

SCHOOL DISTRICT
OF
FREEHOLD TOWNSHIP
OF MONMOUTH COUNTY

Freehold Township School District
Freehold, New Jersey

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2018

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Of the

Freehold Township School District
of Monmouth County

Freehold, New Jersey

For the Fiscal Year Ended June 30, 2018

Prepared by

Freehold Township School District
Finance Department

OUTLINE FOR COMPREHENSIVE ANNUAL FINANCIAL REPORT

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INTRODUCTORY SECTION



Freehold Township Schools

Neal Dickstein, Superintendent of Schools

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

ndickstein@freeholdtp.k12.nj.us

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

November 12, 2018

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

Dear Board Members:

The comprehensive annual financial report of the Freehold Township School District for the fiscal year ended June 30, 2018 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report are accurate in all material respects, and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the state Treasury Circular Letter OMB 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular, as well as special education for students with disabilities. The District completed the 2017-2018 fiscal year with an enrollment of 3,741 students, which represents no change from the previous year's enrollment. The following details the changes in the student enrollment of the District.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
1992-93	2,785	3.57%
1993-94	2,880	3.41%
1994-95	3,037	5.45%
1995-96	3,217	5.93%
1996-97	3,290	2.27%
1997-98	3,375	2.58%
1998-99	3,734	10.63%
1999-00	3,898	4.39%
2000-01	4,085	4.79%
2002-02	4,347	6.41%
2002-03	4,452	2.42%
2003-04	4,565	1.03%
2004-05	4,635	1.02%
2005-06	4,658	1.01%
2006-07	4,595	1.35%
2007-08	4,651	1.20%
2008-09	4,521	-2.80%
2009-10	4,500	-0.05%
2010-11	4,375	-2.80%
2011-12	4,276	-2.26%
2012-13	4,155	-2.83%
2013-14	4,050	-2.53%
2014-15	4,013	-1.00%
2015-16	3,824	-4.71%
2016-17	3,741	-2.20%
2017-18	3,741	0.00%

2) ECONOMIC CONDITION AND OUTLOOK: The State of Jersey continues to recover slower than the rest of the nation from the 2007 recession. The District received \$4.3 million in state aid which was an increase of \$11,066 or 0.26%. This amount is still \$1.34 million less than amount received in 2009-2010. The assessed value of the Township of Freehold continued to recover from the financial crisis. The assessed value improved by 2.8% or \$180 million. This increase, prudent fiscal management, negotiated benefit changes with our bargaining units and refinancing the District's debt all lead to a slight decrease in the tax rate for the Freehold Township Schools. This is the third consecutive year of the tax rate decreasing.

3) MAJOR INITIATIVES: The school district experienced the fourth year of the new PARCC testing which was the major driver of technology enhancements across the district. The district continues to provide funding for its one to one Chromebook initiative to grades 2 through 8. Older Chromebooks continue to be repurposed in the Kindergarten and 1st grade classrooms to allow funds to be used for other purposes. The district continued to move towards a personalized learning environment through the use of digital content and additional professional development for staff

The aging infrastructure of our buildings, especially in the areas of HVAC and automated temperature controls, will be a funding challenge for this district in the years to come. The district's operating budget was able to provide for approximately \$750,000 in capital improvements during the year. At the end of the fiscal year the district was able to add \$2 million to the capital reserve fund, bringing the total to \$4.1 million. These reserve funds and a \$6,500,000 Energy Savings Improvement Plan, which is anticipated to be approved in the coming year, will provide some support to this funding issue but it is only a start to resolve the problem.

The district did provide over \$650,000 in funds for improvements to school security. This funding came primarily from the district's emergency reserve fund. The State of NJ changed the law to allow emergency reserve funds to be accessed for security

improvements. The district will continue to look to improve its security every year through the budget process.

The District was also in the first year of a new contract with the Transportation Workers Union which covers our bus drivers and attendants. The new bargaining agreement included a significant cost savings in health benefit costs. These savings were the part of the funds moved into capital and maintenance reserve on June 30, 2018.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2018.

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

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

8) DEBT ADMINISTRATION: At June 30, 2018, the District's outstanding debt issues included \$36,860,000 of general obligation bonds (Note 9).

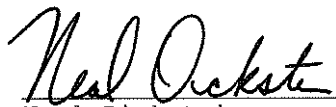
9) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the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

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

11) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Jump, Perry and Company, L.L.P. was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1997 and the related OMB Circular A-133 and State Treasury Circular Letter OMB 04-04. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,



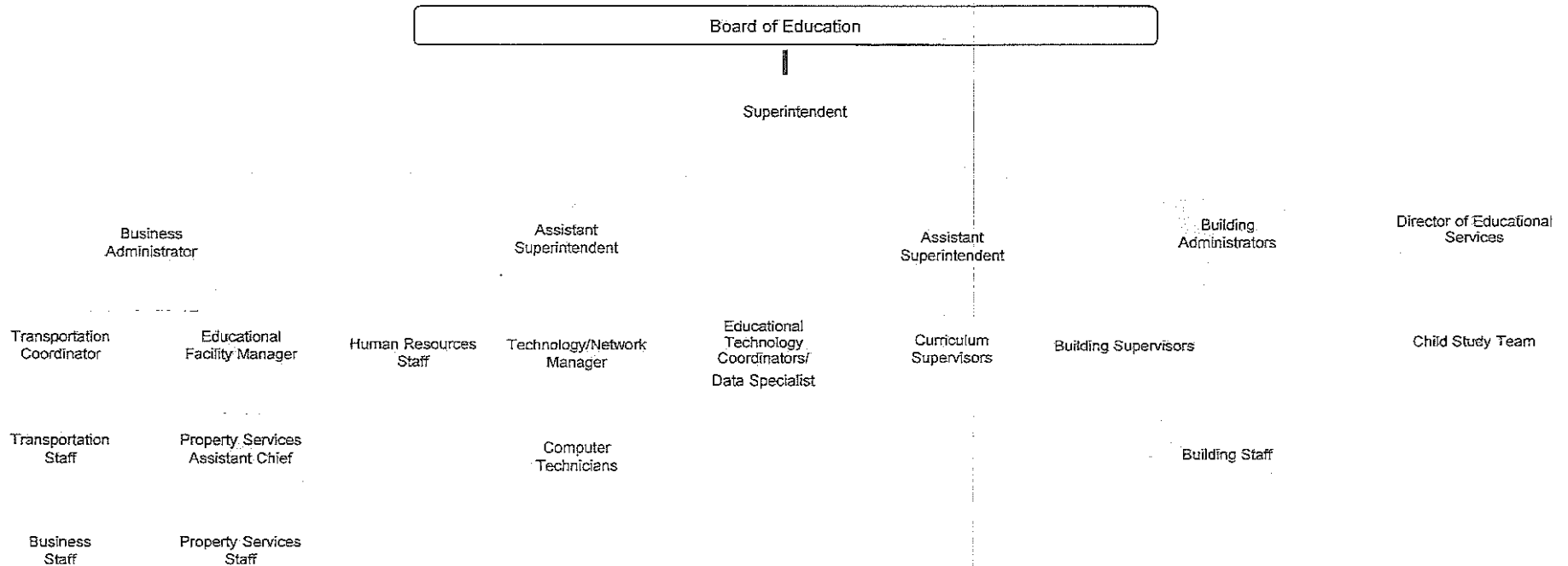
Neal Dickstein
Superintendent of Schools



Robert M. De Vita
Business Administrator/Board Secretary

FREEHOLD TOWNSHIP SCHOOLS

#16



2/10/2015

Freehold Township School District
Freehold, New Jersey

Roster of Officials
June 30, 2018

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Jason Levy, President	2019
Michelle Lambert, Vice President	2021
Kay Poklemba-Holtz	2019
Mary Cozzolino	2019
Michael Matthews	2021
Michael Amoroso	2021
Daniel DiBlasio	2020
Jennifer Patten	2020
Elena O'Sullivan	2020

Other Officials

Ross Kasun, Superintendent

Robert DeVita, Board Secretary/School Business Administrator

Michael Gross, Attorney

Freehold Township School District
Consultants and Advisors

Architect

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

Audit Firm

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

Attorney

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

Official Depositories

Provident Bank
4331 Route 9 North
Freehold, NJ 07728

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report of the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Freehold Township School District in the County of Monmouth, State of 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 1 to the basic financial statements, in 2018, the Board adopted Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (an Amendment of GASB Statement No. 45). Our opinions are 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, and the schedules related to accounting and reporting for pensions and post-retirement benefits, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Freehold Township School District's basic financial statements. The introductory section, combining fund financial statements and schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is also not a required part of the basic financial statements.

Other Information (continued)

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2019 on our consideration of the Freehold Township School District in the County of Monmouth, State of New Jersey internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Freehold Township School District in the County of Monmouth, State of New Jersey internal control over financial reporting and compliance.

Respectfully Submitted

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



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

January 31, 2019

REQUIRED SUPPLEMENTARY INFORMATION - PART I

Freehold Township School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

The discussion and analysis of Freehold Township School District's financial performance provides an overall review of the School Board's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School Board's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School Board's financial performance.

Financial Highlights

Key financial highlights for June 30, 2018 are as follows:

Net position totaled \$(7,688,767), which represents a 46.54 percent increase from June 30, 2017.

General revenues accounted for \$75,650,111 in revenue or 91.50 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$7,025,702 or 8.50 percent of total revenues of \$82,675,813.

Total assets decreased by \$(1,139,327) as current assets increased by \$1,400,712 and capital assets, net decreased by \$(2,540,039). The increase in current assets was due to an increase in cash and receivables.

The School Board had \$75,983,258 in expenses; only \$7,025,702 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$75,650,111 were adequate to provide for these programs. The primary source of revenue came from property taxes which represent 90.4 percent of all revenue.

Among major funds, the General Fund had \$76,881,510 in revenues and \$75,717,721 in expenditures and transfers. The General Fund's balance increased \$1,163,789 over June 30, 2017. The General Fund's balance is \$9,688,252.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School Board as a Whole

Statement of Net Position and the Statement of Activities

This document contains all funds used by the School Board to provide programs and activities viewing the School Board as a whole and reports the culmination of all financial transactions. The report answers the question "How Did We Do Financially During Fiscal Year June 30, 2018?" The Statement of Net Position and the Statement of Activities provides the summary. The statements include all assets, liabilities, deferred outflows of resources and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School Board's net position and changes in those assets. This change in net position is important because reports whether the School Board's financial position has improved or diminished.

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

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

Business-Type Activities - This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service and Child Care Funds are reported as business activities.

Reporting the School Board's Most Significant Funds

Fund Financial Statement

The Analysis of the School Board's major funds begins with Exhibit B-1. Fund financial reports provide detailed information about the School Board's major funds. The School Board's major governmental funds are the General Fund, Special Revenue Fund, and Capital Projects Fund.

Governmental Funds

The School Board's activities are reported in governmental funds, which focus on how money flows into and out of the funds and balances left at year-end available for spending in the future years. These funds are reported using a modified accrual accounting method 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 Board's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship 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.

The School Board as a Whole

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

Table 1 provides a summary comparison of the School Board's net position for June 30, 2018 and 2017.

Table 1

Net Position as of June 30, 2018 and June 30, 2017

	June 30, 2018			June 30, 2017		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets:						
Current and other assets	\$ 10,256,833	\$ 343,865	\$ 10,600,698	\$ 8,913,144	\$ 286,842	\$ 9,199,986
Capital assets, net	50,531,904	74,453	50,606,357	53,058,435	87,961	53,146,396
Total assets	60,788,737	418,318	61,207,055	61,971,579	374,803	62,346,382
Deferred outflow of resources	6,963,531	-	6,963,531	15,045,968	-	15,045,968
Liabilities:						
Current liabilities	568,580	59,286	627,866	388,680	72,690	461,370
Long-term liabilities outstanding	63,295,362	-	63,295,362	84,475,929	-	84,475,929
Total liabilities	63,863,942	59,286	63,923,228	84,864,609	72,690	84,937,299
Deferred inflow of resources	11,936,125	-	11,936,125	6,836,373	-	6,836,373
Net position:						
Net investment in capital assets	6,048,068	74,453	6,122,521	8,153,641	87,961	8,241,602
Restricted	7,318,182	-	7,318,182	6,710,601	-	6,710,601
Unrestricted	(21,414,049)	284,579	(21,129,470)	(29,547,677)	214,152	(29,333,525)
Total Net Position	\$ (8,047,799)	\$ 359,032	\$ (7,688,767)	\$ (14,683,435)	\$ 302,113	\$ (14,381,322)

The School Board's combined net position was \$(7,688,767) on June 30, 2018. This is a change of 46.54 percent from the previous year. Current assets increased \$1,400,712 due to an increase in cash and receivables. The improvement in total net position was due to a significant decrease in long-term liabilities of \$(21,180,567), primarily due to a decrease in pension liability for PERS as determined by the State of New Jersey.

Table 2 provides a comparison analysis of School Board's changes in net position from fiscal years June 30, 2018 and 2017.

Table 2

Changes in Net Position

	June 30, 2018			June 30, 2017		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues						
Program revenues:						
Charges for services	\$ 974,275	\$ 779,492	\$ 1,753,767	\$ 520,798	\$ 752,252	\$ 1,273,050
Operating and capital grants and contributions	4,944,790	327,145	5,271,935	4,725,857	338,436	5,064,293
General revenues:						
Property taxes	68,682,971	-	68,682,971	67,254,812	-	67,254,812
Federal and state aid	6,507,613	-	6,507,613	6,432,044	-	6,432,044
Investment earnings	-	-	-	-	-	-
Miscellaneous	459,527	-	459,527	687,900	-	687,900
Total revenues	81,569,176	1,106,637	82,675,813	79,621,411	1,090,688	80,712,099
Expenses						
Instructional services	32,093,731	-	32,093,731	30,603,621	-	30,603,621
Support services	40,985,466	1,049,718	42,035,184	46,093,508	1,041,985	47,135,493
Interest on long-term liabilities	1,854,343	-	1,854,343	1,918,619	-	1,918,619
Total expenses	74,933,540	1,049,718	75,983,258	78,615,748	1,041,985	79,657,733
Change in net position	6,635,636	56,919	6,692,555	1,005,663	48,703	1,054,366
Net position - beginning	(14,683,435)	302,113	(14,381,322)	(15,689,098)	253,410	(15,435,688)
Net position (deficit) - ending	\$ (8,047,799)	\$ 359,032	\$ (7,688,767)	\$ (14,683,435)	\$ 302,113	\$ (14,381,322)

Total revenues increased by \$1,963,714 or 2.43 percent. \$1,428,159 or 72.73 percent of the total revenue increase was due to the tax levy increase. The increase was necessary to cover increased costs in salaries and benefits, utilities, and the debt service. Property taxes are the majority of total revenues and account for 83.08 percent. The Federal and State aid-restricted increased \$75,569 due to the increase in grants available.

Total expenses decreased \$(3,674,475) or (4.61) percent due to pension obligations determined by the State.

The combination of the increase in total revenues and the decrease in expenses lead to an improvement of the net position by \$6,692,555 or (46.54) percent.

Expenses for Fiscal Year June 30, 2018

Business-Type Activities

Revenues for the District's business-type activities (food service program and child care) were comprised of charges for services and reimbursement from the State and Federal government for participation in the National School Lunch Program. For the year, total Enterprise Fund revenues exceeded expenses by \$56,919.

Charges for services represent \$779,492 of revenue. This represents the amount paid by patrons for daily food service and child care. Operating revenue increased by \$27,240 or 3.62 percent from June 30, 2017. Operating expenses increased by \$7,733 or less than 1 percent.

Federal and state reimbursements for meals, including interest, payments for free and reduced lunches and donated commodities was \$327,145. These reimbursements decreased by \$(11,291) or (3.34) percent from June 30, 2017.

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 costs of services and the net cost of services. The net cost shows the financial burden that was placed on the School District's taxpayers by each of these functions.

Table 3

Governmental Activities

	2018		2017	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 32,093,731	\$ 31,728,679	\$ 30,603,621	\$ 30,483,765
Support Services:				
Pupils and Instructional Staff	13,556,005	8,611,215	13,233,715	8,507,858
General Administration, School Administration, Business Operation and Maintenance of Facilities	23,477,177	23,477,177	29,119,065	29,119,065
Pupil Transportation	3,952,284	3,343,061	3,740,728	3,339,786
Interest and Fiscal Charges	1,854,343	1,854,343	1,918,619	1,918,619
Total Expenses	\$ 74,933,540	\$ 69,014,475	\$ 78,615,748	\$ 73,369,093

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities. The District was able to offset those costs by \$365,052 in 2018 which was a 205 percent increase from the prior year. The revenues to offset the expenses come from tuition charged to other LEAs for special education programs, residents for the half-day preschool program and staff that live outside of the Township for tuition to bring their children to school in the District.

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. The District was able to offset those expenses by \$4,944,790 in 2018 which was a 4.63 percent increase from the prior year. The revenues to offset the expenses represent money that the State pays on behalf of the District for FICA and pension costs for employees enrolled in the TPAF pension system.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District. There were no revenues to offset these expenses.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings, and equipment in an effective working condition. There were no revenues to offset these expenses.

Pupil transportation includes activities involved with the conveyance of students to and from school, to school curricular and athletic activities and field trips as provided by state law. The District was able to offset these costs by \$609,223 in 2018 which was a 51.95 percent increase from the prior year. The revenues to offset the expenses come from providing the Freehold Borough Board of Education transportation services and residents to transport their pre-school student to the Early Childhood Learning Center.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the District.

The School Board's Funds

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

As the School Board completed the fiscal year ended June 30, 2018, it reported a combined fund balance of \$9,688,253, which is an increase of \$1,163,789. The Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities, Exhibit B-3, presents the reader with a detailed explanation of the decrease in fund balance for the fiscal year.

The following schedule presents a summary of General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund revenues for the fiscal year ended June 30, 2018. The increase in Local Sources is due primarily to the tax levy increase of \$1,428,159. The increase in funding from State Sources is due to the \$221,854 increase in funding for FICA and pension for TPAF employees. Federal Sources increased due to additional funding for Federal Grants.

<u>Revenue</u>	<u>2018 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2017</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 70,116,773	85.96 %	\$ 1,653,263	2.41 %
State Sources	10,149,358	12.44	221,854	2.23
Federal Sources	1,303,045	1.60	72,648	5.90
Other Financing Sources	-	-	-	-
Total	<u>\$ 81,569,176</u>	<u>100.00 %</u>	<u>\$ 1,947,765</u>	<u>2.45 %</u>

The following schedule presents a summary of General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2018. Instructional expenses increased as a result of salary increases for staff and curriculum and technology improvements. Undistricted expenses increased due to salary increases for staff, transportation, maintenance and benefits. Capital outlay increased due to equipment purchases and capital improvement funded through the general fund budget.

