</u>	<u>\$ 1,900,903</u>

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>BALANCE</u> <u>JULY 1, 2017</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2018</u>
High School:				
Colts Neck	\$ 105,365	\$ 578,700	\$ 561,238	\$ 122,827
Freehold Borough	114,600	342,341	354,933	102,008
Freehold Township	187,907	466,408	448,613	205,702
Howell	160,754	433,110	444,620	149,244
Manalapan	185,303	432,114	450,962	166,455
Marlboro	<u>209,437</u>	<u>560,162</u>	<u>598,455</u>	<u>171,144</u>
Total assets	<u>\$ 963,366</u>	<u>\$ 2,812,835</u>	<u>\$ 2,858,821</u>	<u>\$ 917,380</u>

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
PAYROLL AGENCY FUNDS
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>BALANCE</u> <u>JULY 1, 2017</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2018</u>
ASSETS:				
Cash and cash equivalents	\$ 2,939,607	\$ 121,574,970	\$ 121,219,516	\$ 3,295,061
Total assets	<u>2,939,607</u>	<u>121,574,970</u>	<u>121,219,516</u>	<u>3,295,061</u>
LIABILITIES:				
Payroll deductions and withholdings	5,040	50,016,117	50,005,193	15,964
Wages payable - summer payroll	2,582,217	2,935,366	2,597,471	2,920,112
Employee pay		62,005,812	62,005,812	
Interfunds payable	352,350	6,617,675	6,611,040	358,985
Total liabilities	\$ <u>2,939,607</u>	\$ <u>121,574,970</u>	\$ <u>121,219,516</u>	\$ <u>3,295,061</u>

LONG-TERM DEBT SCHEDULES

The Long-Term schedules are used to reflect the outstanding principal balances of the long-term liabilities of the District. This includes obligations under Serial Bonds and Capital Leases

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2018

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>DATE</u>	<u>MATURITIES AMOUNT</u>	<u>RATE OF INTEREST</u>	<u>BALANCE JULY 1, 2017</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2018</u>
Refunded - Additions and renovations of Colts Neck, Freehold, Freehold Twp, Howell, Manalapan, and Marlboro High Schools	11/16/2001	\$ 42,690,000.00	3/1/2019	\$ 4,940,000	5.00%	\$ 14,840,000	\$ 4,695,000	\$ 10,145,000
			3/1/2020	5,205,000	5.00%	\$ 14,840,000	\$ 4,695,000	\$ 10,145,000

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
AS OF JUNE 30, 2018

<u>SERIES</u>	<u>TERM</u>	<u>INTEREST RATE PAYABLE</u>	<u>AMOUNT OF ORIGINAL LEASE</u>	<u>AMOUNT OUTSTANDING JUNE 30, 2017</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>AMOUNT OUTSTANDING JUNE 30, 2018</u>
Governmental Funds: School Buses and Technology	5 Years	1.433%	\$ 1,155,792	\$ 237,783	\$	\$ 237,783	\$ 0
District Wide Energy Savings Improvement Plan (ESIP)	15 Years	2.690%	17,498,000	15,407,439		848,214	14,559,225
Roof Replacement, Boiler & HVAC Replacement	5 Years	1.390%	2,957,597	1,394,883		689,985	704,898
Roof Replacement	5 Years	1.570%	3,250,000	2,191,978		719,263	1,472,715
School Buses	5 Years	1.390%	331,100	133,335		66,207	67,128
School Buses and Technology	5 Years	1.334%	3,500,000	1,427,888		709,213	718,675
School Buses & Maintenance Vehicles	5 Years	1.433%	1,661,250	988,364		324,779	663,585
School Buses, Technology & Copiers	5 Years	1.290%	3,052,000	3,052,000		594,854	2,457,146
School Buses, Technology & Buildings and Grounds Equipment	5 Years	1.680%	2,560,000		2,560,000		2,560,000
Grand Total			\$	\$ 24,833,670	\$	4,190,298	\$ 23,203,372

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>BUDGET</u>	<u>BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
		<u>TRANSFERS</u>			
REVENUES:					
Local sources:					
Local tax levy	\$ 4,114,779	\$	\$ 4,114,779	\$ 4,114,779	\$
State sources:					
Debt service aid type II	<u>1,322,221</u>		<u>1,322,221</u>	<u>1,322,221</u>	
Total revenues	<u>5,437,000</u>		<u>5,437,000</u>	<u>5,437,000</u>	
EXPENDITURES:					
Regular debt service:					
Interest	742,000		742,000	742,000	
Redemption of principal	<u>4,695,000</u>		<u>4,695,000</u>	<u>4,695,000</u>	
Total regular debt service-expenditures	<u>5,437,000</u>		<u>5,437,000</u>	<u>5,437,000</u>	
Excess (deficiency) of revenues over (under) expenditures					
Fund balance, July 1					
Fund balance, June 30	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

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STATISTICAL SECTION - UNAUDITED

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
STATISTICAL SECTION

Contents

Page

Financial Trends:

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

J-1 to J-4

Revenue Capacity:

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

J-5 to J-9

Debt Capacity:

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

J-10 to J-13

Demographic and Economic Information:

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

J-14 to J-15

Operating Information:

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.

J-16 to J-20

Sources

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

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Government Activities:										
Net Investment in capital assets	\$ 89,024,727	\$ 87,207,182	\$ 80,465,572	\$ 76,758,415	\$ 74,331,409	\$ 76,397,045	\$ 64,842,350	\$ 65,477,800	\$ 66,304,436	\$ 64,266,384
Restricted	26,112,090	27,648,406	28,446,908	30,394,625	31,027,126	27,308,431	21,024,274	12,809,243	6,513,220	8,567,707
Unrestricted (deficit)	(60,745,280)	(58,575,627)	(50,667,795)	(51,292,191)	(2,056,310)	(1,962,535)	(195,129)	951,657	3,468,668	(395,231)
Total Government Activities Net Position	\$ 54,391,537	\$ 56,279,961	\$ 58,244,685	\$ 55,860,849	\$ 103,302,225	\$ 101,742,941	\$ 85,671,496	\$ 79,238,730	\$ 76,286,324	\$ 72,438,860
Business-Type Activities:										
Net Investment in capital assets	\$ 493,155	\$ 154,865	\$ 182,315	\$ 220,747	\$ 238,357	\$ 271,952	\$ 89,992	\$ 105,119	\$ 126,753	\$ 118,069
Unrestricted	171,231	667,148	413,584	215,462	129,757	309,747	624,296	814,829	751,526	746,865
Total Business-Type Activities Net Position	\$ 664,386	\$ 822,013	\$ 595,899	\$ 436,209	\$ 368,114	\$ 581,699	\$ 714,288	\$ 919,948	\$ 878,279	\$ 864,934
District-wide:										
Net Investment in capital assets	\$ 89,517,882	\$ 87,362,047	\$ 80,647,887	\$ 76,979,162	\$ 74,569,766	\$ 76,668,997	\$ 64,932,342	\$ 65,582,919	\$ 66,431,189	\$ 64,384,453
Restricted	26,112,090	27,648,406	28,446,908	30,394,625	31,027,126	27,308,431	21,024,274	12,809,243	6,513,220	8,567,707
Unrestricted (deficit)	(60,574,049)	(57,908,479)	(50,254,211)	(51,076,729)	(1,926,553)	(1,652,788)	429,168	1,766,516	4,220,194	351,634
Total District Net Position	\$ 55,055,923	\$ 57,101,974	\$ 58,840,584	\$ 56,297,058	\$ 103,670,339	\$ 102,324,640	\$ 86,385,784	\$ 80,158,678	\$ 77,164,603	\$ 73,303,794

* 2014 has not been restated for the impact of GASB 68

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(ACCURAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities:										
Instruction:										
Regular	\$ 106,525,172	\$ 102,658,266	\$ 92,343,959	\$ 87,514,868	\$ 75,200,178	\$ 80,476,846	\$ 79,320,371	\$ 77,375,649	\$ 79,855,943	\$ 72,166,199
Special Education	27,318,294	27,929,556	25,759,425	24,439,970	20,497,345	17,229,076	13,906,774	12,282,407	9,471,600	10,412,993
Other Special Education	12,400,211	11,747,407	10,604,135	9,859,065	8,306,192	8,998,877	8,916,004	8,978,180	9,136,052	9,114,401
Support Services:										
Tuition	15,600,095	15,076,681	14,980,357	14,711,492	14,104,095	13,343,824	13,994,362	13,678,378	12,197,151	13,015,812
Student & instruction related services	32,227,254	30,730,390	27,893,131	25,721,936	21,748,966	19,632,989	18,231,436	17,684,670	18,477,174	17,399,289
General Administrative Services	1,835,507	1,893,992	1,716,518	1,701,177	1,675,898	9,448,283	9,419,268	9,211,957	9,288,344	8,678,752
School Administrative Services	12,800,205	12,330,132	11,230,302	10,673,330	9,221,080	2,011,069	2,155,127	1,754,559	2,267,175	5,477,731
Central Services/Admin. Information Technology	5,681,925	6,268,366	4,719,869	4,644,456	3,690,894	3,588,070	3,588,070	3,419,374	3,299,725	3,299,725
Plant Operations and Maintenance	19,473,749	20,976,707	17,069,282	15,943,060	15,679,073	15,303,296	15,753,689	16,427,929	17,465,039	18,045,436
Pupil Transportation Services	17,235,383	16,630,574	16,804,098	17,118,697	16,740,367	16,297,004	16,174,059	15,747,415	18,190,193	18,485,087
Special Schools								240	390,300	347,995
Capital Outlay							29,312	14,656	15,292	
Transfer to Charter Schools	741,084	936,851	1,159,719	1,353,737	1,548,571	1,699,266	1,872,820	2,033,833	2,201,017	2,364,710
Interest on Long-Term Debt	5,324,671	4,917,067	4,887,161	4,881,749	4,836,889	34,303	34,303	34,303	34,303	34,303
Unallocated Depreciation and Amortization										
	<u>\$ 257,163,550</u>	<u>\$ 252,095,989</u>	<u>\$ 229,167,956</u>	<u>\$ 218,563,537</u>	<u>\$ 193,249,548</u>	<u>\$ 188,597,397</u>	<u>\$ 183,395,595</u>	<u>\$ 178,643,552</u>	<u>\$ 182,289,317</u>	<u>\$ 175,542,708</u>
Food Service	3,583,671	3,201,580	3,167,975	3,096,810	3,211,871	3,433,767	3,568,347	3,360,076	3,426,440	3,919,325
Extra Curricular Fund	233,962	240,311	256,688	227,246	236,788	213,983	238,976	227,348	222,845	
SAT Prep Program							25,538	20,963		
	<u>\$ 3,817,633</u>	<u>\$ 3,441,891</u>	<u>\$ 3,424,663</u>	<u>\$ 3,324,056</u>	<u>\$ 3,448,659</u>	<u>\$ 3,647,760</u>	<u>\$ 3,832,861</u>	<u>\$ 3,608,387</u>	<u>\$ 3,649,285</u>	<u>\$ 3,919,325</u>
	<u>\$ 260,981,183</u>	<u>\$ 255,537,880</u>	<u>\$ 232,592,619</u>	<u>\$ 221,887,593</u>	<u>\$ 196,698,207</u>	<u>\$ 192,245,157</u>	<u>\$ 187,228,456</u>	<u>\$ 182,251,939</u>	<u>\$ 185,938,602</u>	<u>\$ 179,462,033</u>
Governmental Activities:										
Charges for Services:										
Instruction	\$ 212,475	\$ 230,377	\$ 289,578	\$ 319,039	\$ 257,418	\$ 159,313	\$ 254,971	\$ 75,241	\$ 352,974	\$ 107,441
Operating Grants and Contributions	64,954,154	59,693,390	43,912,263	35,821,867	16,856,815	426,007	468,018	609,714	798,443	855,928
Capital Grants and Contributions										
	<u>\$ 65,166,629</u>	<u>\$ 59,923,767</u>	<u>\$ 44,201,841</u>	<u>\$ 36,140,906</u>	<u>\$ 17,114,233</u>	<u>\$ 585,320</u>	<u>\$ 722,989</u>	<u>\$ 684,955</u>	<u>\$ 1,151,417</u>	<u>\$ 963,369</u>
Business-Type Activities:										
Charges for Services:										
Food Service	2,760,504	2,761,404	2,691,559	2,559,607	2,527,739	2,642,037	2,909,211	2,841,180	2,944,677	3,461,930
Extra Curricular Fund	233,962	240,311	256,688	227,246	236,788	190,193	262,776	227,348	222,845	
SAT Prep Program							22,202	24,299		
Operating Grants and Contributions	685,540	666,290	636,106	605,298	470,547	486,782	433,012	457,229	495,107	553,582
	<u>\$ 3,660,006</u>	<u>\$ 3,668,005</u>	<u>\$ 3,584,353</u>	<u>\$ 3,392,151</u>	<u>\$ 3,235,074</u>	<u>\$ 3,319,012</u>	<u>\$ 3,627,201</u>	<u>\$ 3,650,055</u>	<u>\$ 3,662,629</u>	<u>\$ 4,015,512</u>
	<u>\$ 68,826,635</u>	<u>\$ 63,591,772</u>	<u>\$ 47,786,194</u>	<u>\$ 39,533,057</u>	<u>\$ 20,349,307</u>	<u>\$ 3,904,332</u>	<u>\$ 4,350,190</u>	<u>\$ 4,335,010</u>	<u>\$ 4,814,046</u>	<u>\$ 4,978,881</u>
Governmental Activities	<u>\$ (191,996,921)</u>	<u>\$ (192,172,222)</u>	<u>\$ (184,966,115)</u>	<u>\$ (182,422,631)</u>	<u>\$ (176,135,315)</u>	<u>\$ (188,012,077)</u>	<u>\$ (182,672,605)</u>	<u>\$ (177,958,597)</u>	<u>\$ (181,137,900)</u>	<u>\$ (174,579,339)</u>
Business-Type Activities	<u>(157,627)</u>	<u>226,114</u>	<u>159,690</u>	<u>68,095</u>	<u>(213,585)</u>	<u>(328,748)</u>	<u>(205,660)</u>	<u>41,669</u>	<u>13,344</u>	<u>96,187</u>
	<u>\$ (192,154,548)</u>	<u>\$ (191,946,108)</u>	<u>\$ (184,806,425)</u>	<u>\$ (182,354,536)</u>	<u>\$ (176,348,900)</u>	<u>\$ (188,340,825)</u>	<u>\$ (182,878,265)</u>	<u>\$ (177,916,929)</u>	<u>\$ (181,124,556)</u>	<u>\$ (174,483,152)</u>