<u>Expenditures</u>	<u>2018 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2017</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expense:				
Instruction	\$ 32,093,731	39.91 %	\$ 1,490,110	4.87 %
Undistributed Expenditures	43,395,264	53.97	1,707,455	4.10
Capital Outlay	1,531,092	1.91	765,391	99.96
Debt Service:				
Principal	1,595,000	1.98	105,000	7.05
Interest	<u>1,790,300</u>	<u>2.23</u>	<u>(51,022)</u>	<u>(2.77)</u>
Total	<u>\$ 80,405,387</u>	<u>100.00 %</u>	<u>\$ 4,016,934</u>	<u>5.26 %</u>

General Fund Budgeting Highlights

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

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

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

The General Fund finished the fiscal year approximately \$4,353,272 better than had been budgeted in terms of expenditures. Revenue-wise, the General Fund fared about \$394,269 more than expected. Both these amounts have been adjusted for the non-budgeted amounts reflected in the comparison schedule for reimbursed TPAF social security contributions and on-behalf TPAF post-retirement medical contributions.

The General Fund has restricted a portion of its Fund Balance. The restricted Fund Balance items are Capital Reserve \$4,165,195, Maintenance Reserve \$1,038,926 and Emergency Reserve \$14,060. These restricted reserves are regulated as to their use by the State of New Jersey. Therefore, the Board places funds in the reserves in combination with the future financial needs of the District.

The expenditures decreased due to cost containment measures which included participating in various cooperatives and jointures. These agreements decrease the prices offered to the District on various goods and services that are provided, including supplies and energy. Additional savings were recognized as a result negotiating new contracts with the three public unions. Further adding to district savings, the amount of tuition paid for out of district placements, administrative costs, energy consumption and transportation services decreased.

Revenues were affected primarily from additional extraordinary aid that was unbudgeted, transportation reimbursement from other districts, tuition from individuals and other districts and Medicaid reimbursements.

The excesses will be carried forward into the beginning fund balance from the 2017-2018 fiscal year and will be used to reduce the local tax levy for the 2019-2020 fiscal year.

Capital Assets and Debt Administration

Capital Assets. At the end of the fiscal year June 30, 2018, the School Board had \$50,606,357 invested in land, buildings, and machinery and equipment.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2018 and June 30, 2017

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 2,117,793	\$ 2,079,919	\$ -	\$ -	\$ 2,117,793	\$ 2,079,919
Construction in Progress	742,663	292,487	-	-	742,663	292,487
Building and Improvements	43,824,768	48,107,796	-	-	43,824,768	48,107,796
Machinery and Equipment	3,846,680	2,578,233	74,453	87,961	3,921,133	2,666,194
Total	\$ 50,531,904	\$ 53,058,435	\$ 74,453	\$ 87,961	\$ 50,606,357	\$ 53,146,396

During the current fiscal year, \$5,334,940 of fixed assets were capitalized as additions. Increases in capital assets were offset by depreciation expense for the year.

Debt Administration. The District's long-term liabilities are as follows for the governmental and business-type activities :

	June 30, 2018	June 30, 2017
Bonds Payable (net)	\$ 36,860,000	\$ 38,455,000
Capital Leases payable	1,372,022	262,023
Pension Liability-PERS	23,072,473	43,822,791
Compensated Absences payable	<u>1,990,867</u>	<u>1,936,115</u>
Total long-term liabilities	\$ <u>63,295,362</u>	\$ <u>84,475,929</u>

For more detailed information, please refer to the Capital Assets and Long-term debt notes in the basic financial statements.

Economic Factors and Next Year's Budget

For the 2017-2018 school year, the School Board was able to sustain its budget through the local tax levy, state education aid and local revenue sources. Approximately 14.04% of the School Board's revenue is from federal, state and other aid (restricted and not restricted), while 85.96% of total revenue is from local sources.

The \$(21,414,049) in unrestricted net position for all governmental activities represents the accumulated results of all past years' operations. It means that if the School Board had to pay off all bills today, including all of the School Board's non-capital liabilities (compensated absences, etc.), the School Board would owe this value to debtors.

The 2017-2018 budget was adopted in March 2017 based in part on the state education aid the School Board anticipated receiving. Due to the economic condition in the State of New Jersey funding from the State for the current year remained below the previous year. Any future increases based on the enrollment formula, originally formulated to allocate state education aid amongst school boards, will be minimal. Future decreases in local revenue and state education aid will place additional burden on the Borough of Freehold for increased aid.

The School Board anticipates a slight increase in enrollment for the 2018-2019 fiscal year. If the School Board were to experience a significant increase in enrollment with no appreciable increase in state aid for future budgets, the School Board will be faced with the following alternatives: (a) reduce programs and services, (b) increase local tax levy or (c) seek alternative sources of funding.

Contacting the School Board's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School Board's finances and to show the School Board's accountability for the money it receives. If you have questions about this report or need additional information, you may contact the School Business Administrator/Board Secretary at Freehold Township School District, 384 West Main Street, Freehold, NJ, 07728.

BASIC FINANCIAL STATEMENTS

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
June 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 8,395,663	\$ 317,405	\$ 8,713,068
Receivables - other	3,765	-	3,765
Receivables - state	897,555	846	898,401
Receivables - federal	448,749	18,500	467,249
Inventory	-	7,114	7,114
Due from other funds	24,500	-	24,500
Prepaid expenses	486,601	-	486,601
Capital assets, non-depreciable	2,860,456	-	2,860,456
Capital assets, depreciable, net:	47,671,448	74,453	47,745,901
Total assets	<u>60,788,737</u>	<u>418,318</u>	<u>61,207,055</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - PERS	6,378,972	-	6,378,972
Deferred charge on refunding	584,559	-	584,559
Total deferred outflows of resources	<u>6,963,531</u>	<u>-</u>	<u>6,963,531</u>
LIABILITIES			
Accounts payable	327,620	59,286	386,906
Other liabilities	6	-	6
Unearned revenue	240,954	-	240,954
Noncurrent liabilities:			
Due within one year	2,305,411	-	2,305,411
Due beyond one year	60,989,951	-	60,989,951
Total liabilities	<u>63,863,942</u>	<u>59,286</u>	<u>63,923,228</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - PERS	5,099,752	-	5,099,752
Deferred premium on refunding	6,836,373	-	6,836,373
Total deferred inflows of resources	<u>11,936,125</u>	<u>-</u>	<u>11,936,125</u>
NET POSITION			
Net investment in capital assets	6,048,068	74,453	6,122,521
Restricted for:			
Debt service	1	-	1
Capital projects	4,165,195	-	4,165,195
Other purposes	3,152,986	-	3,152,986
Unrestricted	(21,414,049)	284,579	(21,129,470)
Total net position	<u>\$ (8,047,799)</u>	<u>\$ 359,032</u>	<u>\$ (7,688,767)</u>

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Current:							
Regular instruction	\$ 20,704,737	\$ 365,052	\$ -	\$ -	\$ (20,339,685)	\$ -	\$ (20,339,685)
Special schools instruction	10,065,138	-	-	-	(10,065,138)	-	(10,065,138)
Other special instruction	1,323,856	-	-	-	(1,323,856)	-	(1,323,856)
Support services and undistributed costs:							
Instruction	1,024,475	-	-	-	(1,024,475)	-	(1,024,475)
Health services	848,419	-	-	-	(848,419)	-	(848,419)
Other support services	6,154,969	-	-	-	(6,154,969)	-	(6,154,969)
Educational media services	468,200	-	-	-	(468,200)	-	(468,200)
Instruction staff training	115,152	-	-	-	(115,152)	-	(115,152)
General administrative services	922,444	-	-	-	(922,444)	-	(922,444)
School administrative services	2,530,395	-	-	-	(2,530,395)	-	(2,530,395)
Central services	823,495	-	-	-	(823,495)	-	(823,495)
Admin info technology	890,228	-	-	-	(890,228)	-	(890,228)
Allowed maintenance for school facilities	1,232,087	-	-	-	(1,232,087)	-	(1,232,087)
Other operation & maintenance of plant	9,256,134	-	-	-	(9,256,134)	-	(9,256,134)
Care and upkeep of grounds	289,527	-	-	-	(289,527)	-	(289,527)
Security	48,083	-	-	-	(48,083)	-	(48,083)
Student transportation services	3,952,284	609,223	-	-	(3,343,061)	-	(3,343,061)
Unallocated employee benefits	7,484,784	-	-	-	(7,484,784)	-	(7,484,784)
Non-budgeted expenditures	4,944,790	-	4,944,790	-	-	-	-
Special schools	-	-	-	-	-	-	-
Transfer to Charter school	-	-	-	-	-	-	-
Interest expense	1,854,343	-	-	-	(1,854,343)	-	(1,854,343)
Total governmental activities	74,933,540	974,275	4,944,790	-	(69,014,475)	-	(69,014,475)
Business-type activities:							
Food service	1,049,718	779,492	327,145	-	-	56,919	56,919
Total business-type activities	1,049,718	779,492	327,145	-	-	56,919	56,919
Total primary government	\$ 75,983,258	\$ 1,753,767	\$ 5,271,935	\$ -	\$ (69,014,475)	\$ 56,919	\$ (68,957,556)
General revenues:							
Taxes:							
Property taxes levied for general purpose					65,335,774	-	65,335,774
Taxes levied for debt service					3,347,197	-	3,347,197
Federal and state aid - not restricted					5,161,987	-	5,161,987
Federal and state aid -restricted					86,331	-	86,331
State aid - restricted					1,259,295	-	1,259,295
Rents and royalties					136,377	-	136,377
Miscellaneous income					323,150	-	323,150
Investment earnings					-	-	-
Total general revenues					75,650,111	-	75,650,111
Change in net position					6,635,636	56,919	6,692,555
Net position—beginning					(14,683,435)	302,113	(14,381,322)
Net position—ending					\$ (8,047,799)	359,032	\$ (7,688,767)

FREEHOLD TOWNSHIP SCHOOL DISTRICT
 Balance Sheet
 Governmental Funds
 June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 4,492,151	\$ (261,684)	\$ -	\$ 1	\$ 4,230,468
Cash on hand with fiscal agent	-	-	-	-	-
Investments	-	-	-	-	-
Capital reserve	4,165,195	-	-	-	4,165,195
Receivables, net	3,759	6	-	-	3,765
Due from other funds	24,500	-	-	-	24,500
Receivables - State	897,555	-	-	-	897,555
Receivables - Federal	-	448,749	-	-	448,749
Prepaid expenses	486,601	-	-	-	486,601
Total assets	<u>\$ 10,069,761</u>	<u>\$ 187,071</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 10,256,833</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	323,687	3,933	-	-	327,620
Interfund payable	-	-	-	-	-
Deferred revenue	57,822	183,132	-	-	240,954
Due to grantor	-	6	-	-	6
Total liabilities	<u>381,509</u>	<u>187,071</u>	<u>-</u>	<u>-</u>	<u>568,580</u>
Fund Balances:					
Restricted for:					
Unexpended additional spending proposal	-	-	-	-	-
Capital reserve account	4,165,195	-	-	-	4,165,195
Maintenance reserve account	1,038,926	-	-	-	1,038,926
Emergency reserve account	14,060	-	-	-	14,060
Excess surplus	-	-	-	-	-
Excess surplus -- designated for subsequent year's expenditures	-	-	-	-	-
Debt service fund	-	-	-	1	1
Capital projects fund	-	-	-	-	-
Assigned to:					
Other purposes	575,827	-	-	-	575,827
Designated by the BOE for subsequent year's expenditures	2,100,000	-	-	-	2,100,000
Unassigned to:					
General fund	1,794,244	-	-	-	1,794,244
Total Fund balances	<u>9,688,252</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>9,688,253</u>
Total liabilities and fund balances	<u>\$ 10,069,761</u>	<u>\$ 187,071</u>	<u>\$ -</u>	<u>\$ 1</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets are \$105,665,566 and the accumulated depreciation is \$55,133,662.	50,531,904
Deferred outflows related to the PERS pension plan	6,378,972
Deferred inflows related to the PERS pension plan	(5,099,752)
Bond issuance costs are being amortized over the life of the related bonds. The amortization is not recorded in the funds. The original costs were \$888,390.	584,559
Bond premium is being amortized over the life of the related bonds. The amortization is not recorded in the funds. The original costs were \$7,618,957.	(6,836,373)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(63,295,362)</u>
Net position of governmental activities	<u>\$ (8,047,799)</u>

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	GAAP Total Governmental Funds
REVENUES					
Local sources:					
Local tax levy	\$ 65,335,774	\$ -	\$ -	\$ 3,347,197	\$ 68,682,971
Tuition charges	365,052	-	-	-	365,052
Interest on investments	-	-	-	-	-
Interest earned on capital reserve funds	-	-	-	-	-
Transportation fees	609,223	-	-	-	609,223
Rents and royalties	136,377	-	-	-	136,377
Miscellaneous	241,976	81,174	-	-	323,150
Total - Local Sources	66,688,402	81,174	-	3,347,197	70,116,773
State sources	10,106,777	4,478	-	38,103	10,149,358
Federal sources	86,331	1,216,714	-	-	1,303,045
Total revenues	<u>\$ 76,881,510</u>	<u>\$ 1,302,366</u>	<u>\$ -</u>	<u>\$ 3,385,300</u>	<u>\$ 81,569,176</u>
EXPENDITURES					
Current:					
Regular instruction	\$ 19,552,817	\$ 1,151,920	\$ -	\$ -	\$ 20,704,737
Special education instruction	10,065,138	-	-	-	10,065,138
Other special instruction	1,323,856	-	-	-	1,323,856
Undistributed - current:					
Instruction	1,024,475	-	-	-	1,024,475
Health services	848,419	-	-	-	848,419
Other support services	6,004,523	150,446	-	-	6,154,969
Educational media services	468,200	-	-	-	468,200
Instruction staff training	115,152	-	-	-	115,152
General administrative services	922,444	-	-	-	922,444
School administrative services	2,530,395	-	-	-	2,530,395
Allowed maintenance for school facilities	1,232,087	-	-	-	1,232,087
Other operation & maintenance of plant	4,088,512	-	-	-	4,088,512
Care and upkeep of grounds	289,527	-	-	-	289,527
Security	48,083	-	-	-	48,083
Student transportation services	3,952,284	-	-	-	3,952,284
Central services	823,495	-	-	-	823,495
Admin info technology	890,228	-	-	-	890,228
Unallocated employee benefits	15,062,204	-	-	-	15,062,204
Non-budgeted expenditures	4,944,790	-	-	-	4,944,790
Special schools	-	-	-	-	-
Transfer to charter school	-	-	-	-	-
Debt service:					
Principal	-	-	-	1,595,000	1,595,000
Interest and other charges	-	-	-	1,790,300	1,790,300
Capital outlay	1,531,092	-	-	-	1,531,092
Total expenditures	<u>75,717,721</u>	<u>1,302,366</u>	<u>-</u>	<u>3,385,300</u>	<u>80,405,387</u>
Excess (Deficiency) of revenues over expenditures	<u>1,163,789</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,163,789</u>
OTHER FINANCING SOURCES (USES)					
Bond refunding	-	-	-	-	-
New bonds issued	-	-	-	-	-
Premium and costs for bond issuance	-	-	-	-	-
Transfer in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,163,789	-	-	-	1,163,789
Fund balance—July 1	8,524,463	-	-	1	8,524,464
Fund balance—June 30	<u>\$ 9,688,252</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 9,688,253</u>

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2018

Total net change in fund balances - governmental funds (from B-2)		\$ 1,163,789
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	(8,349,521)
	Capital outlays	<u>5,822,990</u>
		(2,526,531)
In the Statement of Activities, the PERS pension expense is the amount paid plus net change in the Deferred Outflows, Deferred Inflows and pension liability as reported by the State of New Jersey		7,632,172
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		1,595,000
In the Statement of Activities, the amortization of bond issuance costs is recorded as interest expense . In the governmental funds, the amortization is not recorded.		(64,043)
In the Statement of Activities, the principal payments on capital leases are recorded as a reduction in the long-term liability. In the governmental funds, the payments is an expenditure.		415,497
In the statement of activities, certain operating expenses, e.g., compensated absences (sick leave) and special termination benefits (early retirement incentive) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used, essentially, the amounts actually paid. This year, sick leave was increased by \$23,793.		<u>(54,752)</u>
Change in net position of governmental activities		<u>\$ 6,635,636</u>

Freehold Township School District
Statement of Net Position
Proprietary Funds
June 30, 2018

		Business-type Activities - Enterprise Funds
		<u>Food Service</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$	317,405
Investments		-
Accounts receivable - State		846
Account receivable - Federal		18,500
Interfund receivable		-
Other receivables		-
Inventories		7,114
Total current assets		<u>343,865</u>
Noncurrent assets:		
Restricted cash and cash equivalents		-
Furniture, machinery & equipment		531,951
Less accumulated depreciation		<u>(457,498)</u>
Total noncurrent assets		74,453
Total assets	\$	<u>418,318</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$	59,286
Deposits payable		-
Total current liabilities		<u>59,286</u>
NET POSITION		
Net investment in capital assets		74,453
Contributed capital		-
Unrestricted		<u>284,579</u>
Total net position		359,032
Total liabilities and net position	\$	<u>418,318</u>

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2018

	Business-type Activities - Enterprise Fund
	Food Service
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ 452,251
Daily sales - non-reimbursable programs	327,241
Special functions	-
Community service activities	-
Transportation fees from other LEA's within the state	-
Deductions from employees' salaries	-
Miscellaneous	-
Total operating revenues	779,492
 Operating expenses:	
Cost of sales - reimbursable programs	290,509
Cost of sales - non-reimbursable programs	92,015
Salaries	373,594
Employee benefits	65,250
Purchased property service	-
Other purchased professional services	120,988
Cleaning, repair and maintenance services	-
Rentals	-
General supplies	90,694
Depreciation	16,668
Total Operating Expenses	1,049,718
Operating income (loss)	(270,226)
 Nonoperating revenues (expenses):	
State sources:	
State school lunch program	9,291
Federal sources:	
National school lunch program	230,571
Special milk program	9,575
Food distribution program	77,708
Interest and investment revenue	-
Total nonoperating revenues (expenses)	327,145
Change in net position	56,919
 Total net position—beginning	302,113
Total net position—ending	\$ 359,032

See accompanying notes to financial statements.

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Food Services Enterprise Fund
Statement of Cash Flows
for the Fiscal Year ended June 30, 2018

	Food Service
Cash Flows from Operating Activities:	
Receipts from customers and other funds	779,492
Payments to employees	(373,594)
Payments for employee benefits	(65,250)
Payments to suppliers	(504,884)
Net cash used for operating activities	(164,236)
Cash Flows from Noncapital Financing Activities	
State sources	9,195
Federal sources	240,487
Net cash provided by noncapital financing activities	249,682
Cash Flows from Capital and Related Financing Activities	
Purchases of fixed assets	(3,160)
Net cash used for capital and related financing activities	(3,160)
Net decrease in cash and cash equivalents	82,286
Balances-beginning of the year	235,119
Balances-end of the year	317,405
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (270,226)
Adjustments to reconcile operating loss to cash used by operating activities:	
Depreciation	16,668
Federal commodities	77,708
Change in assets and liabilities:	
Decrease (increase) in interfund receivable	20,217
Decrease (increase) in accounts receivable	-
Decrease (increase) in inventory	4,801
Increase (decrease) in accounts payable	(13,404)
Total adjustments	105,990
Net cash used by operating activities	\$ (164,236)

See accompanying notes to financial statements.