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 131,637,569	\$ 128,147,673	\$ 125,634,974	\$ 121,473,208	\$ 119,091,381	\$ 116,756,256	\$ 115,600,253	\$ 115,600,253	\$ 112,783,657	\$ 110,882,300
Taxes Levied for Debt Service	4,114,779	4,105,698	4,099,644	4,093,210	4,086,778	4,076,750	4,071,262	4,062,938	3,462,300	3,474,896
Unrestricted Grants and Contributions	54,362,826	54,709,469	54,224,317	54,428,665	54,015,433	66,350,311	64,262,301	56,750,964	62,218,157	62,811,715
Restricted Grants and Contributions	1,221,659	1,161,898	2,651,166	2,239,175	1,088,884	3,808,529	4,250,267	3,899,599	5,935,387	
Tuition Received			782,770	148,292	303,863	576,640	931,185	597,250	585,862	194,536
Miscellaneous Income	459,661	2,082,760								587,052
Transfers			(42,920)				(9,896)			
Gain/(Loss) on Sale of Equipment										
	<u>191,796,494</u>	<u>190,207,498</u>	<u>187,349,951</u>	<u>182,382,550</u>	<u>178,586,339</u>	<u>193,568,486</u>	<u>189,105,372</u>	<u>180,911,004</u>	<u>184,985,363</u>	<u>177,950,499</u>
	\$ 191,796,494	\$ 190,207,498	\$ 187,349,951	\$ 182,382,550	\$ 178,586,339	\$ 193,568,486	\$ 189,105,372	\$ 180,911,004	\$ 184,985,363	\$ 177,950,499
Governmental Activities Business-Type Activities										
	\$ (200,427)	\$ (1,964,724)	\$ 2,383,836	\$ (40,081)	\$ 2,451,024	\$ 5,556,409	\$ 6,432,766	\$ 2,952,407	\$ 3,847,463	\$ 3,371,160
	<u>(157,627)</u>	<u>226,114</u>	<u>159,690</u>	<u>68,095</u>	<u>(213,585)</u>	<u>(328,748)</u>	<u>(205,660)</u>	<u>41,669</u>	<u>13,344</u>	<u>96,187</u>
	\$ (358,054)	\$ (1,738,610)	\$ 2,543,526	\$ 28,014	\$ 2,237,439	\$ 5,227,661	\$ 6,227,106	\$ 2,994,075	\$ 3,860,807	\$ 3,467,347

* 2014 has not been restated for the impact of GASB 68

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT

FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund:										
Restricted	\$ 25,235,695	\$ 26,892,872	\$ 27,823,998	\$ 29,394,625	\$ 31,027,126	\$ 27,073,450	\$ 21,024,274	\$ 12,827,685	\$	\$
Assigned	592,262	755,534		1,450,900	763,915	1,000,000	2,218,598	2,587,356		
Unassigned	284,133							153,276		
Reserved									7,082,073	9,550,771
Unreserved									4,289,726	741,628
Total General Fund	\$ 26,112,090	\$ 27,648,406	\$ 27,823,998	\$ 30,845,525	\$ 31,791,041	\$ 28,073,450	\$ 23,242,872	\$ 15,568,317	\$ 11,381,799	\$ 10,292,399
All Other Governmental Funds:										
Restricted	\$ 1,190,797	\$ 1,164,358	\$ 944,577	\$ 7,799,283	\$ 20,088,887	\$	\$	\$	\$	\$
Unreserved, Reported In:										
Capital Projects Fund	486,442	1,054,420	5,031,272	11,641,370	109,584					
Total All Other Governmental Funds	\$ 1,677,239	\$ 2,218,778	\$ 5,975,849	\$ 19,440,653	\$ 20,198,471	\$	\$	\$	\$	\$

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
Tax Levy	\$ 135,752,348	\$ 132,253,371	\$ 129,734,618	\$ 125,666,418	\$ 123,178,159	\$ 120,833,006	\$ 119,671,515	\$ 119,683,191	\$ 116,246,987	\$ 114,357,196
Tuition Charges	50,275	66,286	70,929	124,280	72,563	62,177	166,772	75,241	165,050	35,527
Transportation Fees	450,268	2,074,962	776,317	136,277	39,534	36,940	36,974	70,015	60,443	194,536
Miscellaneous	422,844	385,828	451,783	327,157	311,734	636,802	917,144	629,048	642,344	658,966
State Sources	79,967,728	77,068,133	75,427,943	72,570,063	68,952,756	69,676,088	63,785,249	58,073,019	56,905,827	60,739,212
Federal Sources	3,243,764	3,211,622	3,172,662	2,826,807	2,690,826	2,908,759	5,195,337	3,085,445	12,046,189	2,928,431
Total Revenues	219,887,227	215,080,202	209,634,272	201,552,002	195,700,572	194,153,806	189,774,957	181,595,959	186,065,780	178,913,668
Expenditures:										
Instruction:										
Regular	56,202,993	55,138,134	54,420,588	54,580,063	53,226,236	54,461,270	53,010,885	50,466,657	55,759,577	51,645,808
Special	15,266,006	16,290,116	16,350,910	16,147,479	15,292,601	12,044,633	9,709,787	8,241,644	6,768,646	7,286,673
Other	6,863,471	6,646,105	6,543,186	6,386,427	6,327,793	6,519,860	6,474,132	6,342,900	6,879,582	6,633,811
Support Services:										
Tuition	15,600,095	15,076,681	14,980,357	14,711,492	14,104,095	13,343,824	13,994,362	13,678,378	12,197,151	13,015,812
Student & Instruction related services	18,587,291	18,249,119	17,927,006	17,224,746	15,900,229	14,016,576	12,952,335	12,306,294	13,609,000	12,976,196
School Administrative Services	6,713,490	6,600,419	6,607,803	6,579,123	6,507,814	6,558,728	6,550,897	6,218,510	6,641,945	6,322,266
General Administrative Services	1,635,198	1,642,388	1,556,498	1,581,794	1,535,368	1,817,374	1,985,654	1,635,170	2,108,923	2,108,923
General and Central Services	3,742,376	3,463,722	3,221,762	3,272,294	2,594,940	2,792,121	2,660,101	2,433,933	2,404,433	4,577,957
Central Services/Admin. Information Tech	16,221,433	16,848,948	14,593,778	13,821,891	13,908,423	12,570,393	12,971,617	13,434,482	14,546,194	15,210,424
Plant Operations and Maintenance	18,147,561	17,144,259	16,812,407	16,052,557	14,960,904	14,006,185	13,836,574	13,149,260	15,718,142	15,526,401
Student Transportation Services	55,407,404	51,122,265	47,637,366	43,750,109	41,368,803	43,899,725	41,829,101	43,493,500	39,128,215	35,400,749
Unallocated Employee Benefits								240	278,502	251,758
Special Schools							29,312	14,656	15,292	
Charter Schools										
Debt Service:										
Principal	4,695,000	4,460,000	4,240,000	4,030,000	3,830,000	3,635,000	3,485,000	3,280,000	3,100,000	2,960,000
Interest and Other Charges	742,000	965,000	1,177,000	1,378,500	1,570,000	1,751,750	1,924,500	2,088,500	2,257,275	2,418,425
Capital Outlay	4,219,752	7,876,851	21,699,940	7,313,710	1,349,981	2,673,424	716,145	625,315	3,634,504	2,902,082
Total Expenditures	224,044,070	221,524,007	227,768,621	206,834,185	192,477,087	190,090,863	182,100,402	177,409,441	185,047,381	177,128,362
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(4,156,843)	(6,443,805)	(18,134,349)	(5,282,183)	3,223,485	4,062,943	7,674,555	4,186,518	1,018,399	1,785,506
Other Financing Sources/(Uses):										
Capital leases (non-budgeted)	2,078,988	2,511,142	1,648,018	3,581,100	2,957,597					
Transfers Out				(2,251)	17,500,000					
Proceeds from energy savings obligations (ESIP)					20,457,597					
Total Other Financing Sources/(Uses)	2,078,988	2,511,142	1,648,018	3,578,849	20,457,597					
Net Change in Fund Balances	(2,077,855)	(3,932,663)	(16,486,331)	(1,703,334)	23,681,082	4,062,943	7,674,555	4,186,518	1,018,399	1,785,506
Debt Service as a Percentage of Noncapital Expenditures	2.47%	2.54%	2.63%	2.71%	2.83%	2.87%	2.97%	3.04%	2.95%	3.09%

Source: District records

Note: Noncapital expenditures are total expenditures less Capital Outlay.

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

Fiscal Year Ending June 30,	Restricted		Unrestricted		Annual Totals
	Athletic Fees	Facility Rental	Refund of Prior Year Expenditures	Miscellaneous	
2018	\$ 81,545	\$ 80,655	\$ 53,236	\$ 393,043	608,479
2017	77,378	86,713	1,498	2,072,765	2,238,354
2016	73,319	145,330	424,495	351,822	994,966
2015	77,768	116,991	71,847	63,430	330,036
2014	69,696	115,159	72,082	222,452	479,389
2013	68,612	97,136	91,737	240,266	497,751
2012	69,310	88,199	429,465	244,140	831,114
2011	103,985	101,813	122,723	194,264	522,785
2010	97,112	116,924	197,482	134,864	546,382
2009	113,391	71,914	280,321	87,665	563,291

Source: District records

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS
UNAUDITED

	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property (3)	Public Utilities (1)	Net Valuation Taxable	Total Direct School Tax Rate (2)	Estimated Actual (County Equalized) Value
Colts Neck													
2018	\$ 39,970,600	\$ 2,574,100,700	\$ 241,579,500	\$ 4,069,600	\$ 161,479,600	\$ -	\$ -	\$ 3,021,200,000	\$ -	\$ 3,876,763	\$ 3,025,076,763	0.446	\$ 3,048,057,282
2017	41,407,700	2,552,994,800	232,105,700	4,045,100	164,887,600	-	-	2,995,440,900	-	3,077,794	2,998,518,694	0.466	3,015,171,174
2016	41,748,200	2,534,198,600	244,132,600	4,203,100	163,892,200	-	-	2,988,174,700	-	3,065,471	2,991,240,171	0.439	3,017,649,789
2015	38,448,100	2,503,435,400	257,605,800	4,125,100	164,609,600	-	-	2,968,224,000	-	3,159,066	2,971,383,066	0.454	3,041,417,551
2014	39,881,800	2,540,498,000	263,017,800	4,159,900	167,385,000	-	-	3,014,942,500	-	3,079,851	3,018,022,351	0.447	3,066,222,327
2013	41,257,000	2,568,728,600	263,081,000	4,158,700	178,123,400	-	-	3,045,348,700	-	3,723,634	3,049,072,334	0.408	3,122,795,191
2012	44,509,600	2,575,313,400	255,778,700	4,145,400	184,744,300	-	-	3,064,491,400	-	3,723,975	3,068,215,375	0.390	3,117,466,897
2011	44,725,400	2,580,986,900	253,914,500	4,109,600	192,544,000	-	-	3,076,280,400	-	3,812,767	3,080,093,167	0.391	3,203,755,368
2010	47,351,200	2,590,014,000	269,589,800	4,158,600	196,701,900	-	-	3,107,825,500	-	5,087,706	3,112,913,206	0.383	3,342,807,536
2009	20,075,000	1,230,598,800	116,469,200	3,595,050	81,269,400	-	-	1,452,007,450	-	1,787,172	1,453,794,622	0.822	3,445,743,076
Englishtown													
2018	\$ 1,320,400	\$ 190,588,800	\$ -	\$ -	\$ 35,421,300	\$ 6,396,800	\$ 14,458,700	\$ 248,186,000	\$ -	\$ -	\$ 248,186,000	0.402	\$ 253,041,801
2017	1,348,800	185,500,700	-	-	36,071,000	6,393,900	13,302,100	242,616,500	-	-	242,616,500	0.414	238,955,085
2016	1,576,900	183,420,400	-	-	35,820,000	6,452,500	13,268,100	240,537,900	-	-	240,537,900	0.380	232,973,581
2015	1,654,800	183,619,000	-	-	34,989,900	6,358,900	13,228,100	239,850,700	-	-	239,850,700	0.373	223,236,967
2014	1,867,700	200,060,300	-	-	39,188,600	7,267,200	1,262,100	249,645,900	-	-	249,645,900	0.372	221,639,366
2013	3,274,100	206,535,000	-	-	35,332,500	7,617,200	1,262,100	254,020,900	-	-	254,020,900	0.404	231,103,589
2012	2,384,300	201,896,900	-	-	35,742,000	8,583,900	1,262,100	249,869,200	-	-	249,869,200	0.393	235,241,820
2011	3,788,700	198,279,700	-	-	39,134,100	9,879,300	1,262,100	252,343,900	-	-	252,343,900	0.299	242,547,068
2010	3,892,300	198,206,200	-	-	42,019,600	9,879,300	1,262,100	255,259,500	-	4,454,063	259,713,563	0.320	250,970,511
2009	3,978,000	198,110,000	-	-	42,080,100	9,879,300	1,262,100	255,309,500	-	5,904,759	261,214,259	0.303	246,645,548
Farmingdale													
2018	\$ 984,800	\$ 120,283,900	\$ -	\$ 17,500	\$ 26,918,700	\$ 3,311,800	\$ 15,357,900	\$ 166,874,600	\$ -	\$ -	\$ 166,874,600	0.339	\$ 149,668,560
2017	3,226,700	106,525,800	584,700	2,700	26,700,800	3,311,800	15,321,400	155,673,900	-	-	155,673,900	0.345	146,043,388
2016	1,998,600	105,777,400	590,000	2,700	27,171,700	3,318,200	15,315,400	154,074,000	-	-	154,074,000	0.326	145,956,075
2015	1,905,600	106,279,000	563,600	2,700	27,115,000	3,319,800	15,314,700	154,500,400	-	-	154,500,400	0.308	138,780,348
2014	1,865,300	110,869,600	600,000	14,200	20,823,500	2,742,800	13,947,400	150,562,800	-	-	150,562,800	0.298	137,417,398
2013	1,865,300	111,706,500	721,700	14,200	20,320,000	2,742,800	13,947,400	151,317,900	-	-	151,317,900	0.397	145,089,919
2012	1,918,800	112,133,500	721,700	14,200	20,320,000	2,742,800	13,947,400	151,798,400	-	2,529,438	154,327,838	0.350	149,581,365
2011	1,918,800	111,858,800	721,700	14,200	20,480,300	2,742,800	13,947,400	151,684,000	-	2,558,005	154,242,005	0.360	147,441,135
2010	1,918,800	112,002,400	721,700	14,200	20,480,300	2,742,800	13,947,400	151,827,600	-	2,815,873	154,643,473	0.277	153,164,638
2009	2,179,300	110,849,000	721,700	14,200	19,871,300	2,742,800	13,947,400	150,325,700	-	2,462,182	152,787,882	0.316	158,529,010

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS
UNAUDITED

	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property (3)	Public Utilities (1)	Net Valuation Taxable	Total Direct School Tax	Rate (2)	Estimated Actual (County Equalized) Value
Freehold Boro														
2018	\$ 9,600,100	\$ 754,455,600	\$ -	\$ -	\$ 233,786,500	\$ 25,411,800	\$ 32,216,500	\$ 1,055,470,500	\$ 2,369,500	\$ -	\$ 1,055,470,500	0.342	\$ 1,049,932,001	
2017	9,632,800	746,201,020	-	-	231,066,700	25,373,900	32,137,100	1,044,411,520	1,181,800	-	1,044,411,520	0.343	1,032,101,092	
2016	10,627,200	739,568,800	-	-	229,822,500	25,353,000	22,454,100	1,027,825,600	1,128,800	-	1,027,825,600	0.320	986,304,992	
2015	10,120,100	741,225,500	-	-	230,456,500	25,345,900	22,065,400	1,029,213,400	1,390,000	-	1,029,213,400	0.295	951,845,338	
2014	10,235,100	755,357,200	-	-	237,225,100	25,345,900	22,388,400	1,050,551,700	1,423,600	-	1,050,551,700	0.311	974,389,434	
2013	10,236,400	764,565,800	-	-	239,840,300	25,345,900	22,388,400	1,062,376,800	2,476,800	-	1,062,376,800	0.321	1,025,327,919	
2012	10,244,400	767,610,400	-	-	241,264,600	25,345,900	22,388,400	1,066,853,700	3,408,000	-	1,066,853,700	0.341	1,139,215,781	
2011	10,342,700	768,700,500	-	-	241,539,000	25,345,900	22,388,400	1,068,316,500	4,151,700	9,917,155	1,078,233,655	0.378	1,205,130,817	
2010	11,375,600	766,577,000	-	-	242,880,100	25,345,900	22,374,900	1,068,553,500	1,254,600	10,281,773	1,078,835,273	0.379	1,193,198,764	
2009	11,552,000	765,785,300	-	-	236,440,200	25,345,900	23,097,700	1,062,221,100	1,180,800	11,377,335	1,073,598,435	0.382	1,275,015,424	
Freehold Township														
2018	\$ 48,609,600	\$ 4,588,492,600	\$ 31,227,800	\$ 1,535,200	\$ 1,417,161,400	\$ 154,713,700	\$ 84,626,700	\$ 6,326,367,000	\$ 3,612,600	\$ -	\$ 6,326,367,000	0.441	\$ 6,510,731,901	
2017	52,822,000	4,425,631,400	29,682,700	1,444,500	1,396,897,600	154,513,500	84,791,800	6,145,883,500	3,612,600	-	6,145,883,500	0.455	6,456,448,298	
2016	51,370,300	4,325,592,200	30,003,400	1,456,900	1,387,324,000	153,241,300	78,612,500	6,027,600,600	3,612,600	-	6,027,600,600	0.482	6,589,292,604	
2015	55,908,800	4,266,398,600	29,970,000	1,464,900	1,320,216,200	148,905,300	71,094,300	5,893,958,100	3,612,600	-	5,893,958,100	0.452	6,095,136,631	
2014	50,881,700	3,955,292,200	27,666,200	1,440,900	1,239,936,400	146,563,700	60,794,300	5,482,575,400	41,400	-	5,482,575,400	0.480	5,837,654,006	
2013	56,004,900	3,949,909,700	28,280,200	1,466,400	1,243,834,300	146,521,200	60,794,300	5,486,811,000	-	-	5,486,811,000	0.471	5,873,438,863	
2012	67,931,000	4,548,659,400	32,524,700	1,509,700	1,245,930,300	156,782,100	61,500,000	6,114,837,200	-	-	6,114,837,200	0.411	6,197,364,750	
2011	69,363,900	4,551,925,900	31,282,000	1,541,900	1,247,563,400	154,791,300	61,500,000	6,117,968,400	-	41,218,304	6,159,186,704	0.399	6,427,603,681	
2010	79,832,500	4,549,534,600	30,233,300	1,654,900	1,291,205,600	154,573,100	61,500,000	6,168,534,000	-	49,220,887	6,217,754,887	0.394	6,647,432,225	
2009	95,225,000	4,529,646,900	30,709,200	1,670,000	1,341,345,700	154,573,100	64,320,400	6,217,490,300	-	68,077,410	6,285,567,710	0.373	6,734,691,283	
Howell														
2018	\$ 114,774,900	\$ 5,875,284,700	\$ 98,123,400	\$ 2,624,600	\$ 668,590,600	\$ 105,862,100	\$ 38,671,700	\$ 6,903,932,000	\$ -	\$ -	\$ 6,903,932,000	0.449	\$ 7,130,335,655	
2017	118,523,800	5,654,440,800	98,312,200	2,397,100	626,784,300	104,535,300	37,293,500	6,642,287,000	-	-	6,642,287,000	0.436	6,760,028,111	
2016	114,702,200	5,373,302,700	101,965,500	2,701,000	628,132,400	112,376,100	32,259,800	6,365,439,700	-	-	6,365,439,700	0.433	6,591,132,558	
2015	127,426,600	5,157,744,800	98,908,600	2,755,700	616,492,200	107,704,400	32,259,800	6,143,292,100	-	8,470,420	6,151,762,520	0.432	6,388,597,383	
2014	137,473,900	4,623,682,700	89,384,800	2,673,500	611,874,200	101,664,900	-	5,566,754,000	-	7,632,229	5,574,386,229	0.452	6,087,370,787	
2013	155,567,400	4,579,708,000	89,858,000	2,769,800	594,385,000	101,856,600	-	5,524,143,800	-	8,867,486	5,533,011,286	0.483	6,199,518,124	
2012	147,940,600	4,554,735,400	85,598,100	2,640,500	595,545,700	103,344,900	-	5,489,805,200	-	11,032,948	5,500,838,148	0.478	6,509,420,350	
2011	209,120,660	5,751,615,760	107,280,600	2,607,500	660,378,520	133,162,000	-	6,864,165,040	-	11,110,173	6,875,275,213	0.380	6,762,336,368	
2010	237,133,360	5,747,380,000	107,553,000	2,707,600	662,086,020	134,095,700	-	6,890,955,680	-	13,114,350	6,904,070,030	0.385	6,954,660,611	
2009	253,365,700	5,736,865,900	104,001,400	2,426,100	662,057,600	109,299,300	-	6,867,016,000	-	10,565,151	6,877,581,151	0.370	7,070,767,733	