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2018

	<u>Unemployment Compensation Trust</u>	<u>Agency Funds</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 173,657	\$ 731,597	\$ 905,254
Intergovernmental accounts receivable	-	-	-
Interfund receivable	-	-	-
Total assets	<u>\$ 173,657</u>	<u>\$ 731,597</u>	<u>\$ 905,254</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Payroll deductions and withholdings	-	699,098	699,098
Payable to student groups	-	9,999	9,999
Interfund payable	-	22,500	22,500
Other current liabilities	-	-	-
Total liabilities	<u>-</u>	<u>731,597</u>	<u>731,597</u>
NET POSITION			
Held in trust for unemployment claims and other purposes	173,657	-	173,657
Reserved for scholarships	-	-	-
Total net position	<u>173,657</u>	<u>-</u>	<u>173,657</u>
Total liabilities and net position	<u>\$ 173,657</u>	<u>\$ 731,597</u>	<u>\$ 905,254</u>

See accompanying notes to financial statements.

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2018

	Unemployment Compensation Trust
ADDITIONS	
Contributions:	
Plan members	\$ -
Other	-
Total contributions	-
Investment earnings:	
Net increase (decrease) in fair value of investments	-
Interest	401
Dividends	-
Less investment expense	-
Net investment earnings	401
Total additions	401
DEDUCTIONS	
Quarterly contribution reports	-
Unemployment claims	48,878
Scholarships awarded	-
Refunds of contributions	-
Administrative expenses	-
Total deductions	48,878
Change in net position	(48,477)
Net position—beginning of the year	222,134
Net position—end of the year	\$ 173,657

See accompanying notes to financial statements.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2018

1. Summary of Significant Accounting Policies

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

A. Reporting Entity:

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

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

B. Basis of Presentation

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

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2018

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

B. Basis of Presentation(Cont'd):

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

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

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

The District reports the following governmental funds:

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2018

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

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

Basis of Presentation (Cont'd):

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

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

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

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

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

The District reports the following proprietary fund:

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2018

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

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

Basis of Presentation (Cont'd):

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

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

Equipment	5-20 Years
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Additionally, the District reports the following fund type:

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

Basis of Accounting:

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

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

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2018

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

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

Basis of Accounting: (cont'd)

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

C. Property Taxes

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

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office and are not voted upon in the annual school election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6a:23-1.2.

All budget amendments/transfers must be approved by School Board resolution. Budget amendments during the year ended June 30, 2018 were insignificant.

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

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2018

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

E. Encumbrances

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

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

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

F. Cash, Cash Equivalents and Investments

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

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:2037 provides a list of permissible investments that may be purchased by New Jersey school districts

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

G. Tuition Receivable

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2018

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

H. Tuition Payable

Tuition charges for the fiscal years 2017-2018 are based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

I. Inventories and Prepaid Expenses

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

Prior to 2018, the District reported inventories at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method. The District began stating inventories prospectively at the lower of FIFO cost and net realizable value. This change was made in response to a recent FASB standard issued as part of the Board's simplification initiative. Under the prior method, "market", was replacement cost, subject to possible adjustments. Net realizable value is based on the selling price. The change is intended to reduce complexity in financial statement preparation. This change had no significant effect on earnings for 2018.

J. Short-Term Interfund Receivables/Payables

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

K. Capital Assets

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

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

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2018

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

K. Capital Assets (Cont'd)

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

L. Compensated Absences

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

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

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

M. Unearned/Deferred Revenue

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

N. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. Bonds are recognized as a liability on the fund financial statements when due.

O. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2018

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

O. Deferred Outflows/Inflows of Resources (Cont'd)

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

P. Net Position

Net position represents the difference between assets and liabilities. Net 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 School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Q. Fund Balance Resources

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

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

R. Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2018

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

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

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.

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

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

S. Operating Revenues and Expenses

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

T. Management Estimates

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

2. Cash and Cash Equivalents and Investments

Operating cash, in the form of Negotiable Order of Withdrawal ("NOW") accounts, is held in the District's name by a commercial banking institution. At June 30, 2018, the carrying amount of the District's deposits was \$9,618,322 and the bank balance was \$10,141,889. Of the bank balance, \$250,000 was insured with Federal Deposit Insurance.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2018

2. Cash and Cash Equivalents and Investments (Cont'd)

Pursuant to Government Accounting Standards, the District's NOW accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2018, all of the District's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The District does not have a policy for custodial credit risk.

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

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

3. Investments

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

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2018

3. Investments (Cont'd)

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

In order to maximize liquidity, the District utilized the New Jersey Cash Management Fund ("NJCMF") as its sole investment. The NJCMF is administered by the New Jersey Department of Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments. These investments include: Treasuries, short-term Commercial Paper, U.S. Agency Bonds, Corporate Bonds, and investment rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty. At June 30, 2018, the District's balance was \$-.

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

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

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

4. Capital Reserve Account

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

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2018

4. Capital Reserve Account (Cont'd)

The activity of the Capital Reserve for the July 01, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance	\$ 2,156,784
Interest Earned	8,411
Deposits	-
Approved at June 2018 Meeting	<u>2,000,000</u>
Ending Balance	<u>\$ 4,165,195</u>

The June 30, 2018 LRF balance of local support costs of uncompleted capital projects is \$6,342,498.

5. Maintenance Reserve Account

A Maintenance Reserve Account was established by the Freehold Township School District for the accumulation of funds for use as maintenance of Capital Projects in subsequent fiscal years. The Maintenance Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the Maintenance Reserve Account are restricted to maintenance projects in the District's approved Comprehensive Maintenance Plan (CMP). Upon submission of the CMP to the New Jersey Department of Education, the District may increase the balance in the maintenance reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. The District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the account cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The balance in the maintenance reserve does not exceed four percent of the replacement cost of the school district's school facilities for the current year at June 30, 2018.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2018

5. Maintenance Reserve Account (Cont'd)

The activity of the Maintenance Reserve for the July 01, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance	\$ 1,046,838
Add:	
Interest	3,830
Deposits	
Approved at June 2017 Meeting	88,258
Less:	
Budgeted transfer out	<u>(100,000)</u>
Ending Balance	<u><u>\$ 1,038,926</u></u>

6. Emergency Reserve Account

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

The activity of the Emergency Reserve for the July 01, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance	\$ 613,748
Add:	
Interest	312
Budgeted transfer out	<u>(600,000)</u>
Ending Balance	<u><u>\$ 14,060</u></u>

7. Receivables

Receivables at June 30, 2018, consisted of accounts (rent and tuition), accrued interest, interfund, intergovernmental, and property taxes. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	District-Wide Financial Statements
State Aid	897,555	898,401
Federal Aid	448,749	467,249
Interfunds	24,500	24,500
Other	<u>3,765</u>	<u>3,765</u>
Gross Receivables	1,374,569	1,393,915
Allowance for Uncollectible	-	-
Total Receivables, Net	<u><u>1,374,569</u></u>	<u><u>1,393,915</u></u>

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2018

8. Capital Assets

Capital Assets consisted of the following at June 30, 2018.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 2,079,919	\$ 37,874	-	\$ 2,117,793
Construction in Progress	<u>292,487</u>	<u>621,918</u>	<u>(171,742)</u>	<u>742,663</u>
Total Capital Assets Not Being Depreciated	<u>2,372,406</u>	<u>659,792</u>	<u>(171,742)</u>	<u>2,860,456</u>
Capital Assets Being Depreciated				
Site Improvements	-	-	-	-
Building and Building Improvements	86,632,671	3,369,314	-	90,001,985
Machinery and Equipment	<u>10,837,499</u>	<u>1,965,626</u>	<u>-</u>	<u>12,803,125</u>
Totals at Historical Cost	<u>97,470,170</u>	<u>5,334,940</u>	<u>-</u>	<u>102,805,110</u>
Less Accumulated Depreciation for:				
Site Improvements	-	-	-	-
Building and Building Improvements	(38,524,875)	(7,652,342)	-	(46,177,217)
Machinery and Equipment	<u>(8,259,266)</u>	<u>(697,179)</u>	<u>-</u>	<u>(8,956,445)</u>
Total Accumulated Depreciation	<u>(46,784,141)</u>	<u>(8,349,521)</u>	<u>-</u>	<u>(55,133,662)</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>50,686,029</u>	<u>(3,014,581)</u>	<u>-</u>	<u>47,671,448</u>
Government Activity Capital Assets, Net	<u>53,058,435</u>	<u>(2,354,789)</u>	<u>(171,742)</u>	<u>50,531,904</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Equipment	528,791	3,160	-	531,951
Less: Accumulated Depreciation	<u>(440,830)</u>	<u>(16,668)</u>	<u>-</u>	<u>(457,498)</u>
Enterprise Fund Capital Assets, Net	<u>\$ 87,961</u>	<u>\$ (13,508)</u>	<u>-</u>	<u>\$ 74,453</u>

Depreciation expense was charged to governmental functions as follows:

Operations and maintenance	\$ <u>8,349,521</u>
Total depreciation expense	\$ <u>8,349,521</u>

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2018

9. Non-current Liabilities

During the fiscal year ended June 30, 2018 the following changes occurred in the non-current liabilities:

	Balance <u>July 01, 2017</u>	Increase/ <u>(Decrease)</u>	Balance <u>June 30, 2018</u>	Due within <u>one year</u>
Bonds payable	\$ 38,455,000	(1,595,000)	36,860,000	\$ 1,715,000
Obligations under capital leases	262,023	1,109,999	1,372,022	418,873
Compensated absences payable	1,936,115	54,752	1,990,867	171,538
Pension liability - PERS	43,822,791	(20,750,318)	23,072,473	-
	<u>\$ 84,475,929</u>	<u>(21,180,567)</u>	<u>63,295,362</u>	<u>\$ 2,305,411</u>

A. Bonds Payable

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

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

Year ended June 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,715,000	\$ 1,725,700	\$ 3,440,700
2020	1,845,000	1,656,200	3,501,200
2021	2,000,000	1,570,325	3,570,325
2022	2,165,000	1,471,575	3,636,575
2023	2,345,000	1,361,825	3,706,825
2024-2028	15,495,000	4,848,275	20,343,275
2029-2032	11,295,000	1,261,600	12,556,600
	<u>\$ 36,860,000</u>	<u>\$ 13,895,500</u>	<u>\$ 50,755,500</u>

B. Bonds Authorized But Not Issued

As of June 30, 2018 the District had no authorized but not issued bonds.

C. Capital Leases

The District is leasing equipment under various capital leases. The following is a schedule of the remaining future minimum lease payments under the capital lease and the present value of the net minimum lease payments at June 30, 2018:

Year ended June 30,	
2019	\$ 454,906
2020	319,930
2021	319,256
2022	200,407
2023	<u>162,662</u>
Total minimum lease payments	1,457,161
Less: amounts representing interest	<u>(85,139)</u>
Present value of lease payments	<u>\$ 1,372,022</u>

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2018

10. Pension Plans

A. Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

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

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2018

10. Pension Plans (cont'd)

A. Public Employees' Retirement System (PERS) (cont'd)

Contributions - The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2017, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At

June 30, 2018, the School District reported a liability of \$23,072,473 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedure to roll forward the total pension liability from an actuarial valuation as of July 1, 2016, to the measurement date of June 30, 2017. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2017. The School District's proportion measured as of June 30, 2017, was .0991153647%, which was a decrease of .0488489682% from its proportion measured as of June 30, 2016.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2018

10. Pension Plans (cont'd)

A. Public Employees' Retirement System (PERS) (cont'd)

For the year ended June 30, 2018, the School District recognized full accrual pension expense of \$(7,632,172) in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2017 measurement date. At June 30, 2017, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 543,277	\$ -
Changes of assumptions	4,648,308	4,631,267
Net difference between projected and actual earnings on pension plan investments	157,108	-
Changes in proportion and differences between District contributions and proportionate share of contributions	668,775	468,485
District contributions subsequent to the measurement date	\$ 361,504	-
Total	<u>\$ 6,378,972</u>	<u>\$ 5,099,752</u>

reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2017-2018 total salaries for PERS employees multiplied by an employer contribution rate. The payable is due on April 1, 2019 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 694,783
2019	1,048,445
2020	635,304
2021	(844,956)
2022	(615,860)
Thereafter	-
Total	<u>\$ 917,716</u>

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2018

10. Pension Plans (cont'd)

A. Public Employees' Retirement System (PERS) (cont'd)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Net Difference between projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	5.00	-
June 30, 2015	5.00	-
June 30, 2016	5.00	-
June 30, 2017	5.00	-

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.48, 5.57, 5.72 and 6.44 years for the 2017, 2016, 2015 and 2014 amounts, respectively.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2018

10. Pension Plans (cont'd)

A. Public Employees' Retirement System (PERS) (cont'd)

Actuarial Assumptions - The collective 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 assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2018

10. Pension Plans (cont'd)

A. Public Employees' Retirement System (PERS) (cont'd)

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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 ranged 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 %
U.S. 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 Asset	2.50 %	11.83 %
Equity Related Real Estate	6.25 %	9.23 %
U.S. Equity	30.00 %	8.19 %
Non-U.S. Developed Markets Equity	11.50 %	9.00 %
Emerging Markets Equity	6.50 %	11.64 %
Buyouts/Venture Capital	8.25 %	13.08 %

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2018

10. Pension Plans (cont'd)

A. Public Employees' Retirement System (PERS) (cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
District's proportionate share of the net pension liability	28,622,968	23,072,473	18,448,222

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2018 and 2017:

	<u>6/30/18</u>	<u>6/30/17</u>
Collective Deferred Outflows of Resources	723,829,861	7,815,204,785
Collective Deferred Inflows of Resources	-	-
Collective Net Pension Liability	23,278,401,588	29,617,131,759
School District's Portion	.0991153647%	.1479643329%

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2018

10. Pension Plans (cont'd)

B. Teachers' Pension and Annuity (TPAF)

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

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

The following represents the membership tiers for TPAF:

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

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2018

10. Pension Plans (cont'd)

B. Teachers' Pension and Annuity (TPAF) (cont'd)

Contributions - The contribution policy for TPAF is set by *N.J.S.A. 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2017, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, the employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A. 18A:66-33*. Therefore, the School District is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the School District does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the School District.

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2017 was \$186,366,906. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2017, the State proportionate share of the TPAF net pension liability attributable to the School District was .2764119540%, which was an increase of .0009220224% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the State of New Jersey recognized a pension expense in the amount of \$4,277,491 for the State's proportionate share of the TPAF pension expense attributable to the School District. This pension expense was based on the pension plans June 30, 2017 measurement date.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2018

10. Pension Plans (cont'd)

B. Teachers' Pension and Annuity (TPAF) (cont'd)

Actuarial Assumptions - The collective 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 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%

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% at June 30, 2017) 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 ranged of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2018

10. Pension Plans (cont'd)

B. Teachers' Pension and Annuity (TPAF) (cont'd)

<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 %
U.S. 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 Asset	2.50 %	11.83 %
Equity Related Real Estate	6.25 %	9.23 %
U.S. Equity	30.00 %	8.19 %
Non-U.S. Developed Markets Equity	11.50 %	9.00 %
Emerging Markets Equity	6.50 %	11.64 %
Buyouts/Venture Capital	8.25 %	13.08 %

Discount Rate - The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2018

10. Pension Plans (Cont'd)

B. Teachers' Pension and Annuity (TPAF) (cont'd)

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

The following presents the collective net pension liability of the participating employers as of June 30, 2017 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
District's proportionate share of the net pension liability	222,219,542	187,048,547	158,074,530

Pension Plan Fiduciary Net Position - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Defined Contribution Retirement Plan (DCRP)

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

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2018

10. Pension Plans (Cont'd)

B. Teachers' Pension and Annuity (TPAF) (cont'd)

Defined Contribution Retirement Plan (DCRP) (cont'd)

The District's contributions to the DCRP for June 30, 2018 were \$20,808. The liability for unpaid contributions at June 30, 2018 was \$6,120.

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

11. Post-Retirement Benefits

General Information about the OPEB Plan

Plan description and benefits provided

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

The State is also responsible for the cost attributable to P.L. 1992, c.126 which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service.
(GASB Cod. Sec. 2300.106(g))

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2018

11. Post-Retirement Benefits (cont'd)

General Information about the OPEB Plan (cont'd)

Employees covered by benefit terms

At June 30, 2016, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	142,331
Active plan members	<u>223,747</u>
Total	<u><u>366,078</u></u>

Total Nonemployer OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified returned PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education. Note that actual numbers will be published in the NJ State's CAFR (<https://www.nj.gov/treasury/omb/publications/archives.shtml>).

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 Rate	2.5%
Salary Increases through 2026	PERS 2.15%-4.15% PFRS 2.1%-8.98% TPAF 1.55%-4.55%
Salary Increases after 2026	PERS 3.15%-5.15% PFRS 3.1%-9.98% TPAF 2.0%-5.45%
Discount Rate	3.58%
Healthcare Cost Trend Rates	4.5%-5.9%
Retirees' Share of Benefit Related Costs	1.5% of projected health insurance premiums for retirees

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2018

11. Post-Retirement Benefits (cont'd)

Actuarial assumptions and other imputes (cont'd)

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 Scale MP-2017. Postretirement mortality rates were based on the RP-2014 Headcount-weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. The disabled mortality was based on the RP-2014 Headcount-weighted Male/Female mortality table with fully generational improvement projects 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 an actuarial experience study for PERS-June 30, 2014; TPAF-June 30, 2015 and PFRS-June 30, 2013.

Changes in the Total OPEB Liability reported by the State of New Jersey

Balance at June 30, 2016	\$ 57,831,784,184
Changes for the year:	
Service cost	2,391,878,884
Interest on the total OPEB liability	1,699,441,736
Changes in assumptions	(7,086,599,129)
Gross benefit payments by the state	(1,242,412,566)
Contributions from members	<u>45,748,749</u>
Net changes	<u>(4,191,942,326)</u>
Balance at June 30, 2017	\$ <u>53,639,841,858</u>

Discount rate

The discount rate was 2.85% percent in 2016 and 3.58% percent in 2017. This represents the municipal bond rate chosen by the State of New Jersey Division of Pension and Benefits. 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.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2018

11. Post-Retirement Benefits (cont'd)

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the June 30, 2017 total OPEB liability of the State for school board retirees, as well as the State's total OPEB liability for the school district calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease <u>(2.58%)</u>	Current Discount Rate <u>(3.58%)</u>	1% Increase <u>(4.58%)</u>
Total OPEB Liability of the State for School Retirees	\$63,674,362,200	\$53,639,841,858	\$45,680,364,953
Total OPEB Liability of the State Associated with the School District for School Retirees	\$193,244,025	\$162,790,470	\$138,634,415

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount 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 rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% and decreases to 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2018

11. Post-Retirement Benefits (cont'd)

Sensitivity of the total OPEB liability to changes in the health care cost trend rates

The following presents the June 30, 2017 total OPEB liability of the State for school board retirees, as well as the State's total OPEB liability for the school district calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability of the State for School Retirees	\$44,113,584,560	\$53,639,841,858	\$66,290,599,457
Total OPEB Liability of the State Associated with the School District for School Retirees	\$133,878,883	\$162,790,470	\$201,184,000

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

For the year ended June 30, 2018, the board of education recognized OPEB expense of \$9,222,281 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB 75 and in which there is a special funding situation.

In accordance with GASB 75, the Freehold Township School 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. At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		
Changes of assumptions	\$ -	\$ 6,343,769,032
Contributions made in fiscal year ending 2018 after June 30, 2017 measurement date	<u>1,190,373,242</u>	<u>-</u>
Total	<u>\$ 1,190,373,242</u>	<u>\$ 6,343,769,032</u>

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2018

11. Post-Retirement Benefits (cont'd)

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

Year ended June 30:	
2018	\$ (742,830,097)
2019	(742,830,097)
2020	(742,830,097)
2021	(742,830,097)
2022	(742,830,097)
Thereafter	<u>(2,629,618,547)</u>
Total	<u>\$ (6,343,769,032)</u>

12. Compensated Absences

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

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

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2018

13. Deferred Compensation

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

Lincoln Financial
The Variable Annuity Life Insurance Co.
AXA Equitable Life Insurance Co.
Great American Financial Resources, Inc.
Metlife Resources
Security Benefit Corp.
Legend Equities Corporation

14. Risk Management

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

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

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

District Financial Year	Employee Contributions	Interest	Amount Reimbursed	Ending Balance
2017-2018	\$ -	401	48,878	\$ 173,657
2016-2017	-	500	58,808	222,134
2015-2016	\$ -	644	77,605	\$ 280,442

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2018

15. Interfund Receivables and Payables

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

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 22,500	\$ -
Special Revenue Fund	-	-
Capital Projects Fund	-	-
Debt Service Fund	-	-
Enterprise Fund	-	-
Trust and Agency Fund	-	22,500
	<u>\$ 22,500</u>	<u>\$ 22,500</u>

The General Fund owes the Enterprise Fund for funds collected on its behalf.

The Trust and Agency Fund owes the General Fund for advances.

16. Inventory

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

Food	\$ 4,428
Supplies	<u>2,686</u>
	<u>\$ 7,114</u>

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

17. Contingent Liabilities

Grant Programs

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

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2018

18. Fund Balances

General Fund - Of the \$9,688,252 General Fund balance at June 30, 2018, \$575,827 of encumbrances is assigned to other purposes, \$4,165,195 is restricted for capital reserve, \$1,038,926 is restricted for maintenance reserve, \$14,060 is restricted for the emergency reserve, \$- is restricted for excess surplus for subsequent year expenditures, \$2,100,000 has been classified as assigned fund balance designated for subsequent year expenditures, \$- is restricted for excess surplus and \$1,794,244 is unassigned.

19. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2018 is \$-. The excess fund balance at June 30, 2017 was \$-. Pursuant to the provisions of Executive Order No. 14, \$- of that amount was approved by the Commissioner of the Department of Education for withdrawal to address any budget shortfall in the general fund account group due to the 2017-2018 withholding of state aid.

20. Uncertain Tax Positions

The school district had no unrecognized tax benefits at June 30, 2018. The school district files tax returns in the U.S. federal jurisdiction and various states. The school district has no open year prior to June 30, 2015.

21. Subsequent Events

Management has evaluated subsequent events through January 31, 2019, the date the financial statements were available to be issued.

22. Tax Abatement

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.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 65,335,774	\$ -	\$ 65,335,774	65,335,774	\$ -
Tuition from individuals	104,000	-	104,000	190,658	86,658
Tuition from other LEAs within the state	111,553	-	111,553	174,394	62,841
Interest on Investments	-	-	-	-	-
Transportation Fees from Individuals	10,000	-	10,000	19,205	9,205
Transportation Fees from Other LEAs	563,507	-	563,507	590,018	26,511
Interest earned on current expense	1,500	(1,500)	-	-	-
Interest earned on maintenance reserve	1,500	(1,500)	-	-	-
Interest earned on capital reserve funds	50	(50)	-	-	-
Rents and Royalties	-	132,095	132,095	136,377	4,282
Miscellaneous	281,299	(91,045)	190,254	241,976	51,722
Other restricted miscellaneous reserve	38,000	(38,000)	-	-	-
Total - local sources	66,447,183	-	66,447,183	66,688,402	241,219
State sources:					
Transportation aid	333,183	-	333,183	333,183	-
Special education aid	2,615,763	8,770	2,624,533	2,624,533	-
Extraordinary aid	775,000	-	775,000	880,735	105,735
Non public transportation aid	-	-	-	16,820	16,820
Equalization aid	1,100,169	-	1,100,169	1,100,169	-
Categorical security aid	93,758	-	93,758	93,758	-
Adjustment aid	1	-	1	1	-
PARCC readiness aid	39,120	-	39,120	39,120	-
Per pupil growth aid	39,120	-	39,120	39,120	-
Professional learning community aid	36,890	-	36,890	36,890	-
TPAF - LTDI (on-behalf - Non-budgeted)	-	-	-	6,477	6,477
TPAF - post retirement medical (on-behalf - Non-budgeted)	-	-	-	2,762,740	2,762,740
Teacher's pension and annuity fund (on-behalf - Non-budgeted)	-	-	-	4,277,491	4,277,491
TPAF social security (reimbursed - Non-budgeted)	-	-	-	2,175,573	2,175,573
Total state sources	5,033,004	8,770	5,041,774	14,386,610	9,344,836
Federal Sources:					
Medicaid Reimbursement	55,836	-	55,836	86,331	30,495
Total federal sources	55,836	-	55,836	86,331	30,495
Total revenues	71,536,023	8,770	71,544,793	81,161,343	9,616,550
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Preschool - Salaries of teachers	192,346	(29,341)	163,005	161,758	1,247
Kindergarten - Salaries of teachers	1,097,040	(94,754)	1,002,286	999,090	3,196
Grades 1-5 - Salaries of teachers	9,173,893	192,204	9,366,097	9,357,373	8,724
Grades 6-8 - Salaries of teachers	6,728,330	(116,087)	6,612,243	6,611,194	1,049
Regular Programs - Home Instruction:					
Salaries of teachers	30,000	6,830	36,830	36,830	-
Purchased professional-educational services	31,000	11,153	42,153	18,499	23,654
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	447,812	(53,105)	394,707	394,112	595
Purchased professional technical services	72,400	15,029	87,429	82,856	4,573
Other purchased services (400-500 series)	104,210	(11,348)	92,862	82,704	10,158
General supplies	1,777,872	192,613	1,970,485	1,714,627	255,858
Textbooks	88,000	9,994	97,994	93,774	4,220
TOTAL REGULAR PROGRAMS - INSTRUCTION	19,742,903	123,188	19,866,091	19,552,817	313,274
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of teachers	286,619	2,602	289,221	286,162	3,059
Other salaries for instruction	225,328	69,571	294,899	294,898	1
General supplies	9,200	10,000	19,200	16,120	3,080
Textbooks	-	3,500	3,500	1,878	1,622
Total Learning and/or Language Disabilities	521,147	85,673	606,820	599,058	7,762
Behavioral Disabilities:					
Salaries of teachers	72,632	311	72,943	70,283	2,660
Other salaries for instruction	174,554	110,668	285,222	285,222	-
Other purchased services (400-500 series)	500	-	500	-	500
General supplies	3,300	300	3,600	2,660	940
Total Behavioral Disabilities	250,986	111,279	362,265	358,165	4,100

FREEHOLD TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Multiple Disabilities:					
Salaries of teachers	470,980	(110,481)	360,499	355,170	5,329
Other salaries for instruction	550,538	19,250	569,788	562,479	7,309
Purchased professional-educational services	26,800	(10,000)	16,800	-	16,800
Other Purch. Serv. (400-500 series)	4,000	(4,000)	-	-	-
General supplies	12,100	2,800	14,900	14,428	472
Total Multiple Disabilities	<u>1,064,418</u>	<u>(102,431)</u>	<u>961,987</u>	<u>932,077</u>	<u>29,910</u>
Resource Room/Resource Center:					
Salaries of teachers	\$ 4,868,075	\$ 191,733	\$ 5,059,808	\$ 5,059,191	\$ 617
Other salaries for instruction	1,564,684	120,060	1,684,744	1,684,744	-
Other Purch. Serv. (400-500 series)	3,035	-	3,035	3,000	35
General supplies	166,327	(25,078)	141,249	84,437	56,812
Total Resource Room/Resource Center	<u>6,602,121</u>	<u>286,715</u>	<u>6,888,836</u>	<u>6,831,372</u>	<u>57,464</u>
Autism:					
Salaries of teachers	218,386	(2,400)	215,986	209,917	6,069
Other salaries for instruction	226,048	107,796	333,844	333,282	562
Other purchased services (400-500 series)	2,500	-	2,500	330	2,170
General supplies	6,450	12,757	19,207	12,920	6,287
Total Autism	<u>453,384</u>	<u>118,153</u>	<u>571,537</u>	<u>556,449</u>	<u>15,088</u>
Preschool Disabilities - Part Time					
Salaries of teachers	159,104	(55,000)	104,104	93,888	10,216
Other salaries for instruction	292,204	(28,588)	263,616	263,616	-
General supplies	5,250	198	5,448	4,528	920
Total Preschool Disabilities - Part Time	<u>456,558</u>	<u>(83,390)</u>	<u>373,168</u>	<u>362,032</u>	<u>11,136</u>
Preschool Disabilities - Full Time					
Salaries of teachers	232,014	-	232,014	225,117	6,897
Other salaries for instruction	348,692	(144,948)	203,744	197,874	5,870
General supplies	3,250	193	3,443	2,994	449
Total Preschool Disabilities - Full Time	<u>583,956</u>	<u>(144,755)</u>	<u>439,201</u>	<u>425,985</u>	<u>13,216</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>9,932,570</u>	<u>271,244</u>	<u>10,203,814</u>	<u>10,065,138</u>	<u>138,676</u>
Basic Skills/Remedial - Instruction					
Salaries of teachers	703,478	1,200	704,678	698,258	6,420
General Supplies	24,950	6	24,956	7,566	17,390
Total Basic Skills/Remedial - Instruction	<u>728,428</u>	<u>1,206</u>	<u>729,634</u>	<u>705,824</u>	<u>23,810</u>
Bilingual Education - Instruction					
Salaries of teachers	162,210	79,520	241,730	241,730	-
Other Sal. For Instruction	30,094	(10,944)	19,150	14,701	4,449
Other purchased services (400-500 series)	7,650	-	7,650	4,057	3,593
General Supplies	9,200	-	9,200	8,374	826
Total Bilingual Education - Instruction	<u>209,154</u>	<u>68,576</u>	<u>277,730</u>	<u>268,862</u>	<u>8,868</u>
School-Spon. Cocurricular Activities - Instruction					
Salaries	121,590	16,365	137,955	137,955	-
Supplies and materials	7,800	(64)	7,736	6,915	821
Other objects	4,500	174	4,674	2,141	2,533
Total School-Spon. Cocurricular Actvts. - Instruction	<u>133,890</u>	<u>16,475</u>	<u>150,365</u>	<u>147,011</u>	<u>3,354</u>
School-Spon. Athletics - Instruction					
Salaries	139,695	10,740	150,435	150,435	-
Purchased services (300-500 series)	32,315	(4,039)	28,276	25,386	2,890
Supplies and materials	25,000	3,360	28,360	23,278	5,082
Total School-Spon. Cocurricular Actvts. - Instruction	<u>197,010</u>	<u>10,061</u>	<u>207,071</u>	<u>199,099</u>	<u>7,972</u>
Other Instructional Programs - Instruction					
Supplies and materials	6,500	660	7,160	3,060	4,100
Total Other Instructional Programs - Instruction	<u>6,500</u>	<u>660</u>	<u>7,160</u>	<u>3,060</u>	<u>4,100</u>
Total Instruction	<u>30,950,455</u>	<u>491,410</u>	<u>31,441,865</u>	<u>30,941,811</u>	<u>500,054</u>
Undistributed Expenditures - Instruction:					
Tuition to other LEAs within the state - regular	-	49,000	49,000	32,857	16,143
Tuition to other LEAs within the state - special	382,263	(223,081)	159,182	94,633	64,549
Tuition to CSSD & Reg Day School	-	281,756	281,756	238,870	42,886
Tuition to Priv. Sch. For Handic. in state	1,096,310	(98,273)	998,037	658,115	339,922
Total Undistributed Expenditures - Instruction:	<u>1,478,573</u>	<u>9,402</u>	<u>1,487,975</u>	<u>1,024,475</u>	<u>463,500</u>
Undist. Expend. - Health Services					
Salaries	697,125	99,911	797,036	797,036	-
Purchased professional and technical services	29,340	(1,000)	28,340	21,724	6,616
Other Purchd. Serv. (400-500 series)	16,700	316	17,016	7,646	9,370
Supplies and materials	33,350	(3,653)	29,697	21,865	7,832
Other objects	150	-	150	148	2
Total Undistributed Expenditures - Health Services	<u>776,665</u>	<u>95,574</u>	<u>872,239</u>	<u>848,419</u>	<u>23,820</u>

FREEHOLD TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Other Support Serv - Students Related Service					
Salaries	\$ 1,452,497	\$ (48,426)	\$ 1,404,071	\$ 1,403,257	\$ 814
Purchased professional - educational services	115,000	32,851	147,851	96,744	51,107
Other Objects	-	6,000	6,000	5,594	406
Supplies and materials	13,000	7,500	20,500	20,498	2
Total Undist. Expend. - Other Support Serv - Students	1,580,497	(2,075)	1,578,422	1,526,093	52,329
Undist. Expend. - Other Support Services - Students - Extraordinary Services					
Salaries	120,097	(36,624)	83,473	73,932	9,541
Purchased Prof. Ed. Services	13,000	-	13,000	12,144	856
Supplies and materials	25,350	-	25,350	10,790	14,560
Other Objects	3,000	-	3,000	1,497	1,503
Total Undist. Expend. - Other Support Services Students - Extraordinary Services	161,447	(36,624)	124,823	98,363	26,460
Undist. Expend. - Other Support Serv Students-Regular					
Salaries of other professional staff	691,104	(1,661)	689,443	677,076	12,367
Salaries of secretarial and clerical assistants	114,174	300	114,474	111,154	3,320
Purchased professional - educational services	8,000	5,213	13,213	12,947	266
Other purchased services (400-500 series)	14,100	(876)	13,224	6,448	6,776
Supplies and materials	27,850	1,679	29,529	19,481	10,048
Other objects	15	-	15	-	15
Total Undist. Expend. - Other Support Serv - Students-Regular	855,243	4,655	859,898	827,106	32,792
Undist. Expend. - Other Support Serv - Students-Special					
Salaries of other professional staff	1,859,788	(62,452)	1,797,336	1,797,336	-
Salaries of secretarial and clerical assistants	298,615	450	299,065	287,785	11,280
Other purchased prof. and tech. services	122,000	11,848	133,848	107,127	26,721
Other purchased services (400-500 series)	9,160	(9,160)	-	-	-
Misc. purchased services (400-500 series o/than resid costs)	35,000	7,120	42,120	33,418	8,702
Supplies and materials	75,000	(5,240)	69,760	50,590	19,170
Other objects	7,000	-	7,000	4,801	2,199
Total Undist. Expend. - Other Supp Services - Students-Special	2,406,563	(57,434)	2,349,129	2,281,057	68,072
Undist. Expend. - Improv of Instruct Serv - Other Sup Serv - Instr					
Salaries of supervisor of instruction	1,167,575	(73,590)	1,093,985	1,088,806	5,179
Other Salaries	120,000	24,965	144,965	144,965	-
Unused Vac Pay to Term/Retired Staff	-	3,016	3,016	3,016	-
Other purchased services (400-500)	95,199	(14,938)	80,261	24,204	56,057
Supplies and materials	8,260	228	8,488	4,738	3,750
Other objects	8,237	(975)	7,262	6,175	1,087
Total Undist. Expend. - Improv of Instruct Serv - Other Sup Serv - Instr	1,399,271	(61,294)	1,337,977	1,271,904	66,073
Undist. Expend. - Educational Media Services/School Library					
Salaries	452,500	(61,295)	391,205	389,878	1,327
Supplies and materials	91,140	(8,053)	83,087	78,322	4,765
Total Undist. Expend. - Educational Media Services/School Library	543,640	(69,348)	474,292	468,200	6,092
Undist. Expend. - Instruction Staff Training Services					
Salaries of other professional staff	67,036	-	67,036	67,036	-
Purchased professional - educational services	32,000	16,500	48,500	27,785	20,715
Other purchased services (400-500)	33,000	-	33,000	16,654	16,346
Supplies and materials	4,000	-	4,000	3,677	323
Total Undist. Expend. - Instruction Staff Training Services	136,036	16,500	152,536	115,152	37,384
Undist. Expend. - Support Service - General Administration					
Salaries	492,828	14,555	507,383	495,383	12,000
Legal services	105,000	21,584	126,584	96,273	30,311
Audit Fees	31,825	11,222	43,047	43,046	1
Architectural/Engineering Services	54,250	93,220	147,470	70,411	77,059
Other purchased professional services	14,588	(350)	14,238	7,490	6,748
Purchased technical services	24,000	-	24,000	4,985	19,015
Communications/Telephone	122,300	13,978	136,278	115,758	20,520
BOE Other purchased services	26,300	-	26,300	3,072	23,228
Other purchased services (400-500 series)	19,308	1,212	20,520	20,520	-
General supplies	23,600	3,094	26,694	11,842	14,852
Miscellaneous expenditures	13,500	24,400	37,900	25,204	12,696
BOE membership dues and fees	31,000	-	31,000	28,460	2,540
Total Undist. Expend. - Support Service - General Administration	958,499	182,915	1,141,414	922,444	218,970
Undist. Expend. - Support Service - School Administration					
Salaries of principals/Assistant principals	1,518,739	50,599	1,569,338	1,560,252	9,086
Salaries of secretarial and clerical assistants	822,516	(19,095)	803,421	803,421	-
Unused Vac Pay to Term/Retired Staff	5,882	8,707	14,589	14,588	1
Other purchased services (400-500 series)	83,507	6,505	90,012	77,950	12,062
Supplies and materials	64,143	(4,736)	59,407	56,603	2,804
Other objects	19,665	(560)	19,105	17,581	1,524
Total Undist. Expend. - Support Service - School Administration	2,514,452	41,420	2,555,872	2,530,395	25,477