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
UNAUDITED

	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property (3)	Public Utilities (1)	Net Valuation Taxable	Total Direct School Tax Rate (2)	Estimated Actual (County Equalized) Value
Manalapan													
2018	\$ 38,604,600	\$ 6,071,386,900	\$ 37,918,200	\$ 1,895,900	\$ 467,772,800	\$ 23,587,100	\$ -	\$ 6,641,165,500	\$ -	\$ -	\$ 6,641,165,500	0.415	\$ 6,692,366,764
2017	35,776,600	5,872,797,400	35,508,500	1,944,000	432,624,800	20,863,100	-	6,399,514,400	-	-	6,399,514,400	0.418	6,463,681,306
2016	34,938,600	5,786,849,660	33,999,000	1,956,900	423,168,000	20,454,000	-	6,301,366,160	-	-	6,301,366,160	0.414	6,385,559,229
2015	38,765,800	5,657,693,750	34,267,100	2,250,500	387,171,100	20,451,600	-	6,140,599,850	-	-	6,140,599,850	0.420	6,234,359,701
2014	47,846,600	5,359,086,600	32,130,400	2,269,200	380,616,076	20,269,600	-	5,842,218,476	-	-	5,842,218,476	0.436	6,109,982,591
2013	58,673,900	5,299,331,500	31,538,900	2,316,400	378,911,200	20,269,600	-	5,791,041,500	-	-	5,791,041,500	0.425	5,978,276,610
2012	70,482,900	5,241,149,800	32,267,800	2,352,300	377,401,400	22,667,200	-	5,746,321,400	-	-	5,746,321,400	0.420	6,169,252,662
2011	84,044,500	5,183,906,700	32,780,800	2,354,500	371,293,700	22,667,200	-	5,697,047,400	-	6,951,526	5,703,998,926	0.421	6,281,820,516
2010	102,803,800	5,111,395,600	32,933,900	2,253,000	380,040,400	22,667,200	-	5,652,083,900	-	9,382,496	5,661,476,396	0.432	6,459,604,048
2009	160,219,400	5,732,755,500	36,725,800	2,314,400	425,667,300	24,603,500	-	6,382,285,900	-	7,636,903	6,389,922,803	0.364	6,480,948,402
Marlboro													
2018	\$ 75,738,300	\$ 6,514,545,800	\$ 37,119,700	\$ 993,300	\$ 457,853,700	\$ 80,779,900	\$ 22,287,000	\$ 7,189,317,700	\$ -	\$ -	\$ 7,189,317,700	0.415	\$ 7,637,736,943
2017	62,232,800	6,511,414,300	38,867,800	1,079,700	457,480,800	79,030,300	22,287,000	7,172,392,700	-	-	7,172,392,700	0.456	7,460,307,716
2016	64,533,000	6,503,789,000	38,438,000	1,084,200	454,550,000	79,788,500	22,287,000	7,164,469,700	-	-	7,164,469,700	0.440	7,354,851,699
2015	69,639,100	6,439,597,624	37,757,200	1,094,700	444,223,200	82,478,300	21,756,900	7,096,747,024	-	-	7,096,747,024	0.445	7,186,558,937
2014	77,822,900	6,099,931,774	35,205,200	1,036,800	428,732,400	84,673,900	18,619,900	6,746,022,874	-	-	6,746,022,874	0.447	7,013,277,224
2013	85,204,500	6,098,106,500	36,036,300	1,036,500	424,031,300	86,543,000	18,619,900	6,749,578,000	-	-	6,749,578,000	0.433	7,085,446,679
2012	92,253,900	6,234,133,500	38,633,800	1,045,400	420,120,900	88,021,000	18,619,900	6,892,828,400	-	9,347,305	6,902,175,705	0.403	7,266,197,377
2011	94,958,900	6,231,140,500	37,886,600	1,046,500	415,286,900	88,491,100	19,584,200	6,888,394,700	-	9,144,385	6,897,539,085	0.395	7,482,621,521
2010	103,816,500	6,236,324,400	38,815,400	1,051,500	425,388,900	94,454,200	23,225,300	6,923,076,200	-	10,332,044	6,933,408,244	0.388	7,568,204,970
2009	43,870,600	2,899,810,000	16,268,600	765,050	179,521,700	40,955,700	3,343,100	3,184,534,750	-	4,173,653	3,188,708,403	0.827	7,698,068,929

Source: County Board of Taxation

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by the County board of taxation.

Reassessment occurs when ordered by the County Board of Taxation.

(1) Taxable Value of Machinery, Implements & Equipment of Telephone, Telegraph & Messenger System Companies.

(2) Tax rates are per \$100.

(3) Tax exempt property already excluded from assessed value by property class

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
UNAUDITED
(RATE PER \$100 OF ASSESSED VALUATION)

	<u>Freehold Regional</u>			<u>Overlapping Rates</u>				<u>Total Direct & Overlapping Tax Rate</u>
	<u>General Obligation Basic Rate</u>	<u>Debt Service</u>	<u>Total Direct</u>	<u>Elementary School</u>	<u>Local Purpose</u>	<u>Library/ Other</u>	<u>Monmouth County</u>	
Colts Neck								
2018	0.432	0.014	0.446	0.761	0.258	0.012	0.298	1.775
2017	0.452	0.014	0.466	0.749	0.250	0.012	0.292	1.769
2016	0.425	0.014	0.439	0.739	0.241	0.012	0.300	1.731
2015	0.440	0.014	0.454	0.730	0.228	0.012	0.311	1.735
2014	0.432	0.015	0.447	0.705	0.214	0.012	0.309	1.687
2013	0.394	0.014	0.408	0.686	0.203	0.012	0.309	1.618
2012	0.377	0.013	0.390	0.680	0.194	0.012	0.294	1.570
2011	0.378	0.013	0.391	0.674	0.188	0.012	0.286	1.551
2010	0.370	0.013	0.383	0.667	0.170	0.025	0.292	1.537
2009	0.797	0.025	0.822	1.407	0.343	0.025	0.615	3.212
Englishtown								
2018	0.389	0.013	0.402	0.998	0.632	-	0.308	2.340
2017	0.402	0.012	0.414	0.933	0.621	-	0.290	2.258
2016	0.368	0.012	0.380	0.913	0.621	-	0.283	2.197
2015	0.355	0.018	0.373	0.873	0.591	-	0.293	2.130
2014	0.360	0.012	0.372	0.812	0.558	-	0.268	2.010
2013	0.391	0.013	0.404	0.786	0.498	-	0.281	1.969
2012	0.376	0.017	0.393	0.778	0.462	-	0.276	1.909
2011	0.289	0.010	0.299	0.860	0.405	-	0.264	1.828
2010	0.309	0.011	0.320	0.808	0.385	-	0.264	1.777
2009	0.294	0.009	0.303	0.752	0.365	-	0.249	1.669
Farmingdale								
2018	0.328	0.011	0.339	1.228	0.261	-	0.287	2.115
2017	0.335	0.010	0.345	1.218	0.244	-	0.278	2.085
2016	0.316	0.010	0.326	1.192	0.241	-	0.288	2.047
2015	0.298	0.010	0.308	1.078	0.217	-	0.281	1.884
2014	0.288	0.010	0.298	1.027	0.212	-	0.290	1.827
2013	0.384	0.013	0.397	1.041	0.212	-	0.293	1.943
2012	0.342	0.008	0.350	0.960	0.211	-	0.290	1.811
2011	0.348	0.012	0.360	0.926	0.208	-	0.275	1.769
2010	0.268	0.009	0.277	0.920	0.203	-	0.278	1.678
2009	0.307	0.009	0.316	0.900	0.183	-	0.275	1.674

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
UNAUDITED
(RATE PER \$100 OF ASSESSED VALUATION)

	<u>Freehold Regional</u>			<u>Overlapping Rates</u>				<u>Total Direct & Overlapping Tax Rate</u>
	<u>General Obligation</u>	<u>Basic Rate</u>	<u>Debt Service</u>	<u>Total Direct</u>	<u>Elementary School</u>	<u>Local Purpose</u>	<u>Library/Other</u>	
Freehold Borough								
2018	0.332	0.011	0.342	1.057	0.993	0.033	0.276	2.701
2017	0.333	0.010	0.343	1.093	0.974	0.033	0.269	2.712
2016	0.311	0.009	0.320	1.098	0.944	0.032	0.261	2.655
2015	0.286	0.009	0.295	1.032	0.913	0.031	0.263	2.534
2014	0.301	0.010	0.311	0.933	0.875	0.031	0.269	2.419
2013	0.310	0.011	0.321	0.862	0.851	0.032	0.277	2.343
2012	0.329	0.012	0.341	0.842	0.814	0.036	0.293	2.326
2011	0.365	0.013	0.378	0.810	0.785	0.037	0.300	2.310
2010	0.366	0.013	0.379	0.796	0.791	-	0.283	2.249
2009	0.371	0.011	0.382	0.780	0.756	-	0.289	2.207
Freehold Township								
2018	0.427	0.014	0.441	1.097	0.340	0.030	0.303	2.211
2017	0.440	0.015	0.455	1.107	0.346	0.030	0.305	2.243
2016	0.468	0.014	0.482	1.105	0.347	0.030	0.322	2.286
2015	0.438	0.014	0.452	1.113	0.344	0.030	0.319	2.258
2014	0.464	0.016	0.480	1.151	0.358	0.030	0.330	2.349
2013	0.455	0.016	0.471	1.117	0.348	0.030	0.327	2.293
2012	0.398	0.013	0.411	0.983	0.294	0.030	0.292	2.010
2011	0.385	0.014	0.399	0.966	0.274	0.030	0.291	1.960
2010	0.381	0.013	0.394	0.936	0.250	0.030	0.286	1.896
2009	0.362	0.011	0.373	0.922	0.235	0.030	0.282	1.842
Howell								
2018	0.436	0.013	0.449	1.127	0.388	0.020	0.311	2.295
2017	0.423	0.013	0.436	1.165	0.397	0.020	0.302	2.320
2016	0.419	0.014	0.433	1.185	0.399	0.020	0.313	2.350
2015	0.418	0.014	0.432	1.198	0.398	0.020	0.326	2.374
2014	0.437	0.015	0.452	1.293	0.448	0.020	0.346	2.559
2013	0.467	0.016	0.483	1.277	0.457	0.020	0.348	2.585
2012	0.367	0.111	0.478	1.287	0.453	0.020	0.347	2.585
2011	0.367	0.013	0.380	1.037	0.354	0.020	0.279	2.070
2010	0.372	0.013	0.385	1.029	0.326	0.020	0.277	2.037
2009	0.359	0.011	0.370	1.021	0.282	0.020	0.268	1.961