FREEHOLD TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Central Services					
Salaries	\$ 756,534	\$ (30,797)	\$ 725,737	\$ 725,737	\$ -
Purchased professional services	16,220	1,450	17,670	17,670	-
Purchased technical services	49,356	5,050	54,406	42,776	11,630
Misc. Purchased Services	11,400	-	11,400	2,994	8,406
Supplies and materials	22,425	3,316	25,741	17,066	8,675
Miscellaneous expenditures	30,675	(600)	30,075	17,252	12,823
Total Undist. Expend. - Central Services	886,610	(21,581)	865,029	823,495	41,534
Undist.- Admin. Info. Technology					
Salaries	493,553	(88,852)	404,701	397,926	6,775
Purchased Professional Services	341,550	(16,700)	324,850	296,606	28,244
Other Purchased Services	95,002	(2,220)	92,782	68,918	23,864
Supplies and materials	159,000	(30,627)	128,373	126,778	1,595
Total Undist. Expend - Admin. Info. Technology	1,089,105	(138,399)	950,706	890,228	60,478
Interest Earned on Maintenance Reserve					
Interest earned on maintenance reserve	1,500	(1,500)	-	-	-
Total Interest Earned on Maintenance Reserve	1,500	(1,500)	-	-	-
Undist. Expend. - Allowed Maintenance for School Facilities					
Salaries	475,947	14,155	490,102	480,820	9,282
Cleaning, repair and maintenance services	686,026	28,602	714,628	599,163	115,465
General supplies	160,120	(2,884)	157,236	151,548	5,688
Other objects	2,500	-	2,500	556	1,944
Total Undist. Expend. - Allowed Maintenance for School Facilities	1,324,593	39,873	1,364,466	1,232,087	132,379
Undist. Expend. - Other Operation & Maintenance of Plant					
Salaries	1,944,552	(76,834)	1,867,718	1,867,371	347
Salaries of non-instructional aides	255,683	(3,496)	252,187	252,187	-
Unused Vac Pay to Term/Retired Staff	-	4,304	4,304	4,304	-
Purchased professional and technical services	2,500	-	2,500	-	2,500
Cleaning, repair and maintenance services	134,166	478	134,644	61,709	72,935
Other purchased property services	65,000	-	65,000	61,785	3,215
Misc Purchased Services	2,500	-	2,500	-	2,500
Insurance	407,593	(1,156)	406,437	404,053	2,384
General supplies	156,834	(401)	156,433	143,250	13,183
Energy (electricity)	1,265,062	69,260	1,334,322	1,054,424	279,898
Other objects	2,500	-	2,500	700	1,800
Energy (natural gas)	355,132	25,834	380,966	238,729	142,237
Total Undist Expend-Other Operation & Maint Of Plant	4,591,522	17,989	4,609,511	4,088,512	520,999
Undist. Expend. - Care & Upkeep of Grounds					
Salaries	175,453	14,607	190,060	189,059	1,001
Cleaning, repair and maintenance services	91,750	(7,410)	84,340	73,563	10,777
General supplies	40,550	-	40,550	26,905	13,645
Total Undist Expend-Care & Upkeep of Grounds	307,753	7,197	314,950	289,527	25,423
Security					
Purchased Professional and Technical Services	8,000	20,292	28,292	22,027	6,265
Cleaning, repair and maintenance services	18,000	11,464	29,464	6,130	23,334
General supplies	16,160	10,596	26,756	19,926	6,830
Total Security	42,160	42,352	84,512	48,083	36,429
Undist. Expend. - Student Transportation Services					
Salaries of non-instructional aides	385,049	27,628	412,677	412,021	656
Salaries-pupil transport(between home & school)-Regular	1,021,452	98,383	1,119,835	1,119,544	291
Salaries-pupil transport (between home & school)-Special	787,917	(47,537)	740,380	739,794	586
Salaries-pupil transport(other than home & school)-Regular	78,577	(8,000)	70,577	67,870	2,707
Other purchased professional and technical services	15,000	-	15,000	6,189	8,811
Cleaning, repair and maintenance services	480,000	(500)	479,500	389,994	89,506
Lease purchase payments - School buses	400,958	8,747	409,705	355,544	54,161
Contract Svc - Aid in Lieu Pymts - NonPub Sch	65,000	32,483	97,483	82,941	14,542
Contract Svc (other btw home & Sch.) - Vendors	-	3,000	3,000	-	3,000
Contract Svc (Sp Ed Stds) - Vendors	11,000	-	11,000	8,504	2,496
Contract Svc (Regular students) - ESCs & CTAs	100,000	5,730	105,730	70,981	34,749
Contract Svc (Spl. Ed. Students) - ESCs & CTAs	550,000	39,327	589,327	475,010	114,317
General supplies	5,000	7,810	12,810	7,408	5,402
Misc Purchased Serv - Transportation	1,500	4,487	5,987	5,471	516
Transportation supplies	351,500	13,448	364,948	205,056	159,892
Misc Expenditures	8,500	-	8,500	5,957	2,543
Total Undist. Expend. - Student Transportation Services	4,261,453	185,006	4,446,459	3,952,284	494,175
Interest Earned on Current Expense Emergency Reserve					
Interest earned on current expense emergency reserve	1,500	(1,500)	-	-	-
Total Interest Earned on Current Expense Emergency Reserve	1,500	(1,500)	-	-	-

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
UNALLOCATED EMPLOYEE BENEFITS					
Group insurance	\$ 14,700	\$ -	\$ 14,700	\$ 12,408	\$ 2,292
Social security contributions	1,172,823	(12,475)	1,160,348	1,067,272	93,076
Other retirement contributions - PERS	1,553,173	-	1,553,173	1,394,542	158,631
Unemployment Compensation	150,000	(123,072)	26,928	-	26,928
Workmen's compensation	509,600	(24,212)	485,388	484,776	612
Health benefits	12,757,914	-	12,757,914	11,850,494	907,420
Tuition reimbursement	140,000	(2,000)	138,000	112,954	25,046
Unused Vac Pay to Term/Retired Staff	95,460	24,400	119,860	119,585	275
Other employee benefits	30,425	(9,093)	21,332	20,173	1,159
TOTAL UNALLOCATED EMPLOYEE BENEFITS	<u>16,424,095</u>	<u>(146,452)</u>	<u>16,277,643</u>	<u>15,062,204</u>	<u>1,215,439</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	<u>16,424,095</u>	<u>(146,452)</u>	<u>16,277,643</u>	<u>15,062,204</u>	<u>1,215,439</u>
On-behalf TPAF LTDI (non-budgeted)	-	-	-	6,477	(6,477)
On-behalf TPAF OPEB (post retirement med) (non-budgeted)	-	-	-	2,762,740	(2,762,740)
On-behalf TPAF Pension Contributions (non-budgeted)	-	-	-	4,277,491	(4,277,491)
Reimbursed TPAF social security contributions (non-budgeted)	-	-	-	2,175,573	(2,175,573)
TOTAL ON-BEHALF CONTRIBUTIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,222,281</u>	<u>(9,222,281)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>41,741,177</u>	<u>106,676</u>	<u>41,847,853</u>	<u>47,522,309</u>	<u>(5,674,456)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>72,691,632</u>	<u>598,086</u>	<u>73,289,718</u>	<u>78,464,120</u>	<u>(5,174,402)</u>

FREEHOLD TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Interest	50	(50)	-	-	-
Equipment					
Regular Programs - Instruction:					
Grades 1-5		17,000	17,000	-	17,000
Grades 6-8	-	10,191	10,191	3,334	6,857
Grades 9-12	-	-	-	-	-
Home Instruction	-	-	-	-	-
Auditory Impairments	-	-	-	-	-
School - Sponsored and other instructional program	-	-	-	-	-
Special Education - Instruction - Multiple Disabilities	-	9,384	9,384	8,715	669
Undistributed expenditures - Instruction	-	-	-	-	-
Undistributed expenditures - Support services - Students - Reg.	-	-	-	-	-
Undistributed expenditures - Support services - Child Study Teams	13,000	(13,000)	-	-	-
Undistributed expenditures - Support services - Related & Extra	8,000	9,177	17,177	9,177	8,000
Undistributed expenditures - General administration	-	-	-	-	-
Undistributed expenditures - Central services	-	-	-	-	-
Undistributed expenditures - Admin Info Tech	-	30,695	30,695	30,695	-
Undistributed expenditures - Required Maint. For Schools	47,500	4,750	52,250	20,685	31,565
Undistributed expenditures - Custodial services	10,000	7,410	17,410	9,516	7,894
Undistributed expenditures - Security	600,000	60,816	660,816	654,443	6,373
Total Equipment	<u>678,500</u>	<u>136,423</u>	<u>814,923</u>	<u>736,565</u>	<u>78,358</u>
Facilities Acquisition and Construction Services					
Other objects	-	-	-	-	-
Construction Services	799,578	55,654	855,232	629,069	226,163
Architectual/engineering Services	54,291	67	54,358	53,486	872
Assessment for Debt Service on SDA Funding	111,972	-	111,972	111,972	-
Total Facilities Acquisition and Construction Services	<u>965,841</u>	<u>55,721</u>	<u>1,021,562</u>	<u>794,527</u>	<u>227,035</u>
TOTAL CAPITAL OUTLAY	<u>1,644,391</u>	<u>192,094</u>	<u>1,836,485</u>	<u>1,531,092</u>	<u>305,393</u>
TOTAL EXPENDITURES	<u>74,336,023</u>	<u>790,180</u>	<u>75,126,203</u>	<u>79,995,212</u>	<u>(4,869,009)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,800,000)</u>	<u>(781,410)</u>	<u>(3,581,410)</u>	<u>1,166,131</u>	<u>(4,747,541)</u>
Other Financing Sources/ (Uses):					
Transfer from capital projects from capital reserve	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer out of capital reserve	-	-	-	-	-
Transfer to debt service	-	-	-	-	-
Total Other Financing Sources:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures & Other Financing Sources (Uses)	<u>(2,800,000)</u>	<u>(781,410)</u>	<u>(3,581,410)</u>	<u>1,166,131</u>	<u>(4,747,541)</u>
Fund Balance, July 1	<u>8,919,113</u>	<u>-</u>	<u>8,919,113</u>	<u>8,919,113</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 6,119,113</u>	<u>\$ (781,410)</u>	<u>\$ 5,337,703</u>	<u>10,085,244</u>	<u>\$ (4,747,541)</u>
Recapitulation:					
Restricted Fund Balance:					
Capital reserve				4,165,195	
Maintenance reserve				1,038,926	
Emergency reserve				14,060	
Excess surplus-current year				-	
Excess surplus - designated for subsequent year's expenditures				-	
Assigned Fund Balance:					
Year-end encumbrances				575,827	
Designated for subsequent year's expenditures				2,100,000	
Unrestricted/undesignated fund balance				<u>2,191,236</u>	
Reconciliation to governmental funds statements (GAAP)					
Fund balance per governmental funds (Budgetary)				10,085,244	
Last state aid payment not recognized on GAAP basis				(396,992)	
Fund balance per governmental funds (GAAP) - B-1				<u>9,688,252</u>	
Restricted fund balances				7,318,181	
Unrestricted fund balances				2,370,071	
Fund balance per governmental funds (GAAP) - B-1				<u>9,688,252</u>	

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local sources	\$ -	\$ -	\$ -	\$ 81,174	\$ 81,174
State sources	-	-	-	4,478	4,478
Federal sources	-	-	-	1,161,085	1,161,085
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,246,737</u>	<u>1,246,737</u>
EXPENDITURES					
Instruction:					
Salaries of teachers	864,355	41,988	906,343	870,501	35,842
Other salaries for instruction	-	-	-	-	-
Purchased professional services	-	1,275	1,275	1,275	-
Textbooks	-	-	-	-	-
Miscellaneous expense	-	-	-	-	-
General supplies	-	205,419	205,419	80,795	124,624
Tuition	73,933	109,952	183,885	145,630	38,255
Total instruction	<u>938,288</u>	<u>358,634</u>	<u>1,296,922</u>	<u>1,098,201</u>	<u>198,721</u>
Support services:					
Other professional staff salaries	-	49,800	49,800	41,000	8,800
Secretarial/clerical salaries	-	-	-	-	-
Personal services - employee benefits	44,786	72,381	117,167	103,057	14,110
Purchased professional - educational services	-	1,649	1,649	1,649	-
Other purchased professional services	-	2,885	2,885	1,467	1,418
Purchased technical services	-	-	-	-	-
Travel	-	-	-	-	-
Miscellaneous purchased services (400-500 series)	-	-	-	-	-
Miscellaneous expenditures	-	-	-	-	-
Supplies & materials	-	1,933	1,933	1,363	570
Total support services	<u>44,786</u>	<u>128,648</u>	<u>173,434</u>	<u>148,536</u>	<u>24,898</u>
EXPENDITURES (CONT'D):					
Facilities acquisition and const. serv.:					
Instructional equipment	-	-	-	-	-
Total facilities acquisition and const. serv.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>983,074</u>	<u>487,282</u>	<u>1,470,356</u>	<u>1,246,737</u>	<u>223,619</u>
Other financing sources (uses)					
Transfer in from general fund	-	-	-	-	-
Contribution to whole school reform	-	-	-	-	-
Total outflows	<u>983,074</u>	<u>487,282</u>	<u>1,470,356</u>	<u>1,246,737</u>	<u>223,619</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ (983,074)</u>	<u>\$ (487,282)</u>	<u>\$ (1,470,356)</u>	<u>\$ -</u>	<u>\$ 1,470,356</u>
Reconciliation to governmental funds statements (GAAP)					
Last state aid payment not recognized on GAAP basis				\$ -	
Fund balance per governmental funds (GAAP)				<u>\$ -</u>	

FREEHOLD TOWNSHIP SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to Required Supplementary Information
 For the Fiscal Year Ended June 30, 2018

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

	General Fund	Special Revenue Fund
	<u> </u>	<u> </u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 81,161,343	[C-2] \$ 1,246,737
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	(55,629)
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.	(4,277,491)	
The 2016-17 last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GAAP 33).	394,650	-
The 2017-18 last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GAAP 33).	(396,992)	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] <u>\$ 76,881,510</u>	[B-2] <u>\$ 1,191,108</u>
 Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 79,995,212	[C-2] \$ 1,246,737
Differences - budget to GAAP		
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.	(4,277,491)	
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.		(55,629)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] <u>\$ 75,717,721</u>	[B-2] <u>\$ 1,191,108</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

Freehold Township School District
Required Supplementary Information
Schedule of the District's Proportionate Share of Net Pension Liability-PERS
For the Fiscal Year Ended June 30, 2018

	Last 10 Fiscal Years*			
	2015	2016	2017	2018
District's proportion of the net pension liability	0.1382627295%	0.1401273042%	0.1479643329%	0.0991153647%
District's proportionate share of the net pension liability	\$ 27,091,283	\$ 32,770,266	\$ 43,822,791	\$ 23,072,473
District's covered-employee payroll	9,903,070	9,699,657	10,218,973	10,570,646
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	273.56%	337.85%	23.32%	45.81%
Plan fiduciary net position as a percentage of the total pension liability	67.89%	61.84%	45.35%	58.18%

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

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

**Freehold Township School District
Required Supplementary Information
Schedule of the District Contributions-PERS
For the Fiscal Year Ended June 30, 2018**

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contributions	\$ 1,139,818	\$ 1,227,572	\$ 1,322,906	\$ 1,382,967
Contributions in relation to the contractually required contribution	<u>1,154,023</u>	<u>1,227,572</u>	<u>1,339,939</u>	<u>1,394,542</u>
Contribution deficiency (excess)	<u>\$ (14,205)</u>	<u>\$ -</u>	<u>\$ (17,033)</u>	<u>\$ (11,575)</u>
District's covered-employee payroll	\$ -	\$ 9,903,070	\$ 9,699,657	\$ 10,218,973
Contributions as a percentage of covered-employee payroll	0.00%	12.40%	13.64%	13.53%

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

**Freehold Township School District
Required Supplementary Information
Schedule of the District's Proportionate Share of Net Pension Liability-TPAF
For the Fiscal Year Ended June 30, 2018**

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
District's proportion of the net pension liability	0.2553368545%	0.2631888032%	0.2754899316%	0.2764119540%
District's proportionate share of the net pension liability	\$ 136,469,238	\$ 166,346,563	\$ 216,717,921	\$ 186,366,906
District's covered-employee payroll	28,272,442	29,143,617	29,311,118	30,422,257
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	482.69%	570.78%	13.53%	16.32%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%

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

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

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

Freehold Township School District
 Required Supplementary Information
 Schedule of Changes in the Total OPEB Liability and Related Ratios
 For the Fiscal Year Ended June 30, 2018
 (Unaudited)

Last 10 Fiscal Years*

	2018
Total OPEB liability	
Service cost	\$ 7,798,702
Interest cost	5,165,231
Changes in assumptions	(21,782,320)
Member contributions	138,842
Gross benefit payments	(3,770,573)
Net change in total OPEB liability	(12,450,118)
Total OPEB liability - beginning	175,240,588
Total OPEB liability - ending	\$ 162,790,470
District's covered employee payroll	\$ 45,880,853
Total OPEB liability as a percentage of covered employee payroll	355%

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

Freehold Township School District

Notes to Required Supplementary Information - Part III

For the Year Ended June 30, 2018

Notes for TPAF Pension Schedules

Assumptions

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. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.25 %
Salary increases: 2012-2021	1.65 - 4.15 % based on age
Thereafter	2.65 - 5.15 % based on age
Investment rate of return	7.00 %

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Notes to OPEB Schedule

Benefit changes: None

Changes in assumptions: The increase in the liability from June 30, 2015 to June 30, 2016 is due to the decrease in the assumed discount rate from 3.8% as of June 30, 2015 to 2.85% as of June 30, 2016. The decrease in the liability from June 30, 2016 to June 30, 2017 is due to the increase in the assumed discount rate from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

OTHER SUPPLEMENTARY INFORMATION

D. School Based Budget Schedules
Not Applicable

E. Special Revenue Fund

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2018

	Title I Part A 17/18	Title IV 17/18	Title II Part A 17/18	Title III Part A 17/18	Title III Immigrant 17/18	IDEA-Part B-Basic Reg Prog 17/18	IDEA-Part B-Preschool Reg Prog 17/18
Revenues:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	<u>195,400</u>	<u>9,363</u>	<u>66,012</u>	<u>1,221</u>	<u>1,467</u>	<u>849,411</u>	<u>38,211</u>
Total revenues	<u>195,400</u>	<u>9,363</u>	<u>66,012</u>	<u>1,221</u>	<u>1,467</u>	<u>849,411</u>	<u>38,211</u>
Expenditures:							
Instruction:							
Salaries of teachers	115,635	-	61,321	-	-	649,256	32,574
Other salaries/instruction	-	-	-	-	-	-	-
Purchased professional services	-	-	-	-	-	-	-
General supplies	8,561	-	-	1,221	-	-	-
Tuition	-	-	-	-	-	145,630	-
Textbooks	-	-	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-	-	-
Total instruction	<u>124,196</u>	<u>-</u>	<u>61,321</u>	<u>1,221</u>	<u>-</u>	<u>794,886</u>	<u>32,574</u>
Support services:							
Other support services - students - special:							
Other professional staff salaries	33,000	8,000	-	-	-	-	-
Secretarial/Clerical salaries	-	-	-	-	-	-	-
Purchased professional services	-	-	-	-	-	-	-
Other purchased professional services	-	-	-	-	1,467	-	-
Purchased technical services	-	-	-	-	-	-	-
Employee benefits	38,204	-	4,691	-	-	54,525	5,637
Travel	-	-	-	-	-	-	-
Miscellaneous purchased services	-	-	-	-	-	-	-
General supplies	-	1,363	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-	-	-
Total other support services - students - special	<u>71,204</u>	<u>9,363</u>	<u>4,691</u>	<u>-</u>	<u>1,467</u>	<u>54,525</u>	<u>5,637</u>
Total support services	<u>71,204</u>	<u>9,363</u>	<u>4,691</u>	<u>-</u>	<u>1,467</u>	<u>54,525</u>	<u>5,637</u>
Equipment:							
Regular programs instruction	-	-	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-	-	-
Total equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 195,400</u>	<u>\$ 9,363</u>	<u>\$ 66,012</u>	<u>\$ 1,221</u>	<u>\$ 1,467</u>	<u>\$ 849,411</u>	<u>\$ 38,211</u>

(continued on next page)

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2018

(Continued from prior page)

	Nonpublic Technology 17/18	Nonpublic Textbook 17/18	Nonpublic Nursing 17/18	Nonpublic Security 17/18	Local 17/18	Total 2018
Revenues:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 81,174	\$ 81,174
State sources	629	925	1,649	1,275	-	4,478
Federal sources	-	-	-	-	-	1,161,085
Total revenues	<u>629</u>	<u>925</u>	<u>1,649</u>	<u>1,275</u>	<u>81,174</u>	<u>1,246,737</u>
Expenditures:						
Instruction:						
Salaries of teachers	-	-	-	-	11,715	870,501
Other salaries/instruction	-	-	-	-	-	-
Purchased professional services	-	-	-	1,275	-	1,275
General supplies	629	925	-	-	69,459	80,795
Tuition	-	-	-	-	-	145,630
Textbooks	-	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-	-
Total instruction	<u>629</u>	<u>925</u>	<u>-</u>	<u>1,275</u>	<u>81,174</u>	<u>1,098,201</u>
Support services:						
Other support services - students - special:						
Other professional staff salaries	-	-	-	-	-	41,000
Secretarial/Clerical salaries	-	-	-	-	-	-
Purchased professional services	-	-	1,649	-	-	1,649
Other purchased professional services	-	-	-	-	-	1,467
Purchased technical services	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	103,057
Travel	-	-	-	-	-	-
Miscellaneous purchased services	-	-	-	-	-	-
General supplies	-	-	-	-	-	1,363
Miscellaneous expenses	-	-	-	-	-	-
Total other support services - students - special	<u>-</u>	<u>-</u>	<u>1,649</u>	<u>-</u>	<u>-</u>	<u>148,536</u>
Total support services	<u>-</u>	<u>-</u>	<u>1,649</u>	<u>-</u>	<u>-</u>	<u>148,536</u>
Equipment:						
Regular programs instruction	-	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-	-
Total equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 629</u>	<u>\$ 925</u>	<u>\$ 1,649</u>	<u>\$ 1,275</u>	<u>\$ 81,174</u>	<u>\$ 1,246,737</u>

F. Capital Projects Fund
Not Applicable

G. Proprietary Funds

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Enterprise Fund
Statement of Net Position
June 30, 2018

	Food Service
Assets:	
Current assets:	
Cash and cash equivalents	\$ 317,405
Accounts receivable:	
State	846
Federal	18,500
Interfunds	-
Other	-
Inventories	7,114
 Total current assets	 343,865
Fixed assets:	
Equipment	531,951
Accumulated depreciation	(457,498)
 Total fixed assets	 74,453
 Total assets	 418,318
Liabilities and Net Position:	
Liabilities:	
Accounts payable	59,286
Deferred revenue	-
 Total liabilities	 59,286
Net position:	
Net investment in capital assets	74,453
Restricted for other purposes	-
Contributed capital	-
Unrestricted net position	284,579
 Total net position	 359,032
 Total liabilities and net position	 \$ 418,318

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Food Services Enterprise Fund
Statement of Revenues, Expenses and
Changes in Net Position
for the Fiscal Year ended June 30, 2018

	Food Service
Operating revenues:	
Local sources:	
Daily sales-reimbursable programs:	
School lunch program	\$ 452,251
Special milk program	-
	452,251
Total-daily sales-reimbursable programs	452,251
Daily sales non-reimbursable programs	327,241
Total operating revenues	779,492
Operating expenses:	
Salaries	373,594
Employee benefits	65,250
Purchased property	-
Other purchased services	120,988
Supplies and materials	90,694
Depreciation	16,668
Cost of sales - reimbursable programs	290,509
Cost of sales - non-reimbursable programs	92,015
Total operating expenses	1,049,718
Operating loss	(270,226)
Nonoperating revenues:	
State sources:	
State school lunch program	9,291
Federal sources:	
National school lunch program	230,571
National School Breakfast program	9,575
U.S.D.A. commodities	77,708
Total nonoperating revenues	327,145
Change in net position	56,919
Total net position beginning	302,113
Total net position ending	\$ 359,032

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Food Services Enterprise Fund
Statement of Cash Flows
for the Fiscal Year ended June 30, 2018

	Food Service
Cash Flows from Operating Activities:	
Receipts from customers and other funds	\$ 779,492
Payments to employees	(373,594)
Payments for employee benefits	(65,250)
Payments to suppliers	(504,884)
Net cash provided by (used for) operating activities	(164,236)
Cash Flows from Noncapital Financing Activities:	
State sources	9,195
Federal sources	240,487
Operating subsidies	-
Net cash provided by (used for) noncapital financing activities	249,682
Cash Flows from Capital and Related Financing Activities:	
Purchases of fixed assets	(3,160)
Net cash provided by (used for) capital and related financing activities	(3,160)
Net increase (decrease) in cash and cash equivalents	82,286
Balances-beginning of the year	235,119
Balances-end of the year	317,405
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating loss	\$ (270,226)
Adjustments to reconcile operating loss to cash provided by (used for) operating activities:	
Depreciation	16,668
Federal commodities	77,708
Change in assets and liabilities:	
Decrease (increase) in interfund receivable	20,217
Decrease (increase) in accounts receivable	-
Decrease (increase) in inventory	4,801
Increase (decrease) in accounts payable	(13,404)
Total adjustments	105,990
Net cash provided by (used for) operating activities	\$ (164,236)

H. Fiduciary Funds

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Statement of Agency Fund Assets and Liabilities
Fiduciary Funds
June 30, 2018

	Trust	Agency		Total
	Unemployment Compensation Trust	Student Activity	Payroll Agency	
ASSETS				
Cash and cash equivalents	\$ 173,657	\$ 9,999	\$ 721,598	\$ 905,254
Intergovernmental Accounts Receivable	-	-	-	-
Interfund receivable	-	-	-	-
Total assets	<u>173,657</u>	<u>9,999</u>	<u>721,598</u>	<u>905,254</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Payroll deductions and withholdings	-	-	699,098	699,098
Payable to student groups	-	9,999	-	9,999
Interfund payable	-	-	22,500	22,500
Other current liabilities	-	-	-	-
Total liabilities	<u>-</u>	<u>9,999</u>	<u>721,598</u>	<u>731,597</u>
NET POSITION				
Held in trust for unemployment claims and other purposes	173,657	-	-	173,657
Reserved for scholarships	-	-	-	-
Total net position	<u>173,657</u>	<u>-</u>	<u>-</u>	<u>173,657</u>
Total liabilities and net position	<u>\$ 173,657</u>	<u>\$ 9,999</u>	<u>\$ 721,598</u>	<u>\$ 905,254</u>

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2018

	Unemployment Compensation Trust
ADDITIONS	
Contributions:	
Plan member	\$ -
Other	-
Total Contributions	-
Investment earnings:	
Net increase (decrease) in fair value of investments	-
Interest	401
Dividends	-
Less investment expense	-
Net investment earnings	401
Total additions	401
DEDUCTIONS	
Quarterly contribution reports	-
Unemployment claims	48,878
Scholarships awarded	-
Refunds of contributions	-
Administrative expenses	-
Total deductions	48,878
Change in net position	(48,477)
Net position—beginning of the year	222,134
Net position—end of the year	\$ 173,657

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year ended June 30, 2018

	<u>Balance July 1, 2017</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2018</u>
Clifton T. Barkalow School	\$ 8,648	\$ 31,288	\$ 30,733	\$ 9,203
Dwight D. Eisenhower School	152	69,436	68,792	796
Total all schools	<u>\$ 8,800</u>	<u>\$ 100,724</u>	<u>\$ 99,525</u>	<u>\$ 9,999</u>

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year ended June 30, 2018

	<u>Balance July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2018</u>
Payroll deductions and withholdings	\$ 543,831	50,832,752	50,679,485	\$ 697,098
Due to General Fund	22,500.00	24,500	22,500	24,500
Total	<u><u>\$ 566,331</u></u>	<u><u>50,857,252</u></u>	<u><u>50,701,985</u></u>	<u><u>\$ 721,598</u></u>

I. Long-Term Debt

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Obligations Under Capital Leases
Year Ended June 30, 2018

<u>Purpose</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original</u>		<u>Interest Rate</u>	<u>Balance 06/30/17</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 06/30/18</u>
			<u>Principal</u>	<u>Interest</u>					
Equipment	9/24/2013	5 Years	\$ 350,000	\$ 49,644	various	149,000	-	73,000	76,000
Equipment	6/25/2014	5 Years	\$ 279,617	\$ 8,084	1.37%	113,023	-	56,127	56,896
Equipment	10/27/2015	5 Years	\$ 524,000	\$ 75,228	various	-	433,000	101,000	332,000
Equipment	4/7/2017	5 Years	\$ 226,350	\$ 12,115	2.74%	-	176,350	35,370	140,980
Equipment	9/22/2017	5 Years	\$ 916,146	\$ 47,166	2.025%	-	916,146	150,000	766,146
						\$ 262,023	1,525,496	415,497	\$ 1,372,022

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 3,347,197	\$ -	\$ 3,347,197	\$ 3,347,197	\$ -
State Sources:					
Debt Service Aid Type II	38,103	-	38,103	38,103	-
Total - State Sources	38,103	-	38,103	38,103	-
Total Revenues	3,385,300	-	3,385,300	3,385,300	-
EXPENDITURES:					
Regular Debt Service:					
Interest	1,790,300	-	1,790,300	1,790,300	-
Redemption of Principal	1,595,000	-	1,595,000	1,595,000	-
Total Regular Debt Service	3,385,300	-	3,385,300	3,385,300	-
Total expenditures	3,385,300	-	3,385,300	3,385,300	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Other Financing Sources (uses):					
Bond premium	-	-	-	-	-
Bond refunding costs	-	-	-	-	-
Interest on bond payoff	-	-	-	-	-
Payoff old bonds	-	-	-	-	-
Issue new bonds	-	-	-	-	-
Operating transfer in	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	1	-	1	1	-
Fund Balance, June 30	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

Freehold Township School District
Statistical Section

J series

Contents

Pages

Financial Trends

107-111

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

Revenue Capacity

112-115

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

Debt Capacity

116-119

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

Demographic and Economic Information

120-121

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

Operating Information

122-127

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

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 7,018,996	\$ 7,154,586	\$ 6,462,294	\$ 6,435,070	\$ 5,868,706	\$ 3,478,290	\$ 2,618,410	\$ 8,131,767	\$ 7,785,018	\$ 6,048,068
Restricted	6,594,534	6,503,398	4,260,324	7,834,549	7,786,350	5,574,187	5,227,613	3,964,061	6,710,601	7,318,182
Unrestricted	985,150	170,580	2,965,858	125,150	620,891	3,629,137	(24,135,848)	(28,153,549)	(29,547,677)	(21,414,049)
Total governmental activities net position	\$ 14,598,680	\$ 13,828,564	\$ 13,688,476	\$ 14,394,769	\$ 14,275,947	\$ 12,681,614	\$ (16,289,825)	\$ (16,057,721)	\$ (15,052,058)	\$ (8,047,799)
Business-type activities										
Net investment in capital assets	\$ 12,462	\$ 16,540	\$ 15,450	\$ 10,950	\$ 8,500	\$ 7,517	\$ 20,068	\$ 17,911	\$ 15,754	\$ 74,453
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	62,010	73,576	85,189	118,442	21,385	75,648	123,645	163,292	214,152	284,579
Total business-type activities position	\$ 74,472	\$ 90,116	\$ 100,639	\$ 129,392	\$ 29,885	\$ 83,165	\$ 143,713	\$ 181,203	\$ 229,906	\$ 359,032
District-wide										
Net investment in capital assets	\$ 7,031,458	\$ 7,171,126	\$ 6,477,744	\$ 6,446,020	\$ 5,877,206	\$ 3,485,807	\$ 2,638,478	\$ 8,149,678	\$ 7,800,772	\$ 6,122,521
Restricted	6,594,534	6,503,398	4,260,324	7,834,549	7,786,350	5,574,187	5,227,613	3,964,061	6,710,601	7,318,182
Unrestricted	1,047,160	244,156	3,051,047	243,592	642,276	3,704,785	(24,012,203)	(27,990,257)	(29,333,525)	(21,129,470)
Total district net position	\$ 14,673,152	\$ 13,918,680	\$ 13,789,115	\$ 14,524,161	\$ 14,305,832	\$ 12,764,779	\$ (16,146,112)	\$ (15,876,518)	\$ (14,822,152)	\$ (7,688,767)

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
Instruction										
Regular	\$ 17,411,815	\$ 18,325,288	\$ 16,766,651	\$ 16,967,321	\$ 17,928,224	\$ 19,419,697	\$ 19,688,421	\$ 20,571,015	\$ 19,937,469	\$ 20,704,737
Special education	6,138,006	6,764,491	6,618,571	7,760,459	8,099,430	8,387,187	8,728,826	9,164,105	9,490,139	10,065,138
Other special education	1,178,085	1,051,618	935,634	1,118,409	1,351,171	1,405,281	1,266,482	1,171,105	1,176,013	1,323,856
Support Services:										
Instruction	2,975,952	2,707,378	2,510,459	2,154,962	1,468,708	1,264,988	1,229,804	1,035,016	1,024,940	1,024,475
Health services	738,305	748,168	607,047	636,295	624,192	690,829	732,481	728,830	749,466	848,419
Other support services	4,842,689	5,255,099	4,936,401	5,058,531	5,844,845	6,089,565	6,201,535	6,243,569	6,114,265	6,154,969
Educational media services	775,884	785,885	563,301	479,578	465,749	443,356	468,406	453,148	510,820	468,200
Instruction staff training	105,659	57,940	60,687	76,656	72,206	65,385	120,970	103,874	108,367	115,152
General administration	938,678	906,972	783,530	788,052	849,568	859,196	983,082	765,383	935,557	922,444
School administrative services	1,892,484	1,905,909	1,891,199	1,975,788	2,035,946	2,105,775	2,224,721	2,171,277	2,380,673	2,530,395
Central services	762,698	762,903	716,620	739,690	733,475	766,629	731,794	840,801	832,280	823,495
Plant operations and maintenance	7,047,418	6,748,566	7,467,048	6,746,080	6,868,380	7,610,419	7,731,436	7,852,078	7,846,846	10,488,221
Care & upkeep of grounds	-	269,162	301,312	274,790	225,360	199,820	260,084	299,311	300,872	289,527
Security	-	-	-	-	-	21,975	38,099	62,065	25,070	48,083
Administrative information technology	762,397	687,139	522,942	561,690	725,710	728,490	970,248	1,142,688	1,080,864	890,228
Pupil transportation	4,498,296	4,006,569	3,475,591	3,372,461	3,466,345	3,814,473	3,602,705	3,439,011	3,740,728	3,952,284
Special schools	17,236	18,793	15,266	8,812	6,634	16,514	-	-	-	-
Transfer to charter school	-	-	-	17,026	-	-	-	-	-	-
Interest on long-term debt	2,476,754	2,442,392	2,400,591	2,381,534	1,967,046	2,052,121	2,028,666	1,856,486	1,918,619	1,854,343
Unallocated employee benefits	13,004,256	13,859,389	14,809,335	14,713,885	15,084,741	14,810,078	15,520,745	15,369,671	15,716,903	7,484,784
Non-budgeted expenditures	3,250,119	3,511,005	3,509,504	4,283,874	5,355,028	4,938,450	4,699,742	4,766,772	4,725,857	4,944,790
Total governmental activities expenses	68,786,731	70,814,666	68,891,689	70,115,893	73,172,758	75,690,228	77,228,427	78,036,205	78,615,748	74,933,540
Business-type activities:										
Food service	1,066,717	1,027,458	936,407	956,840	1,027,533	896,916	969,567	1,031,483	1,041,985	1,049,718
Total business-type activities expense	1,066,717	1,027,458	936,407	956,840	1,027,533	896,916	969,567	1,031,483	1,041,985	1,049,718
Total district expenses	\$ 69,853,448	\$ 71,842,124	\$ 69,828,096	\$ 71,072,733	\$ 74,200,291	\$ 76,587,144	\$ 78,197,994	\$ 79,067,688	\$ 79,657,733	\$ 75,983,258
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 70,615	\$ 196,205	\$ 30,328	\$ 164,972	\$ 350,386	\$ 180,214	\$ 211,413	\$ 205,059	\$ 119,856	\$ 365,052
Pupil transportation	-	-	-	-	-	245,249	283,042	405,785	400,942	609,223
Operating grants and contributions	3,250,119	3,511,005	3,509,504	4,283,874	5,355,028	4,938,450	4,699,742	4,766,772	4,725,857	4,944,790
Total governmental activities program revenues	3,320,734	3,707,210	3,539,832	4,448,846	5,705,414	5,363,913	5,194,197	5,377,616	5,246,655	5,919,065
Business-type activities:										
Charges for services										
Food service	817,453	787,844	724,789	735,708	660,219	669,462	723,824	748,900	752,252	779,492
Operating grants and contributions	224,982	255,258	222,141	249,885	267,807	280,734	306,291	320,073	338,436	327,145
Total business-type activities program revenues	1,042,435	1,043,102	946,930	985,593	928,026	950,196	1,030,115	1,068,973	1,090,688	1,106,637
Total district program revenues	\$ 4,363,169	\$ 4,750,312	\$ 4,486,762	\$ 5,434,439	\$ 6,633,440	\$ 6,314,109	\$ 6,224,312	\$ 6,446,589	\$ 6,337,343	\$ 7,025,702
Net (Expense)/Revenue										
Governmental activities	\$ (65,465,997)	\$ (67,107,456)	\$ (65,351,857)	\$ (65,667,047)	\$ (67,467,344)	\$ (70,326,315)	\$ (72,034,230)	\$ (72,658,589)	\$ (73,369,093)	\$ (69,014,475)
Business-type activities	(24,282)	15,644	10,523	28,753	(99,507)	53,280	60,548	37,490	48,703	56,919
Total district-wide net expense	\$ (64,490,279)	\$ (67,091,812)	\$ (65,341,334)	\$ (65,638,294)	\$ (67,566,851)	\$ (70,273,035)	\$ (71,973,682)	\$ (72,621,099)	\$ (73,320,390)	\$ (68,957,556)
General Revenues and Other Changes in Net Assets/Position										
Governmental activities:										
Property taxes levied for general purposes, r	\$ 53,012,064	\$ 55,482,188	\$ 55,482,188	\$ 56,734,169	\$ 57,446,816	\$ 58,589,742	\$ 60,383,969	\$ 62,798,706	\$ 64,054,680	\$ 65,335,774
Taxes levied for debt service	3,329,353	3,364,984	3,405,674	3,449,149	3,312,772	3,365,692	3,418,018	3,465,543	3,200,132	3,347,197
Unrestricted grants and contributions	6,550,587	5,148,181	3,750,186	4,409,843	4,815,481	5,022,916	5,011,977	4,997,854	5,127,027	5,161,987
Restricted federal and state aid	-	-	-	190,864	4,644	11,894	46,397	46,435	106,675	86,331
Payments in lieu of taxes	1,380,082	2,059,711	2,322,181	1,363,672	1,349,981	1,360,397	1,330,508	1,304,972	1,198,342	1,259,295
Investment earnings	156,725	41,493	18,692	15,245	1,639	1,518	606	850	-	-
Rents and royalties	-	-	-	-	-	-	-	104,384	29,992	136,377
Miscellaneous income	206,007	240,783	232,848	210,398	417,189	379,823	626,384	171,949	657,908	323,150
Total governmental activities	64,634,818	66,337,340	65,211,769	66,373,340	67,348,522	68,731,982	70,817,859	72,890,693	74,374,756	75,650,111
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total business-type activities	-	-	-	-	-	-	-	-	-	-
Total district-wide	\$ 64,634,818	\$ 66,337,340	\$ 65,211,769	\$ 66,373,340	\$ 67,348,522	\$ 68,731,982	\$ 70,817,859	\$ 72,890,693	\$ 74,374,756	\$ 75,650,111
Change in Net Assets/Position										
Governmental activities	\$ (831,179)	\$ (770,116)	\$ (140,088)	\$ 706,293	\$ (118,822)	\$ (1,594,333)	\$ (1,216,371)	\$ 232,104	\$ 1,005,663	\$ 6,635,636
Business-type activities	(24,282)	15,644	10,523	28,753	(99,507)	53,280	60,548	37,490	48,703	56,919
Total district	\$ (855,461)	\$ (754,472)	\$ (129,565)	\$ 735,046	\$ (218,329)	\$ (1,541,053)	\$ (1,155,823)	\$ 269,594	\$ 1,054,366	\$ 6,692,555