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
UNAUDITED
(RATE PER \$100 OF ASSESSED VALUATION)

	<u>Freehold Regional</u>			<u>Overlapping Rates</u>				<u>Total Direct & Overlapping Tax Rate</u>
	<u>General Obligation</u>	<u>Basic Rate</u>	<u>Debt Service</u>	<u>Total Direct</u>	<u>Elementary School</u>	<u>Local Purpose</u>	<u>Library/ Other</u>	
Manalapan								
2018	0.402	0.013	0.415	0.954	0.337	0.020	0.297	2.023
2017	0.405	0.013	0.418	0.950	0.341	0.020	0.292	2.021
2016	0.401	0.013	0.414	0.933	0.338	0.020	0.299	2.004
2015	0.407	0.013	0.420	0.932	0.341	0.020	0.312	2.025
2014	0.422	0.014	0.436	0.945	0.352	0.020	0.327	2.080
2013	0.411	0.014	0.425	0.925	0.345	0.020	0.316	2.031
2012	0.410	0.010	0.420	0.912	0.339	0.020	0.315	2.006
2011	0.407	0.014	0.421	0.902	0.332	0.020	0.312	1.987
2010	0.418	0.015	0.432	0.889	0.332	0.020	0.313	1.986
2009	0.353	0.011	0.364	0.758	0.295	0.020	0.264	1.701
Marlboro								
2018	0.444	0.014	0.458	1.063	0.379	0.010	0.317	2.227
2017	0.442	0.014	0.456	1.045	0.366	0.010	0.306	2.183
2016	0.426	0.014	0.440	1.049	0.367	0.010	0.309	2.175
2015	0.431	0.014	0.445	1.014	0.356	0.010	0.317	2.142
2014	0.432	0.015	0.447	1.002	0.377	0.010	0.327	2.163
2013	0.419	0.014	0.433	0.985	0.360	0.010	0.317	2.105
2012	0.399	0.004	0.403	0.956	0.338	0.010	0.311	2.018
2011	0.382	0.013	0.395	0.981	0.310	0.010	0.308	2.004
2010	0.374	0.013	0.388	0.980	0.297	0.010	0.304	1.979
2009	0.802	0.025	0.827	2.070	0.588	0.020	0.639	4.144

Source: County Board of Taxation

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.

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

		2018		2009	
Community/Taxpayer	Taxable Assessed Value	As a % of Community's Net Assessed Valuation	Community/Taxpayer	Taxable Assessed Value	As a % of Community's Net Assessed Valuation
Colts Neck					
Trump National Golf Club	\$ 32,006,800	1.06%	Trump National Golf Club	\$ 13,115,000	0.90%
Due Process Golf & Horse Stables, LLC	19,941,700	0.66%	Due Process Gold & Horse Stables, LLC	9,890,800	0.68%
Wellspring Stables Florida, LLC	11,499,900	0.38%	Laird & Co. Inc.	4,788,100	0.33%
G & F Realty of Richmond, LLC	10,900,000	0.36%	Pegasus Properties LLC	3,798,700	0.26%
Individual Taxpayer 1	9,310,300	0.31%	24 Realty, LLC	3,772,000	0.26%
Individual Taxpayer 2	7,971,400	0.26%	Bal Colt's Neck LLC	3,700,000	0.25%
Individual Taxpayer 3	6,382,100	0.21%	Wellspring Stables Florida, LLC	3,466,200	0.24%
Pegasus Properties LLC	5,969,700	0.20%	Individual Taxpayer 1	3,175,100	0.22%
Colts Neck Shopping Center Associates	5,847,400	0.19%	36 Highway 34 South Associates, LLC	2,750,000	0.19%
36 Highway 34 South Associates LLC	5,609,700	0.19%	Individual Taxpayer 2	2,607,700	0.18%
Total	\$ 115,439,000	3.82%	Total	\$ 51,063,600	3.52%
Englishtown					
Stamford Square LLC	\$ 12,309,000	4.96%	BTR Englishtown LLC	\$ 10,229,300	4.01%
Three Corners Ventures LLC	4,802,500	1.94%	BAL Governor's Crossing LLC	7,425,200	2.91%
BAL Governor's Crossing LLC	4,467,700	1.80%	Verizon New Jersey	6,611,559	2.59%
Village Center Associates, LLC	3,122,300	1.26%	Dorothy Leo, Inc.	3,495,400	1.37%
Ambe Holding, LLC	3,095,900	1.25%	Wemacs, LLC	3,366,700	1.32%
Wemacs LLC	2,421,200	0.98%	Village Center Associates LLC	3,312,700	1.30%
Brooklawn Gardens Inc	2,042,000	0.82%	Durling Realty, LLC	2,150,300	0.84%
DCD LLC	2,013,500	0.81%	Brooklawn Gardens Inc	2,139,400	0.84%
Five South Main Street LLC	1,967,100	0.79%	K&K Englishtown, Inc.	1,782,800	0.70%
Degiacomo Realty LLC	1,234,800	0.50%	Moskowitz, K Trust & Berger, V Trust	1,374,700	0.54%
Total	\$ 37,476,000	15.10%	Total	\$ 41,888,059	16.41%

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

		2018		2009	
Community/Taxpayer	Taxable Assessed Value	As a % of		Taxable Assessed Value	As a % of
		Community's Net Assessed Valuation	Community's Net Assessed Valuation		
Farmingdale					
Farmingdale Garden Apartments, LLC	\$ 12,799,200	7.67%		\$ 11,500,000	7.65%
30 Southard Ave, Farmingdale LLC	7,522,700	4.51%		3,795,400	2.52%
Farmingdale Shopping Center, LLC	3,600,300	2.16%		2,876,600	1.91%
R.T. Equities LLC	2,387,200	1.43%		2,462,181	1.64%
Farmingdale BP	1,496,500	0.90%		2,442,200	1.62%
Academy Apartments LLC	1,387,200	0.83%		2,107,200	1.40%
A Four Properties LLC	1,144,500	0.69%		1,297,000	0.86%
Bell Atlantic	1,011,900	0.61%		992,800	0.66%
Roadside Holdings, LLC	831,400	0.50%		956,100	0.64%
Bank of America	719,400	0.43%		904,100	0.60%
Total	\$ 32,900,300	19.72%		\$ 29,333,581	19.51%
Freehold Borough					
Nestle USA	\$ 23,813,400	2.26%		\$ 29,225,300	2.75%
Freehold Racing Association	21,237,600	2.01%		23,674,400	2.23%
Bridge- Brookside, LLC	16,417,300	1.56%		14,269,000	1.34%
East Coast Post & Coach LLC	8,921,800	0.85%		6,495,700	0.61%
Freefern Associates	6,987,400	0.66%		5,560,900	0.52%
Spring Terrace Apartments LLC	4,993,600	0.47%		4,565,000	0.43%
Park Plaza Shopping Center, Inc.	4,876,000	0.46%		3,722,800	0.35%
Monmouth Pines LLC	4,151,500	0.39%		3,300,000	0.31%
18-20 E.Main Street LLC	4,149,000	0.39%		3,000,000	0.28%
Rug Mill LLC	3,045,000	0.29%		2,566,200	0.24%
Total	\$ 98,592,600	9.34%		\$ 96,379,300	9.13%

Source: Municipal Tax Assessors

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

		2018		2009	
Community/Taxpayer	Taxable Assessed Value	As a % of Community's Net Assessed Valuation	Community/Taxpayer	Taxable Assessed Value	As a % of Community's Net Assessed Valuation
Freehold Twp.					
Freemall Associates, LLC	\$ 348,655,200	5.51%	Freemall Associates, LLC	\$ 160,755,300	2.59%
100 Lambert LLC/Eagle Rock Advisors	66,726,700	1.05%	Center for Aging dba/Appplewood	25,753,600	0.41%
Iron Mountain, Inc.	47,990,700	0.76%	Avalonbay Communities	25,065,900	0.40%
Center for Aging DBA/Appplewood	36,700,000	0.58%	Iron Mountain, Inc.	22,374,200	0.36%
Freemall Associates, LLC	31,984,200	0.51%	Verizon	16,390,498	0.26%
Silver Shore Land Co., LLC	26,028,400	0.41%	Verizon	16,390,498	0.26%
Freehold Shopping Associates	24,837,400	0.39%	Raintreetowne Center Associates, LP	14,500,000	0.23%
Raintreetowne Center Associates, LP	24,771,800	0.39%	New Jersey Bell Tel. Co.	12,437,500	0.20%
Macy's East, Inc	23,939,000	0.38%	Sam's Real Estate	11,913,300	0.19%
Ronardi Freehold Enterprises LLC	23,600,000	0.37%	Freehold Shopping Assoc.	11,000,000	0.18%
Total	\$ 655,233,400	10.36%	Total	\$ 316,580,796	5.09%
Howell					
Buffalo-Parkton & Feuerstein & Wainco	\$ 42,898,400	0.62%	Buffalo-Parkton & Feuerstein & Wain Co.	\$ 45,138,000	0.66%
Howell Verdana LLC & Verdonna, LLC	37,293,500	0.54%	Wal-Mart Stores, Inc.	17,641,000	0.26%
Howell Friendship Real Estate Co.	20,259,600	0.29%	Home Depot USA	17,160,000	0.25%
Home Depot USA Inc.	15,687,400	0.23%	Lowe's Home Centers Inc.	16,530,000	0.24%
DS & DJ Realty, LLC	15,128,800	0.22%	DS & DJ Realty, LLC	16,190,200	0.24%
Lowe's Home Centers, Inc.	14,861,300	0.22%	Target Corp.	14,800,000	0.22%
Wal-Mart Stores, Inc.	13,945,700	0.20%	Zee Jay Realty, LLC	14,348,200	0.21%
Target Corporation	13,840,700	0.20%	Individual Taxpayer	14,000,000	0.20%
AA Cardiff, LLC Etal	12,855,800	0.19%	Howell Associates	13,705,500	0.20%
N/A		0.00%	Countryside North American Partners	12,377,000	0.18%
Total	\$ 186,771,200	2.71%	Total	\$ 181,889,900	2.65%