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,817,370	\$ 5,218,181
Committed	-	-	-	-	-	-	-	-	793,230	-
Assigned	-	-	-	-	-	-	-	-	2,100,000	2,675,827
Unassigned	-	-	-	-	-	-	-	-	1,813,863	1,794,244
Reserved	6,267,325	6,098,783	5,124,013	7,622,450	7,786,350	5,003,747	5,077,533	3,754,913	-	-
Unreserved	2,173,000	1,306,080	2,123,205	1,699,768	1,610,980	1,080,496	513,905	1,327,445	-	-
Total general fund	<u>\$ 8,440,325</u>	<u>\$ 7,404,863</u>	<u>\$ 7,247,218</u>	<u>\$ 9,322,218</u>	<u>\$ 9,397,330</u>	<u>\$ 6,084,243</u>	<u>\$ 5,591,438</u>	<u>\$ 5,082,358</u>	<u>\$ 8,524,463</u>	<u>\$ 9,688,252</u>
All Other Governmental Funds										
Reserved	\$ 327,209	\$ 404,615	\$ 1,237,000	\$ 212,101	\$ -	\$ 570,440	\$ 150,080	\$ 209,148	\$ -	\$ -
Restricted										
Debt service fund	-	-	-	-	-	-	-	-	1	1
Capital projects fund	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 327,209</u>	<u>\$ 404,615</u>	<u>\$ 1,237,000</u>	<u>\$ 212,101</u>	<u>\$ -</u>	<u>\$ 570,440</u>	<u>\$ 150,080</u>	<u>\$ 209,148</u>	<u>\$ 1</u>	<u>\$ 1</u>

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax levy	\$ 56,341,417	\$ 58,847,172	\$ 58,887,862	\$ 60,183,318	\$ 60,759,588	\$ 61,955,434	\$ 63,801,987	\$ 66,264,249	\$ 67,254,812	\$ 68,682,971
Tuition charges	70,615	74,213	5,110	121,431	244,773	180,214	211,413	205,059	119,856	365,052
Interest earnings	156,725	41,493	18,692	15,245	1,639	1,518	606	850	-	-
Rents and royalties	-	-	-	-	-	-	-	104,384	29,992	136,377
Miscellaneous	206,007	240,783	232,848	210,398	417,189	379,823	626,384	171,949	657,908	323,150
Transportation fees	-	121,992	25,218	43,541	105,613	245,249	283,042	405,785	400,942	609,223
State sources	10,078,133	8,807,607	7,817,815	8,740,386	10,216,029	9,998,352	9,938,008	9,805,580	9,927,504	10,149,358
Federal sources	1,102,655	1,911,290	1,764,056	1,507,867	1,309,105	1,335,305	1,150,616	1,310,453	1,230,397	1,303,045
Total revenue	67,955,552	70,044,550	68,751,601	70,822,186	73,053,936	74,095,895	76,012,056	78,268,309	79,621,411	81,569,176
Expenditures										
Instruction										
Regular Instruction	17,411,815	18,325,288	16,766,651	16,967,321	17,928,224	19,419,697	19,688,421	20,571,015	19,937,469	20,704,737
Special education instruction	6,138,006	6,764,491	6,618,571	7,760,459	8,099,430	8,387,187	8,728,826	9,164,105	9,490,139	10,065,138
Other special instruction	1,178,085	1,051,618	935,634	1,118,409	1,351,171	1,405,281	1,266,482	1,171,105	1,176,013	1,323,856
Support Services:										
Tuition	2,975,952	2,707,378	2,510,459	2,154,962	1,468,708	1,264,988	1,229,804	1,035,016	1,024,940	1,024,475
Student & inst. related services	1,619,848	1,591,993	1,231,035	1,192,529	1,162,147	1,199,570	1,321,857	1,285,852	1,368,653	1,431,771
General administration	938,678	906,972	783,530	788,052	849,568	859,196	983,082	765,383	935,557	922,444
School administrative services	1,892,484	1,905,909	1,891,199	1,975,788	2,035,946	2,105,775	2,224,721	2,171,277	2,380,673	2,530,395
Central services	732,698	762,903	716,620	739,690	733,475	766,629	731,794	840,801	832,280	823,495
Admin. information technology	762,397	687,139	522,942	561,690	725,710	728,490	970,428	1,142,688	1,080,864	890,228
Plant operations and maintenance	5,455,180	5,189,461	5,038,583	4,547,690	4,546,489	5,220,809	5,297,196	5,378,264	5,321,693	5,320,599
Pupil transportation	3,982,569	3,923,154	3,475,591	3,372,461	3,466,345	3,814,473	3,602,705	3,439,011	3,740,728	3,952,284
Other Support Services	4,842,689	5,255,099	4,936,401	5,058,531	5,844,845	6,089,565	6,201,535	6,243,569	6,114,265	6,154,969
Care & upkeep of grounds	-	269,162	301,312	274,790	225,360	199,820	260,084	299,311	300,872	289,527
Security	-	-	-	-	-	21,975	38,099	62,065	25,070	48,083
Employee benefits	12,999,174	13,911,739	14,686,799	14,397,301	15,061,040	14,703,141	15,258,401	15,611,347	13,836,357	15,062,204
Non-budgeted expenditures	3,250,119	3,511,005	3,509,504	4,283,874	5,355,028	4,938,450	4,699,742	4,766,772	4,725,857	4,944,790
Transfer to charter school	-	-	-	17,026	-	-	-	-	-	-
Special Schools	17,236	18,793	15,266	8,812	6,634	16,514	-	-	-	-
Capital outlay	515,727	805,185	688,248	1,060,584	975,065	2,296,167	964,704	1,361,259	765,701	1,531,092
Debt service:										
Principal	915,000	985,000	1,060,000	1,150,000	1,310,000	1,270,000	1,370,000	1,515,000	1,490,000	1,595,000
Interest and other charges	2,464,679	2,430,317	2,388,516	2,342,116	2,045,740	2,130,815	2,087,340	1,894,481	1,841,322	1,790,300
Total expenditures	68,092,336	71,002,606	68,076,861	69,772,085	73,190,925	76,838,542	76,925,221	78,718,321	76,388,453	80,405,387
Excess (Deficiency) of revenues over (under) expenditures	(136,784)	(958,056)	674,740	1,050,101	(136,989)	(2,742,647)	(913,165)	(450,012)	3,232,958	1,163,789
Other Financing sources (uses)										
Proceeds from borrowing	-	-	-	(13,310,000)	-	-	(7,255,000)	(28,565,000)	-	-
Proceeds from refunding	-	-	-	12,130,000	-	-	6,625,000	23,775,000	-	-
Payments to escrow agent	-	-	-	-	-	-	-	-	-	-
State school building aid - Section 15 grant	-	-	-	-	-	-	-	-	-	-
Premium and costs for bond issuance	-	-	-	1,180,000	-	-	630,000	4,790,000	-	-
Accrued interest	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	570,442	570,442	-	146,931	-
Transfers out	-	-	-	-	-	(570,442)	(570,442)	-	(146,931)	-
Costs of issuance	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	\$ (136,784)	\$ (958,056)	\$ 674,740	\$ 1,050,101	\$ (136,989)	\$ (2,742,647)	\$ (2,742,647)	\$ (450,012)	\$ 3,232,958	\$ 1,163,789
Debt service as a percentage of noncapital expenditures	5.00%	4.87%	5.12%	5.08%	4.65%	4.56%	4.55%	4.41%	4.41%	4.29%
Source: District records										

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

Freehold Township School District
General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
UNAUDITED
(modified accrual basis of accounting)

Fiscal Year Ending June 30,	<u>Sale of Capital Assets</u>	<u>Donations</u>	<u>Rentals</u>	<u>Prior Year Refunds</u>	<u>Sale and Leaseback of Textbooks</u>	<u>Miscellaneous</u>	<u>Annual Totals</u>
2009	-	-	-	-	-	165,928	165,928
2010	-	-	-	-	-	155,267	155,267
2011	-	-	-	-	-	172,515	172,515
2012	-	-	-	-	-	108,823	108,823
2013	-	-	-	-	-	191,295	191,295
2014	69,300	-	81,539	-	-	39,103	189,942
2015	150,000	-	84,602	-	-	280,864	515,466
2016	-	-	104,384	-	-	140,886	245,270
2017	-	-	29,992	-	-	247,589	277,581
2018	29,994	-	136,377	-	-	250,368	416,739

Source: District records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2009	43,886,000	2,245,621,400	14,932,600	1,700,500	644,466,200	74,628,300	30,165,900	3,055,400,900	-	32,780,996	3,088,181,896	1.792	6,427,750,216
2010	95,225,000	4,529,646,900	30,709,200	1,670,000	1,341,345,700	154,573,100	64,320,400	6,217,490,300	-	68,077,410	6,285,567,710	0.922	6,734,691,283
2011	79,832,500	4,549,534,600	30,233,300	1,654,900	1,291,205,600	154,573,100	61,500,000	6,168,534,000	-	49,220,887	6,217,754,887	0.936	6,647,432,225
2012	69,363,900	4,551,925,900	31,282,000	1,541,900	1,247,563,400	154,791,300	61,500,000	6,117,968,400	-	41,218,304	6,159,186,704	0.966	6,427,603,681
2013	67,931,000	4,548,659,400	32,524,700	1,509,700	1,245,930,300	156,782,100	61,500,000	6,114,837,200	-	-	6,114,837,200	0.983	6,197,354,750
2014	56,004,900	3,949,909,700	28,280,200	1,466,400	1,243,834,300	146,521,200	60,794,300	5,486,811,000	-	-	5,486,811,000	1.117	5,873,438,863
2015	50,881,700	3,955,292,200	27,666,200	1,440,900	1,239,936,400	146,563,700	60,794,300	5,482,575,400	-	-	5,482,575,400	1.151	5,837,654,006
2016	55,908,800	4,266,398,600	29,970,000	1,464,900	1,320,216,200	148,905,300	71,094,300	5,893,958,100	-	-	5,893,958,100	1.113	6,589,292,604
2017	52,922,000	4,425,631,400	29,682,700	1,444,500	1,396,897,600	154,513,500	84,791,800	6,145,883,500	-	-	6,145,883,500	1.107	6,456,448,298
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	-	-	6,326,367,000	1.097	6,510,731,901

Source: District records and Monmouth County Board of Taxation

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

Fiscal Year Ended June 30,	Freehold Township School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Freehold Regional School District	Freehold Township	Monmouth County	
2009	1.684	0.107	1.791	0.707	0.475	0.523	3.496
2010	0.869	0.053	0.922	0.373	0.265	0.282	1.842
2011	0.882	0.054	0.936	0.39	0.28	0.286	1.892
2012	0.911	0.055	0.966	0.399	0.304	0.291	1.960
2013	0.929	0.054	0.983	0.411	0.324	0.292	2.010
2014	1.057	0.061	1.117	0.471	0.378	0.327	2.293
2015	1.089	0.062	1.151	0.48	0.388	0.33	2.349
2016	1.060	0.053	1.113	0.452	0.38	0.33	2.275
2017	1.059	0.054	1.113	0.455	0.37	0.29	2.228
2018	1.044	0.053	1.097	0.441	0.37	0.303	2.211

Source: District Records and Municipal Tax Collector

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

2018				2009			
Taxpayer	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Freemall Associates	\$ 348,655,200	1	5.67%	Freemall Associates	\$329,103,900	1	5.24%
100 Lambert LLC % Eagle Rock Advisors	\$ 66,726,700	2	1.09%	Avalon Bay Communities	\$51,500,000	2	0.82%
Iron Mountain	\$ 47,990,700	3	0.78%	Center for Aging DBA/Applewood Estates	\$48,694,400	3	0.77%
Applewood Center for Aging	\$ 36,700,000	4	0.60%	Iron Mountain	\$44,818,200	4	0.71%
Freemall Associates	\$ 31,984,200	5	0.52%	Verizon - New Jersey	\$38,123,310	5	0.61%
Silver Shore Land CO.	\$ 26,028,400	6	0.42%	Verizon - New Jersey	\$29,954,100	6	0.48%
Freehold Shopping Assoc.	\$ 24,837,400	7	0.40%	Macy's East	\$29,312,700	7	0.47%
Raintree Center Assoc.	\$ 24,771,800	8	0.40%	Raintree Center Assoc.	\$28,116,800	8	0.45%
Macy's East	\$ 23,939,000	9	0.39%	New Jersey Bell Telephone Co	\$25,858,700	9	0.41%
Ronardi Freehold Enterprises	\$ 23,600,000	10	0.38%	Freehold Shopping Assoc.	\$24,108,000	10	0.38%
				Ronardi Freehold Enterprises	\$21,282,400	11	0.34%
Total	\$ 655,233,400		10.66%	Total	\$670,872,510		10.67%

Source: District CAFR & Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentag e of Levy	
2009	56,341,417	56,341,417	100.00%	-
2010	58,847,172	58,847,172	100.00%	-
2011	58,887,862	58,887,862	100.00%	-
2012	60,183,318	60,183,318	100.00%	-
2013	60,759,588	60,759,588	100.00%	-
2014	61,955,434	61,955,434	100.00%	-
2015	63,801,987	63,801,987	100.00%	-
2016	67,254,812	67,254,812	100.00%	-
2017	68,682,971	68,682,971	100.00%	-
2018	70,045,021	70,045,021	100.00%	-

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

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

Fiscal Year Ended June 30,	Governmental Activities				Business- Type Activities	Total District
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	
2009	55,205,000	n/a	-	n/a	n/a	55,205,000
2010	54,220,000	n/a	776,000	n/a	n/a	54,996,000
2011	53,160,000	n/a	641,000	n/a	n/a	53,801,000
2012	52,010,000	n/a	1,031,000	n/a	n/a	53,041,000
2013	49,520,000	n/a	776,000	n/a	n/a	50,296,000
2014	48,250,000	n/a	1,155,617	n/a	n/a	49,405,617
2015	46,250,000	n/a	751,617	n/a	n/a	47,001,617
2016	39,945,000	n/a	1,038,942	n/a	n/a	40,983,942
2017	38,455,000	n/a	871,372	n/a	n/a	39,326,372
2018	36,860,000	n/a	1,372,022	n/a	n/a	38,232,022

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2009	55,205,000	-	55,205,000	0.88%	\$ 1,590
2010	54,220,000	-	54,220,000	0.87%	\$ 1,568
2011	53,160,000	-	53,160,000	0.86%	\$ 1,469
2012	52,010,000	-	52,010,000	0.85%	\$ 1,436
2013	49,520,000	-	49,520,000	0.81%	\$ 1,372
2014	48,250,000	-	48,250,000	0.88%	\$ 1,333
2015	46,250,000	-	46,250,000	0.78%	\$ 1,278
2016	39,945,000	-	39,945,000	0.66%	\$ 1,116
2017	38,455,000	-	38,455,000	0.63%	\$ 1,079
2018	36,860,000	-	36,860,000	0.58%	\$ 1,035

**Freehold Township School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2018
UNAUDITED**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Freehold Township	\$34,282,430	100.000%	\$34,282,430
Other debt			
Water Sewer System	11,341,000	100.000%	11,341,000
Freehold Regional High School	14,840,000	20.514%	3,044,334
Manasquan River Regional Sewerage Authority	4,130,000	38.661%	1,596,691
Monmouth County	462,342,600	5.488%	25,373,584
Subtotal, overlapping debt			75,638,039
Freehold Township School District Direct Debt			37,540,000
Total direct and overlapping debt			\$ 113,178,039

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

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

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

Equalized valuation basis	
2018	\$ 6,326,367,000
2017	-
2016	<u>5,893,958,100</u>
[A]	<u>\$ 12,220,325,100</u>
[A/3]	\$ 4,073,441,700
[B]	122,203,251 ^a
[C]	-
[B-C]	<u>\$ 122,203,251</u>

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 194,773,177	\$ 135,475,345	\$ 199,751,382	\$ 192,723,907	\$ 122,203,251	\$ 179,084,476	\$ 170,842,236	\$ 168,633,445	\$ 113,765,335	\$ 122,203,251
Total net debt applicable to limit	<u>55,205,000</u>	<u>54,220,000</u>	<u>53,160,000</u>	<u>52,010,000</u>	<u>50,000,000</u>	<u>48,250,000</u>	<u>46,250,000</u>	<u>39,945,000</u>	<u>38,455,000</u>	<u>36,860,000</u>
Legal debt margin	<u>\$ 139,568,177</u>	<u>\$ 81,255,345</u>	<u>\$ 146,591,382</u>	<u>\$ 140,713,907</u>	<u>\$ 72,203,251</u>	<u>\$ 130,834,476</u>	<u>\$ 124,592,236</u>	<u>\$ 128,688,445</u>	<u>\$ 75,310,335</u>	<u>\$ 85,343,251</u>
Total net debt applicable to the limit as a percentage of debt limit	28.34%	40.02%	26.61%	26.99%	40.92%	26.94%	27.07%	23.69%	33.80%	30.16%

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

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

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

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2009	34,730	-	-	4.2%
2010	34,589	-	-	7.5%
2011	36,184	-	-	7.7%
2012	36,219	-	-	8.2%
2013	36,806	-	-	7.0%
2014	36,184	-	-	5.0%
2015	35,812	-	-	4.7%
2016	35,807	-	-	4.4%
2017	35,623	-	-	4.1%
2018	35,053	-	-	3.9%

Source:

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

^b Personal income not available by municipality.