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2018		2009	
Community/Taxpayer	Taxable Assessed Value	As a % of Community's Net Assessed Valuation	Taxable Assessed Value	As a % of Community's Net Assessed Valuation
Manalapan				
Manalapan Realty	\$ 61,869,100	0.93%	\$ 47,858,000	0.75%
Manalapan VF	33,542,700	0.51%	33,696,300	0.53%
Towne Pointe Associates	15,913,000	0.24%	13,976,900	0.22%
Taylor 9 South Associates LLC	13,041,700	0.20%	12,956,400	0.20%
Trans Equity Realty, LLC	10,697,800	0.16%	11,080,300	0.17%
HCRI NY-NJ Properties LLC	9,175,900	0.14%	10,892,800	0.17%
Lenine, LLC	8,827,100	0.13%	10,820,200	0.17%
Monmouth Investors LLC	7,472,400	0.11%	10,291,900	0.16%
Pension Road Realty Associates	7,008,400	0.11%	8,531,900	0.13%
Englishtown Auction Sales, Inc	6,480,000	0.10%	8,434,900	0.13%
Total	\$ 174,028,100	2.62%	\$ 168,539,600	2.64%
Marlboro				
Marlboro Plaza	\$ 45,843,100	0.64%	\$ 20,381,600	0.64%
Union Hill Nine Associates LLC	30,549,100	0.42%	13,049,200	0.41%
TMC Marlboro LLC	22,500,000	0.31%	11,762,200	0.37%
American Plaza, LLC	20,927,500	0.29%	6,384,400	0.20%
CRP Royal Pines LLC	15,041,100	0.21%	6,381,000	0.20%
Marlboro Commons LLC	12,713,100	0.18%	5,911,300	0.19%
Marlboro Lowe's	12,501,900	0.17%	5,404,600	0.17%
Brooks Edge Plaza LLC	11,697,300	0.16%	4,400,000	0.14%
Marlboro Business Park, LLC	11,043,800	0.15%	4,173,654	0.13%
Samuel Associates % The Mart	8,801,000	0.12%	4,061,200	0.13%
Total	\$ 191,617,900	2.67%	\$ 81,909,154	2.57%

Source: Municipal Tax Assessors

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT

PROPERTY TAX LEVIES AND COLLECTION

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended <u>June 30,</u>	Taxes Levied for the <u>Fiscal Year</u>	<u>Collected Within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2018	\$ 135,752,348	\$ 135,752,348	100.00%	\$ -
2017	132,253,371	132,253,371	100.00%	-
2016	129,734,619	129,734,619	100.00%	-
2015	125,566,418	125,566,418	100.00%	-
2014	123,178,158	123,178,158	100.00%	-
2013	120,833,006	120,833,006	100.00%	-
2012	119,671,515	119,671,515	100.00%	-
2011	119,663,191	119,663,191	100.00%	-
2010	116,245,957	109,834,446	94.48%	6,411,511
2009	114,357,196	110,406,396	96.55%	3,950,800

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

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities				Bond Anticipation Notes (BANs)	Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases					
2018	\$ 10,145,000	-	\$ 23,203,372	-	\$ 33,348,372	N/A	\$ 173	
2017	14,840,000	-	24,833,670	-	39,673,670	N/A	206	
2016	19,300,000	-	26,275,418	-	45,575,418	0.33%	236	
2015	23,540,000	-	27,264,150	-	50,804,150	0.40%	262	
2014	27,570,000	-	24,741,975	-	52,311,975	0.43%	271	
2013	31,400,000	-	1,155,792	-	31,400,000	0.27%	164	
2012	35,035,000	-	-	-	35,035,000	0.31%	183	
2011	38,490,000	-	-	-	38,490,000	0.50%	201	
2010	41,770,000	-	-	-	41,770,000	0.40%	219	
2009	44,870,000	-	-	-	44,870,000	0.41%	235	

N/A At the time of CAFR completion, this data was not yet available

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

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

a See J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>School District Population</u>	<u>Net Assessed Value Taxable</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2018	\$ 10,145,000	192,951	\$ 31,556,390,063	0.03%	\$ 53
2017	14,840,000	193,354	30,801,298,214	0.05%	77
2016	19,300,000	193,376	30,272,553,831	0.06%	100
2015	23,540,000	193,539	29,832,515,460	0.08%	122
2014	27,570,000	193,137	28,113,985,730	0.10%	143
2013	31,400,000	192,125	28,077,229,720	0.11%	163
2012	35,035,000	191,933	28,803,438,566	0.12%	183
2011	38,490,000	191,795	30,200,912,655	0.13%	201
2010	41,770,000	191,061	30,322,815,072	0.14%	218
2009	44,870,000	190,338	25,683,175,265	0.17%	235

Note: Details regarding the District's outstanding debt can be found in the Notes to the Basic Financial Statements.

- a** See J-6 for property tax data.
- b** Population data can be found in J-14.

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT

RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBTAS OF JUNE 30, 2018
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>		<u>Estimated Percentage Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes				
Colts Neck Township	\$ 13,782,981		100.000%	\$ 13,782,981
Englishtown Borough	1,929,427		100.000%	1,929,427
Borough of Farmingdale	976,622		100.000%	976,622
Borough of Freehold	9,179,143		100.000%	9,179,143
Freehold Township	57,946,638		100.000%	57,946,638
Howell Township	69,536,099		100.000%	69,536,099
Manalapan Township	18,629,606		100.000%	18,629,606
Marlboro Township	47,214,316		100.000%	47,214,316
Other debt				
Monmouth County	462,342,600	<u>Net Valuation</u>		
Colts Neck Township		3,025,076,763	2.525%	11,676,015
Englishtown Borough		248,186,000	0.207%	957,934
Borough of Farmingdale		166,874,600	0.139%	644,093
Borough of Freehold		1,055,470,500	0.881%	4,073,844
Freehold Township		6,326,367,000	5.281%	24,418,143
Howell Township		6,903,932,000	5.764%	26,647,395
Manalapan Township		6,641,165,500	5.544%	25,633,184
Marlboro Township		7,189,317,700	6.002%	27,748,910
Subtotal, overlapping debt				340,994,348
Freehold Regional High School District Direct Debt		<u>County total</u>		<u>10,145,000</u>
		119,785,889,692		
Total Direct and Overlapping Debt				<u>\$ 351,139,348</u>

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 business of the regional district. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible of repaying the debt, of each overlapping payment.

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

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS
UNAUDITED

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt Limit	\$ 943,338,226	\$ 916,523,946	\$ 890,826,085	\$ 893,432,552	\$ 897,823,311	\$ 919,819,452	\$ 948,256,347	\$ 971,666,105	\$ 978,159,048	\$ 955,264,285
Total Net Debt Applicable to Limit	10,145,000	14,840,000	19,300,000	23,540,000	27,570,000	31,400,000	35,035,000	38,490,000	41,770,000	44,870,000
Legal Debt Margin	\$ 933,193,226	\$ 901,683,946	\$ 871,526,085	\$ 869,892,552	\$ 870,253,311	\$ 884,784,452	\$ 913,221,347	\$ 933,176,105	\$ 936,389,048	\$ 910,394,285
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	1.09%	1.65%	2.21%	2.71%	3.17%	3.55%	3.84%	4.12%	4.46%	4.93%

Year	Equalized Valuation Basis
2015	\$ 31,303,722,527
2016	31,572,739,170
2017	32,471,860,897
[A]	\$ 95,348,322,594
[A/3]	\$ 31,782,774,198

Average Equalized Valuation of Taxable Property

Debt limit (3% of average)	[B] \$ 953,483,226	(a)
Net bonded school debt as of June 30, 2018	[C] 10,145,000	
Legal debt margin	[B-C] \$ 943,338,226	

Source: Abstract of Rates and District Records.

(a) Limit set by NJSA 18A:24-19 for a 9-12 district.

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Community	School District Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2017	Colts Neck	9,968	N/A	N/A	3.3%
	Englishtown	1,943	N/A	N/A	4.2%
	Farmingdale	1,298	N/A	N/A	4.9%
	Freehold Borough	11,894	N/A	N/A	3.8%
	Freehold Twp.	35,053	N/A	N/A	3.9%
	Howell	52,476	N/A	N/A	4.1%
	Manalapan	40,013	N/A	N/A	3.7%
	Marlboro	40,306	N/A	N/A	3.4%
2016	Colts Neck	9,982	\$ 711,087,734	\$ 71,237	3.7%
	Englishtown	1,941	138,271,017	71,237	4.5%
	Farmingdale	1,296	92,323,152	71,237	5.5%
	Freehold Borough	11,914	848,717,618	71,237	4.1%
	Freehold Twp.	35,389	2,521,006,193	71,237	4.1%
	Howell	52,329	3,727,760,973	71,237	4.5%
	Manalapan	40,099	2,856,532,463	71,237	4.1%
	Marlboro	40,404	2,878,259,748	71,237	3.8%
2015	Colts Neck	10,028	\$ 700,345,492	\$ 69,839	4.2%
	Englishtown	1,945	135,836,855	69,839	5.4%
	Farmingdale	1,299	90,720,861	69,839	6.5%
	Freehold Borough	11,935	833,528,465	69,839	4.4%
	Freehold Twp.	35,473	2,477,398,847	69,839	4.4%
	Howell	52,040	3,634,421,560	69,839	5.1%
	Manalapan	40,174	2,805,711,986	69,839	4.4%
	Marlboro	40,482	2,827,222,398	69,839	4.0%

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Community	School District Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2014	Colts Neck	10,062	\$ 670,954,284	\$ 66,682	4.7%
	Englishtown	1,950	130,029,900	66,682	6.7%
	Farmingdale	1,304	86,953,328	66,682	8.4%
	Freehold Borough	11,976	798,583,632	66,682	5.2%
	Freehold Twp.	35,558	2,371,078,556	66,682	5.1%
	Howell	51,978	3,465,996,996	66,682	6.2%
	Manalapan	40,158	2,677,815,756	66,682	5.5%
	Marlboro	40,553	2,704,155,146	66,682	4.9%
2013	Colts Neck	10,099	\$ 643,376,993	\$ 63,707	3.1%
	Englishtown	1,942	123,718,994	63,707	6.4%
	Farmingdale	1,310	83,456,170	63,707	6.1%
	Freehold Borough	11,990	763,846,930	63,707	7.0%
	Freehold Twp.	35,673	2,272,619,811	63,707	6.4%
	Howell	51,589	3,286,580,423	63,707	7.6%
	Manalapan	39,988	2,547,515,516	63,707	7.0%
	Marlboro	40,546	2,583,064,022	63,707	5.9%
2012	Colts Neck	10,097	\$ 636,363,425	\$ 63,025	7.6%
	Englishtown	1,931	121,701,275	63,025	7.1%
	Farmingdale	1,310	82,562,750	63,025	5.0%
	Freehold Borough	11,993	755,858,825	63,025	12.6%
	Freehold Twp.	35,716	2,251,000,900	63,025	7.4%
	Howell	51,174	3,225,241,350	63,025	8.9%
	Manalapan	39,505	2,489,802,625	63,025	8.3%
	Marlboro	40,399	2,546,146,975	63,025	6.8%

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Community	School District Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2011	Colts Neck	10,127	\$ 615,610,203	\$ 60,789	7.3%
	Englishtown	1,843	112,034,127	60,789	6.8%
	Farmingdale	1,318	80,119,902	60,789	4.8%
	Freehold Borough	12,021	730,744,569	60,789	12.1%
	Freehold Twp.	35,796	2,176,003,044	60,789	7.1%
	Howell	51,146	3,109,114,194	60,789	8.8%
	Manalapan	39,341	2,391,500,049	60,789	7.9%
	Marlboro	40,341	2,452,289,049	60,789	6.2%
2010	Colts Neck	10,141	\$ 585,541,340	\$ 57,740	7.3%
	Englishtown	1,834	105,895,160	57,740	6.8%
	Farmingdale	1,326	76,563,240	57,740	4.7%
	Freehold Borough	12,044	695,420,560	57,740	12.0%
	Freehold Twp.	36,171	2,088,513,540	57,740	7.7%
	Howell	51,125	2,951,957,500	57,740	8.9%
	Manalapan	39,070	2,255,901,800	57,740	7.8%
	Marlboro	40,084	2,314,450,160	57,740	6.6%
2009	Colts Neck	10,065	\$ 580,408,290	\$ 57,666	7.2%
	Englishtown	1,916	110,488,056	57,666	6.7%
	Farmingdale	1,572	90,650,952	57,666	4.7%
	Freehold Borough	11,432	659,237,712	57,666	11.9%
	Freehold Twp.	34,589	1,994,609,274	57,666	7.5%
	Howell	51,551	2,972,739,966	57,666	8.8%
	Manalapan	39,390	2,271,463,740	57,666	7.8%
	Marlboro	40,546	2,338,125,636	57,666	6.6%

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30,	Community	School District Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2008	Colts Neck	10,055	\$ 610,660,260	\$ 60,732	4.3%
	Englishtown	1,915	116,301,780	60,732	4.0%
	Farmingdale	1,569	95,288,508	60,732	2.8%
	Freehold Borough	11,413	693,134,316	60,732	7.3%
	Freehold Twp.	34,674	2,105,821,368	60,732	4.2%
	Howell	51,297	3,115,369,404	60,732	4.7%
	Manalapan	38,912	2,363,203,584	60,732	4.2%
	Marlboro	40,503	2,459,828,196	60,732	3.6%

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

^b Personal income has been estimated based upon the municipal population and per capita personal income presented.

^c Per capita personal income by municipality was computed using Census Bureau midyear population estimates by the US Bureau of Economic Analysis.

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

N/A - At the time of CAFR completion, this data is not yet available

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	<u>2018</u>		<u>2009</u>	
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Hackensack Meridian Health, Wall	12,794	3.87%	9,700	2.90%
Saker Shoprites Inc., Freehold	3,319	1.00%	-	-
CentraState Healthcare Inc., Freehold	2,646	0.80%	2,524	0.75%
RWJ Barnabas - Monmouth Medical Center, Long Branch	1,920	0.58%	1,800	-
Monmouth University, West Long Branch	1,506	0.46%	1,325	0.40%
NJ Resources, Wall	1,020	0.31%	896	0.27%
Visiting Nurse Assoc of Central Jersey, Red Bank	1,020	0.31%	1,200	0.36%
Commvault, Tinton Falls	892	0.27%	435	0.13%
Erickson Living - Seabrook Village, Tinton Falls	850	0.26%	-	-
Food Circus Supermarkets Inc., Middletown	750	0.23%	860	0.26%
	<u>26,717</u>	<u>8.08%</u>	<u>18,740</u>	<u>5.06%</u>

Most recent available data presented.

Source: Major employers provided by the Monmouth County Division of Economic Development. Total workforce provided by the New Jersey Department of Labor and Workforce Development

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Regular	596.2	597.6	616.0	619.9	620.8	619.6	627.2	627.2	753.5	794.2
Special education	170.0	193.6	180.0	177.9	168.0	168.0	154.0	139.0	43.0	44.8
Other instruction	21.7	12.5	4.0	2.0	2.0	2.0	3.0	3.0	19.0	15.6
Student & Instruction Rel. Svcs	176.8	191.2	207.0	208.5	223.0	223.0	205.8	202.8	177.7	185.1
School Administrative Services	61.0	60.0	44.0	44.0	44.0	44.0	61.0	61.0	59.0	65.5
General and Central Services	31.3	31.3	36.0	36.0	36.0	36.0	31.5	31.5	31.3	36.3
Plant Operations & Maintenance	124.0	127.0	118.0	119.0	118.0	117.0	128.5	128.5	137.0	158.0
Pupil Transportation	142.0	142.0	143.0	146.0	145.0	145.0	148.0	148.0	148.0	158.0
	<u>1,323.0</u>	<u>1,355.2</u>	<u>1,348.0</u>	<u>1,353.3</u>	<u>1,356.8</u>	<u>1,354.6</u>	<u>1,359.0</u>	<u>1,341.0</u>	<u>1,368.5</u>	<u>1,457.5</u>

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT

OPERATING STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures a	Cost Per Pupil	Percentage Change	Teaching Staff b	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) c	Average Daily Attendance (ADA) c	% Change in Average Daily Enrollment	Student Attendance Percentage
2018	10,668.5	214,387,318	20,095	17.01%	748	1:14.4	10,603.1	9,939.1	(4.19)	93.7%
2017	10,813.0	208,222,156	19,527	13.70%	750	1:14.4	10,792.7	10,135.7	(1.06)	93.9%
2016	10,966.0	200,651,681	18,298	11.84%	770	1:14.2	10,908.0	10,268.4	(1.43)	94.1%
2015	11,302.5	194,111,975	17,174	4.97%	771	1:14.8	11,066.5	10,412.0	(1.66)	94.1%
2014	11,352.0	185,727,106	16,361	2.87%	776	1:15.2	11,253.9	10,558.1	0.06	93.8%
2013	11,445.0	182,030,689	15,905	4.59%	768	1:15.8	11,247.1	10,573.5	1.64	94.0%
2012	11,573.0	175,985,090	15,207	4.12%	749	1:14.8	11,065.3	10,457.2	(4.56)	94.5%
2011	11,737.0	176,004,757	14,996	-0.12%	737	1:15.9	11,594.5	10,912.9	0.18	94.1%
2010	11,726.0	176,055,601	15,014	2.76%	796	1:14.7	11,573.8	10,919.7	0.19	94.3%
2009	11,556.5	168,847,855	14,611	3.47%	818	1:14.1	11,552.1	10,908.2	(1.13)	94.4%

Source: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment & average daily attendance are obtained from the School Registers.

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION

LAST TEN FISCAL YEARS

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District Building										
High Schools										
Colts Neck High School (1998)	219,490	219,490	219,490	219,490	219,490	219,490	219,490	219,490	219,490	219,490
Square Feet	1,748	1,748	1,748	1,748	1,748	1,748	1,748	1,748	1,748	1,748
Capacity (students)	1,403	1,430	1,457	1,450	1,493	1,513	1,478	1,523	1,481	1,550
Enrollment	187,256	187,256	187,256	187,256	187,256	187,256	187,256	187,256	187,256	187,256
Freehold Borough High School (1954)	1,564	1,564	1,564	1,564	1,564	1,564	1,564	1,564	1,564	1,564
Square Feet	1,361	1,422	1,451	1,478	1,551	1,580	1,566	1,534	1,433	1,395
Capacity (students)	258,840	258,840	258,840	258,840	258,840	258,840	258,840	258,840	258,840	258,840
Enrollment	2,224	2,224	2,224	2,224	2,224	2,224	2,224	2,224	2,224	2,224
Freehold Township High School (1968)	2,047	2,041	2,062	2,102	2,091	2,127	2,162	2,193	2,208	2,191
Square Feet	249,497	249,497	249,497	249,497	249,497	249,497	249,497	249,497	249,497	249,497
Capacity (students)	2,274	2,274	2,274	2,274	2,274	2,274	2,274	2,274	2,274	2,274
Enrollment	2,085	2,112	2,154	2,217	2,252	2,299	2,456	2,488	2,475	2,351
Howell High School (1962)	256,293	256,293	256,293	256,293	256,293	256,293	256,293	256,293	256,293	256,293
Square Feet	2,341	2,341	2,341	2,341	2,341	2,341	2,341	2,341	2,341	2,341
Capacity (students)	1,923	1,890	1,908	1,934	1,917	1,948	1,991	2,038	2,065	2,018
Enrollment	264,142	264,142	264,142	264,142	264,142	264,142	264,142	264,142	264,142	264,142
Manalapan High School (1968)	2,450	2,450	2,450	2,450	2,450	2,450	2,450	2,450	2,450	2,450
Square Feet	1,849	1,919	1,937	1,956	1,950	1,971	1,920	1,961	2,015	2,052
Capacity (students)	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000
Enrollment	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9,600
Square Feet	400	400	400	400	400	400	400	400	400	400
Other										
Administration Building (1982)	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000
Square Feet	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9,600	9,600
Capacity (students)	400	400	400	400	400	400	400	400	400	400
Enrollment	Number of Schools at June 30, 2018									
Square Feet	High School = 6									
Capacity (students)	Other = 3									
Enrollment	Source: District records, ASSA									

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

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT

GENERAL FUND

SCHEDULE OF ALLOWABLE MAINTENANCE FOR SCHOOL FACILITIES

LAST TEN FISCAL YEARS ENDING JUNE 30
UNAUDITED

Undistributed Expenditures - Required
Maintenance for School Facilities
11-000-261-XXX

School Facilities	Project (#)s	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	Total
Colts Neck High School	NA	\$ 673,824	\$ 583,941	\$ 584,921	\$ 553,134	\$ 513,687	\$ 491,650	\$ 394,641	\$ 494,294	\$ 455,955	\$ 510,603	\$ 4,582,826
Freehold Borough High School	NA	379,280	317,779	311,401	313,838	316,229	388,514	342,022	345,303	395,160	442,524	3,172,770
Freehold Township High School	NA	389,203	435,215	374,632	390,224	446,244	413,928	473,569	392,440	547,144	612,725	4,086,121
Howell High School	NA	431,806	387,883	325,001	375,371	380,272	356,269	473,569	344,248	547,144	612,725	3,802,482
Manalapan-Englishtown High School	NA	364,386	366,303	326,996	345,078	401,235	453,715	473,569	333,065	547,144	612,725	3,859,830
Marlboro High School	NA	385,407	343,664	335,728	335,985	357,148	508,045	473,569	356,815	547,144	612,725	3,870,823
Total School Facilities		2,623,906	2,434,785	2,258,679	2,313,630	2,414,815	2,612,121	2,630,939	2,286,165	3,039,691	3,404,027	23,374,852
Other Facilities		-	-	-	-	-	-	-	-	-	-	-
Grand Total		\$ 2,623,906	\$ 2,434,785	\$ 2,258,679	\$ 2,313,630	\$ 2,414,815	\$ 2,612,121	\$ 2,630,939	\$ 2,286,165	\$ 3,039,691	\$ 3,404,027	\$ 23,374,852

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

FREEHOLD REGIONAL HIGH SCHOOL DISTRICT

INSURANCE SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2018

UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Wells Fargo Insurance Services		
Property	\$ 356,841,272	\$ 5,000
Boiler/Machinery	100,000,000	5,000
Liability		
General	1,000,000	-
Excess Liability	10,000,000	1,000,000
Automobile	1,000,000	1,000
Employee Dishonesty	500,000	5,000
Board Legal	1,000,000	5,000
Environmental Impairment Liability	1,000,000	15,000 or 50,000 depending on condition
New Jersey School Boards Insurance Group		
Workers Compensation	Statutory	N/A
Crime:		
Board Secretary	500,000	1,000

Source: District Records

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SINGLE AUDIT SECTION



SUPLEE, CLOONEY & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and in compliance with the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Freehold Regional High School District (the "District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 11, 2019.

Internal Control Over Financial Reporting

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

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

SUPLEE, CLOONEY & COMPANY

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

Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

February 11, 2019



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL
AND STATE FINANCIAL ASSISTANCE PROGRAMS AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

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

Report on Compliance for Each Major Federal and State Program

We have audited the Freehold Regional High School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the Jackson School District's major federal and state programs for the year ended June 30, 2018. The 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 Freehold Regional High School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey *OMB 15-08*. Those standards, the Uniform Guidance and New Jersey *OMB 15-08* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Freehold Regional High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

SUPLEE, CLOONEY & COMPANY

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 the Freehold Regional High School District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Freehold Regional High School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2018.


Report on Internal Control Over Compliance


Management of the Freehold Regional High School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Freehold Regional High School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with *the Uniform Guidance* and New Jersey OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Freehold Regional High School District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or 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 or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 948

February 11, 2019

FREEMOND REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2017		CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS/ REPAYMENT OF PRIOR YEAR'S BALANCES	BALANCE JUNE 30, 2018		DUE GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
				DUE STATE/ (ACCTS.REC)	(ACCTS.REC)				UNEARNED REVENUE	(ACCOUNTS RECEIVABLE)			
State Department of Education													
State Aid Public Cluster													
Categorical Special Education Aid	18-485-034-5120-089	7,030,185	7/1/2017	6,330,123	\$	697,062	(7,030,185)	697,062	\$	\$		697,061	7,030,185
Equalization Aid	18-485-034-5120-078	40,713,982	7/1/2017	36,677,086		4,036,896	(40,713,982)	4,036,896				4,036,897	40,713,982
Categorical Security Aid	18-485-034-5120-084	735,594	7/1/2017	682,856		72,838	(735,594)	72,838				72,836	735,594
Adjustment Aid	18-485-034-5120-085	1,636,230	7/1/2017	1,473,893		162,237	(1,636,230)	162,237				162,236	1,636,230
PARCC Readiness Aid	18-485-034-5120-098	113,720	7/1/2017	102,446		11,274	(113,720)	11,274				11,276	113,720
Per Pupil Growth Aid	18-485-034-5120-097	110,130	7/1/2017	99,210		10,920	(110,130)	10,920				10,920	110,130
Professional Learning Community Aid	17-485-034-5120-101	7,030,185	7/1/2016	6,999,007		(699,007)		(699,007)					7,030,185
Categorical Special Education Aid	17-485-034-5120-078	40,713,982	7/1/2016	4,048,162		(4,048,162)							40,713,982
Equalization Aid	17-485-034-5120-084	735,594	7/1/2016	73,142		(73,142)							735,594
Adjustment Aid	17-485-034-5120-085	1,636,230	7/1/2016	162,689		(162,689)							1,636,230
PARCC Readiness Aid	17-485-034-5120-098	113,720	7/1/2016	11,305		(11,305)							113,720
Per Pupil Growth Aid	17-485-034-5120-097	110,130	7/1/2016	11,305		(11,305)							110,130
Professional Learning Community Aid	17-485-034-5120-101	110,907	7/1/2016	10,951		(10,951)							110,907
Total State Aid Public Cluster		110,907,122		50,467,521		(50,463,561)		(13,960)				5,002,602	100,907,122
Categorical Transportation Aid	17-485-034-5120-014	1,110,522	7/1/2016	110,420		(110,420)		(110,420)				110,111	1,110,522
Extracurricular Special Education Costs Aid	18-100-034-5120-014	1,110,522	7/1/2017	1,000,410		(1,110,522)		(110,112)				2,539,989	2,539,989
Extracurricular Special Education Costs Aid	17-100-034-5120-073	2,539,989	7/1/2016	2,928,002		(2,539,989)		(2,539,989)				124,753	2,539,989
Non-Public Transportation Costs Aid	18-100-034-5120-068	124,753	7/1/2016	98,512		(124,753)		(124,753)				124,753	124,753
On-Public Transportation Costs Aid	17-100-034-5120-068	98,512	7/1/2016	13,910		(98,512)		(13,910)				13,910	98,512
On-Behalf TPAE Post Retirement Medical	18-485-034-5094-004	11,260,712	7/1/2017	11,260,712		(11,260,712)		(11,260,712)				7,273,055	11,260,712
On-Behalf TPAE Post Retirement Medical	18-485-034-5094-002	7,273,055	7/1/2017	7,273,055		(7,273,055)		(7,273,055)				35	7,273,055
Reimbursed TPAE Social Security	18-485-034-5095-051	5,644,204	7/1/2017	5,644,204		(5,644,204)		(5,644,204)					5,644,204
Reimbursed TPAE Social Security	17-485-034-5095-051	5,566,615	7/1/2016	275,127		(5,566,615)		(14,268)				7,777,455	5,566,615
Total General Funds				79,071,006		(76,419,806)		(14,268)				35	137,468,496
Special Revenue Fund:													
N.J. Nonpublic Aid:													
Textbook Aid	18-100-034-5120-064	14,681	7/1/2017	14,681		(14,681)		333				9,846	13,426
Textbook Aid	17-100-034-5120-064	14,987	7/1/2016	4,811		(13,426)		(4,811)		1,588		9,846	13,426
Nursing Services	18-100-034-5120-070	27,257	7/1/2017	27,257		(27,257)		(15,729)				9,201	17,543
Nursing Services	17-100-034-5120-070	24,930	7/1/2016	15,729		(17,543)		(15,729)		9,714		9,201	17,543
Technology Aid	18-100-034-5120-373	9,916	7/1/2017	9,916		(9,916)		(659)				6,101	9,416
Technology Aid	17-100-034-5120-373	6,760	7/1/2016	659		(8,416)		(659)		500		6,101	9,416
Security Aid	18-100-034-5120-509	21,075	7/1/2017	21,075		(21,075)		(258)		1,585		13,592	19,490
Security Aid	17-100-034-5120-509	13,650	7/1/2016	258		(18,490)		(258)				68,828	68,828
Career Pathways - Vocational Aid	18-100-034-5062-032	98,374	3/1/2018	76,362		(68,828)						3,086,426	68,828
Career Pathways - Vocational Aid	17-100-034-5062-032	91,424	3/1/2017	76,362		(71,859)						91,424	91,424
Total Special Revenue Fund				149,291		(200,562)		(21,124)		13,387		259,863	259,863
Debt Service Fund:													
Debt Service Aid Type II	17-100-034-5120-125	1,322,221	07/01/2017	1,322,221		(1,322,221)						1,322,221	1,322,221
Total Debt Service Fund													
Enterprise Fund:													
National School Lunch Program (State Share)	18-100-034-5120-122	19,493	7/1/2017	18,391		(19,493)		(1,102)				19,493	19,493
National School Lunch Program (State Share)	17-100-034-5120-122	17,392	7/1/2016	1,079		(19,493)		(1,102)				36,885	17,392
Total Enterprise Fund													
New Jersey Economic Development Authority													
Capital Projects Fund:													
Freemond Boro High School - Roof	1650-080-14-G2AF	479,758	Ongoing	(446,688)		(7,979)		(454,667)				454,667	454,667
Meriboro High School - Roof	1650-080-14-G2AJ	336,764	Ongoing	(336,764)				(336,764)				336,764	336,764
Freemond Boro High School - Boiler/HVAC	1650-080-14-G2AE	668,136	Ongoing	(634,729)		(33,408)		(668,137)				668,137	668,137
Colts Neck High School - Roof	1650-010-14-G2WA	249,373	Ongoing	(249,373)				(249,373)				249,373	249,373
Freemond Township High School - Roof	1650-055-14-G2AG	389,125	Ongoing	(369,668)				(369,668)				369,668	369,668
Howell High School - Roof	1650-080-14-G2AH	631,819	Ongoing	(631,819)				(631,819)				631,819	631,819
Manalapan High School - Roof	1650-070-14-G2AI	408,419	Ongoing	(397,998)				(397,998)				397,998	397,998
Total Capital Projects Fund				(3,057,039)		(41,387)		(3,098,426)				3,098,426	3,098,426
Total State Financial Assistance				(6,342,803)		80,561,990		(80,005,469)		13,422		10,875,881	142,162,891
Less: On-Behalf amounts not utilized for determination of Major Programs:								(35,392)					
On-behalf TPAE non-contributory insurance													
On-behalf Long-term Disability Insurance													
On-behalf TPAE Pension													
On-behalf TPAE post retirement medical													
Total State Financial Assistance Subject to Single Audit													

See accompanying notes to schedules of financial assistance.

Freehold Regional High School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2018

NOTE 1: GENERAL

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

NOTE 2: 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 exceptions 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 of the District's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedule (RSI) are presented for the general fund and special revenue fund to demonstrate finance-regulated 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 deferred state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP accounting purposes, those payments are not recognized until the subsequent budget year due to the state deferral and recording of the 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 revenue, whereas GAAP basis does not. The special revenue fund also recognizes the deferred state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

Freehold Regional High School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2018

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$14,268) for the general fund, \$29,777 for the special revenue fund and \$0 for the capital projects fund. See the notes to the required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Federal awards and state financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: OTHER

Revenues and expenditures reported in the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF pension contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2018. TPAF Social Security contributions represent the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2018.

Freehold Regional High School District
Monmouth County, New Jersey

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section I – Summary of Auditor’s Results

Financial Statements

- | | | |
|-----|--|------------|
| (1) | Type of Auditor’s Report Issued: | Unmodified |
| (2) | Internal Control Over Financial Reporting: | |
| | (a) Material weakness(es) identified? | No |
| | (b) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (3) | Noncompliance material to the basic financial statements noted during the audit? | No |

Federal Program(s)

- | | | |
|-----|--|------------|
| (1) | Internal Control Over Major Federal Programs: | |
| | (a) Material weaknesses identified? | No |
| | (b) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (2) | Type of Auditor’s Report issued on compliance for major federal program(s)? | Unmodified |
| (3) | Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular OMB Uniform Guidance? | No |
| (4) | Identification of Major Federal Program(s): | |

Program

CFDA

I.D.E.A. Part B Basic

84.027

- | | | |
|-----|---|-----|
| (5) | Program Threshold Determination:
Type A Federal Program Threshold > \$750,000.00
Type B Federal Program Threshold <= \$750,000.00 | |
| (6) | Auditee qualified as a low-risk auditee under OMB Circular Uniform Guidance? | Yes |

Freehold Regional High School District
Monmouth County, New Jersey

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

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

State Program(s)

- (1) Internal Control Over Major State Programs:
- (a) Material weakness(es) identified? No
- (b) Significant deficiencies identified that are not considered to be material weaknesses? No
- (2) Type of Auditor’s Report issued on compliance for major state program(s)? Unmodified
- (3) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08? No
- (4) Identification of Major State Program(s):
- | <u>Program Title</u> | <u>Project Number</u> |
|-------------------------------------|-----------------------|
| Equalization Aid | 495-034-5120-078 |
| Categorical Special Education Aid | 495-034-5120-089 |
| Categorical Security Aid | 495-034-5120-084 |
| Adjustment Aid | 495-034-5120-085 |
| Per Pupil Growth Aid | 495-034-5120-097 |
| PARCC Readiness | 495-034-5120-098 |
| Professional Learning Community Aid | 495-034-5120-101 |
| Reimbursed TPAF Social Security | 495-034-5095-051 |
- (5) Program Threshold Determination:
Type A State Program Threshold > \$1,843,701.00
Type B State Program Threshold <= \$1,843,701.00
- (6) Auditee qualified as a low-risk auditee under OMB Circular 15-08? Yes

Freehold Regional High School District
Monmouth County, New Jersey

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section II – Financial Statement Audit – Reported Findings Under Government Auditing Standards

Internal Control Findings – None Reported

Compliance Findings – None Reported

Section III – Findings and Questioned Costs Relative to Major Federal and State Programs

Federal Programs – None Reported

State Programs – None Reported

Freehold Regional High School District
Monmouth County, New Jersey

Schedule of Prior Year Audit Findings

Not Applicable