^c Per Capita Income not available by municipality.

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

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

Employer	2018			2009		
	Employees	Rank (Optional)	Percentage of Total Employment ^b	Employees	Rank (Optional)	Percentage of Total Employment ^b
CentraState Medical Center	2,181	1	11.68%	2,028	1	11.20%
YMCA of Freehold	614	3	3.29%	-	-	
iPlay America, Inc.	658	2	3.52%	-	-	
Center for Aging	449	4	2.40%	495	3	2.73%
Nordstrom	300	6	1.61%	301	5	
Macy's	0	-	0.00%	234	9	1.29%
IVC Industries, Inc.	340	5	1.82%	272	7	
Verizon	0	-	0.00%	668	2	3.69%
Shore Point Distributing Co., Inc.	275	8	1.47%	-	-	
Sam's Club	0	-	0.00%	260	8	1.44%
Asbury Park Press	-	-	0.00%	350	4	1.93%
Sears	-	0	0.00%	-	-	0.00%
WalMart	300	7	1.61%	300	6	1.66%
JC Penney Company	250	9	1.34%	-	-	0.00%
Lord & Taylor	225	10	1.20%	-	-	0.00%
Nestle Hills Coffee Company			0.00%	209	10	1.15%
	<u>5,592</u>		<u>29.94%</u>	<u>5,117</u>		<u>25.10%</u>

Source: Freehold Township Official Statement

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

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

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Instruction										
Regular	284	277	271	271	282	298	295	295	361	264
Special education	186	187	195	191	200	214	221	220	125	242
Other special education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	67	72	66	69	80	82	84	82	74	90
General administrative services	5	5	4	4	4	4	4	4	5	5
School administrative services	24	24	24	30	29	26	27	27	27	29
Business administrative services	16	17	14	14	15	14	15	16	17	16
Plant operations and maintenance	73	71	75	73	75	67	82	82	81	80
Pupil transportation	92	89	66	71	67	72	69	76	81	77
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Total	<u>747</u>	<u>742</u>	<u>715</u>	<u>723</u>	<u>752</u>	<u>777</u>	<u>797</u>	<u>802</u>	<u>771</u>	<u>803</u>

Source: District Personnel Records

Freehold Township School District
 Operating Statistics
 Last Ten Fiscal Years
 UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2009	4,512	62,143,910	13,773	3.11%	405	17:01	25:01	4,521	4,330	-2.23%	95.78%
2010	4,500	64,942,806	14,432	4.78%	341	17:01	24:01	4,500	4,312	-0.46%	95.82%
2011	4,375	61,778,766	14,121	-2.15%	338	17:01	25:01	4,365	4,170	-3.00%	95.53%
2012	4,276	62,963,967	14,725	4.28%	308	17:01	20:01	4,271	4,099	-2.15%	95.97%
2013	4,170	64,431,299	15,451	4.93%	353	17:01	16:01	4,155	3,970	-2.72%	95.55%
2014	4,042	66,902,931	16,552	7.13%	354	17:01	14:01	4,050	3,881	-2.53%	95.83%
2015	3,937	69,359,914	17,617	14.02%	367	11:01	10:01	3,921	3,748	-5.63%	95.59%
2016	3,855	70,388,447	18,259	10.31%	338	11:01	11:01	3,840	3,678	-5.19%	95.78%
2017	3,820	66,357,149	17,371	4.95%	343	11:01	11:01	3,805	3,628	-6.05%	95.35%
2018	3,778	69,228,155	18,324	10.71%	341	11:01	11:01	3,763	3,577	-7.09%	95.07%

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

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

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
District Building^a										
Early Learning Center										
Early Childhood Learning Center (1936) ^b										
Square Feet	37156	37156	37156	37156	37156	37156	37156	37156	37156	37156
Capacity (students)	127	127	127	127	127	127	127	127	127	127
Enrollment ^b	83	83	101	115	121	114	114	114	114	101
Elementary										
Joseph J. Catena (1951)										
Square Feet	76,045	76,045	76,045	76,045	76,045	76,045	76,045	76,045	76,045	76,045
Capacity (students)	633	633	633	633	633	633	633	633	633	633
Enrollment	561	561	518	492	491	511	511	511	511	486
C. Richard Applegate (1972)										
Square Feet	81,963	81,963	81,963	81,963	81,963	81,963	81,963	81,963	81,963	81,963
Capacity (students)	606	606	606	606	606	606	606	606	606	606
Enrollment	544	544	531	539	541	487	487	487	487	452
Marshall W. Erickson (1972)										
Square Feet	78,130	78,130	78,130	78,130	78,130	78,130	78,130	78,130	78,130	78,130
Capacity (students)	606	606	606	606	606	606	606	606	606	606
Enrollment	561	561	546	526	502	468	468	468	468	431
Laura Donovan (1968)										
Square Feet	76,491	76,491	76,491	76,491	76,491	76,491	76,491	76,491	76,491	76,491
Capacity (students)	653	653	653	653	653	653	653	653	653	653
Enrollment	537	537	508	485	487	488	488	488	488	432
West Freehold (9/04)										
Square Feet	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Capacity (students)	636	636	636	636	636	636	636	636	636	636
Enrollment	582	582	553	532	516	522	522	522	522	501
Middle School										
Clifton T. Barkalow (1965)										
Square Feet	110,553	110,553	110,553	110,553	110,553	110,553	110,553	110,553	110,553	110,553
Capacity (students)	831	831	831	831	831	831	831	831	831	831
Enrollment	822	822	808	803	763	752	752	752	752	671
Dwight D. Eisenhower (1971)										
Square Feet	114,979	114,979	114,979	114,979	114,979	114,979	114,979	114,979	114,979	114,979
Capacity (students)	863	863	863	863	863	863	863	863	863	863
Enrollment	822	822	800	784	749	700	687	680	681	667
Other										
Transportation & Maintenance Offices										
Square Feet	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800

Number of Schools at June 30, 2014

Early Learning Center = 1
Elementary = 5
Middle School = 2
Other = 1

Source: District records, ASSA

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

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

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

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

* School Facilities Project # (s)	Joseph J. Catena Elementary N/A	C. Richard Applegate Elementary N/A	Clifton T. Barkalow Middle School N/A	Dwight D. Eisenhower Middle School N/A	Marshall W. Errickson Elementary N/A	Laura Donovan Elementary N/A	West Freehold Elementary N/A	Early Childhood Learning Center N/A	Total
2009	111,559	120,240	162,153	168,675	114,617	112,213	132,031	54,508	975,996
2010	99,851	107,622	145,136	150,974	102,589	100,437	118,175	48,788	873,572
2011	99,633	107,387	144,819	150,644	102,365	100,217	117,917	48,681	871,663
2012	90,719	97,779	131,862	137,166	93,206	91,251	107,367	44,326	793,676
2013	43,820	47,231	63,694	66,256	45,022	44,077	51,862	21,411	383,373
2014	128,893	138,923	187,348	194,884	132,427	129,649	152,546	62,977	1,127,647
2015	138,630	149,418	201,501	209,606	142,431	139,443	164,070	67,735	1,212,834
2016	153,099	165,013	222,532	231,483	157,296	153,997	181,194	74,805	1,339,419
2017	138,388	149,157	201,149	209,240	142,182	139,199	163,783	67,617	1,210,716
2018	140,831	151,790	206,466	215,031	144,045	139,800	165,313	68,810	1,232,087
Total School Facilities	<u>\$ 1,145,423</u>	<u>\$ 1,234,561</u>	<u>\$ 1,666,660</u>	<u>\$ 1,733,959</u>	<u>\$ 1,176,180</u>	<u>\$ 1,150,284</u>	<u>\$ 1,354,258</u>	<u>\$ 559,658</u>	<u>\$ 10,020,983</u>

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

Source: District records

**FREEHOLD TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED**

Company	Type of Coverage	Coverage	Deductible
Republic Franklin (Utica)	Property		
	Blanket Building & Contents	\$ 182,055,674	\$ 5,000
	Business Income & Extra Exp.	5,000,000	
	Data Processing Equipment	75,000	Per Building
	Data & Media	10,000	Per Building
	EDP - Chrome Books	142,000	-
	Flood	1,015,000	25,000
	Earthquake	1,000,000	25,000
	Equipment Breakdown (Blanket)	Included	
	Commercial Liability		
	Bodily Injury & Property Damage		
	Each Occurrence	1,000,000	
	General Aggregate	3,000,000	
	Products/Completed Operations	3,000,000	
	Damage to Premises Rented	1,000,000	
	Medical Payments	10,000	
Personal & Advertising Injury	1,000,000		
Crime			
Employee Theft	4,000,000	5,000	
Forgery or Alteration	100,000		
Theft of Money & Securities	25,000	500	
School Board Legal			
Limit of Liability	1,000,000/3,000,000	10,000	
Graphic Arts (Utica)	Business Auto		
	Combined Single Limit	1,000,000	
	Personal Injury Protection	Statutory	
	Medical Payments	5,000	
	Uninsured & Underinsured	1,000,000	
	Comprehensive Deductible		1,000
Collision Deductible		1,000	

Source: District Records

**FREEHOLD TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED**

Company	Type of Coverage	Coverage	Deductible
NJSIG	Worker's Compensation Section A Section B	Statutory 200,000/200,000/200,000	
Chubb	Supplemental Worker's Compensation Maximum Benefit Period Waiting Period	52 Weeks 7 days	
Bollinger	Student Accident Maximum Benefit	1,000,000	
Selective	Bonds Business Adm./Board Sec'y.	350,000	
Beazley	Environmental Policy Each Incident Aggregate	1,000,000 1,000,000	10,000
Utica Mutual Ins. Co.	Excess Umbrella Limit of Liability Retention	10,000,000 10,000	
Fireman's Fund	CAP Program Each Occurrence Aggregate	50,000,000 50,000,000	

Source: District Records

SINGLE AUDIT SECTION

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

Honorable President and
Members of the
Freehold Township School District
County of MONMOUTH
Freehold, New Jersey 07728

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Freehold Township School District in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Freehold Township School District basic financial statements, and have issued our report thereon dated January 31, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters


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

Purpose of this Report

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

Respectfully Submitted

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



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

Toms River, NJ
January 31, 2019

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

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

Report on Compliance for Each Major Federal and State Program

We have audited Freehold Township School District's compliance with the types of compliance requirements described in the OMB Compliance Supplement and the New Jersey OMB Circular 15-08 that could have a direct and material effect on each of Freehold Township School District's major federal and state programs for the year ended June 30, 2018. Freehold Township School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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MANAHAWKIN OFFICE: 21 JENNINGS ROAD · MANAHAWKIN, NJ · 08050 · PHONE (609) 978-9500 · FAX (609) 978-9515

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

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

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

Report on Internal Control Over Compliance (continued)

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 the New Jersey OMB 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

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



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

January 31, 2019

FREEHOLD TOWNSHIP SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards
 for the Fiscal Year ended June 30, 2018

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance at June 30, 2017</u>	<u>Carryover Amount</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Repayment of Prior years' Balances</u>	<u>Deferred Revenue at June 30, 2018</u>	<u>(Accounts Receivable) at June 30, 2018</u>	<u>Due to Grantor at June 30, 2018</u>
General Fund:											
U.S Department of Education Medical Assistance Program	93.778	9/1/17-8/31/18	\$ 86,331	\$ -	\$ -	\$ 86,331	\$ (86,331)	\$ -	\$ -	\$ -	\$ -
				-	-	86,331	(86,331)	-	-	-	-
U.S. Department of Agriculture Passed-through State Department of Education:											
Food Distribution Program Child Nutrition Cluster:	10.550	7/1/17-6/30/18	77,708	-	-	77,708	(77,708)	-	-	-	-
National School Breakfast Program	10.553	7/1/17-6/30/18	9,575	-	-	9,575	(9,575)	-	-	-	-
National School Lunch Program	10.555	7/1/17-6/30/18	230,571	-	-	212,071	(230,571)	-	-	(18,500)	-
National School Breakfast Program	10.553	7/1/16-6/30/17	8,812	(686)	-	686	-	-	-	-	-
National School Lunch Program	10.555	7/1/16-6/30/17	234,934	(18,155)	-	18,155	-	-	-	-	-
Subtotal Child Nutrition Cluster				(18,841)	-	240,487	(240,146)	-	-	(18,500)	-
Total U.S. Department of Agriculture				(18,841)	-	318,195	(317,854)	-	-	(18,500)	-
U.S. Department of Education Passed-through State Department of Education:											
Title I	84.010	7/1/17-6/30/18	263,208	-	-	110,832	(195,400)	-	-	(84,568)	-
Title I	84.010	7/1/16-6/30/17	246,888	(90,821)	-	90,821	-	-	-	-	-
Title II Part A	84.367A	7/1/17-6/30/18	66,044	-	-	13,606	(66,012)	-	-	(52,406)	-
Title II Part A	84.367A	7/1/16-6/30/17	63,698	(14,330)	-	14,330	-	-	-	-	-
Title III	84.365A	7/1/17-6/30/18	12,867	-	-	992	(1,221)	-	-	(229)	-
Title III	84.365A	7/1/16-6/30/17	11,366	(2,079)	-	2,079	-	-	-	-	-
Title III Immigrant	84.365A	7/1/17-6/30/18	2,885	-	-	1,467	(1,467)	-	-	-	-
Title IV	84.424	7/1/17-6/30/18	9,363	-	-	-	(9,363)	-	-	(9,363)	-
Special Education Cluster:											
I.D.E.A. Part B Basic Regular	84.027	7/1/16-6/30/17	868,376	(71,720)	-	71,720	-	-	-	-	-
I.D.E.A. Part B Basic Regular	84.027	7/1/17-6/30/18	849,411	-	-	585,439	(849,411)	-	-	(263,972)	-
I.D.E.A. Part B Preschool	84.173	7/1/17-6/30/18	38,211	-	-	-	(38,211)	-	-	(38,211)	-
Subtotal Special Education Cluster				(178,950)	-	891,286	(1,161,085)	-	-	(448,749)	-
Total U.S. Department of Education				(178,950)	-	891,286	(1,161,085)	-	-	(448,749)	-
Total Expenditures of Federal Awards				\$ (197,791)	\$ -	\$ 1,295,812	\$ (1,565,270)	\$ -	\$ -	\$ (467,249)	\$ -

FREEHOLD TOWNSHIP 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	Grant Period	Award Amount	Balance at June 30, 2017	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Deferred Revenue at June 30, 2018	(Accounts Receivable) at June 30, 2018	Due to Grantor at June 30, 2018	Budgetary Receivable	Total Expenditures
State Department of Education													
General Fund:													
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	333,183	-	-	297,610	(333,183)	-	-	-	-	(35,573)	333,183
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	2,624,533	-	-	2,401,849	(2,624,534)	-	-	-	-	(222,685)	2,624,534
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	1,100,169	-	-	983,317	(1,100,169)	-	-	-	-	(116,852)	1,100,169
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	93,758	-	-	83,856	(93,758)	-	-	-	-	(9,902)	93,758
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	39,120	-	-	35,033	(39,120)	-	-	-	-	(4,087)	39,120
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	39,120	-	-	35,033	(39,120)	-	-	-	-	(4,087)	39,120
Professional Learning Comm Aid	18-495-034-5120-101	7/1/17-6/30/18	36,890	-	-	33,084	(36,890)	-	-	-	-	(3,806)	36,890
Extraordinary Aid	18-495-034-5120-044	7/1/17-6/30/18	880,735	-	-	-	(880,735)	-	-	(880,735)	-	-	880,735
Extraordinary Aid	17-495-034-5120-044	7/1/16-6/30/17	847,878	(847,878)	-	847,878	-	-	-	-	-	-	-
Nonpublic Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	16,820	-	-	-	(16,820)	-	-	(16,820)	-	-	16,820
Nonpublic Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	18,841	(18,841)	-	18,841	-	-	-	-	-	-	-
On-Behalf TPAF Pension Contribution	18-495-034-5094-002	7/1/17-6/30/18	4,277,491	-	-	4,277,491	(4,277,491)	-	-	-	-	-	4,277,491
On-Behalf TPAF Long-Term Disability Ins	18-495-034-5094-004	7/1/17-6/30/18	6,477	-	-	6,477	(6,477)	-	-	-	-	-	6,477
On-Behalf TPAF Post-Retirement Medica	18-495-034-5094-001	7/1/17-6/30/18	2,762,740	-	-	2,762,740	(2,762,740)	-	-	-	-	-	2,762,740
Reimbursed TPAF Social Security Contribution	18-495-034-5094-003	7/1/17-6/30/18	2,175,573	-	-	2,175,573	(2,175,573)	-	-	-	-	-	2,175,573
Reimbursed TPAF Social Security Contribution	17-495-034-5094-003	7/1/16-6/30/17	2,127,894	(101,827)	-	101,827	-	-	-	-	-	-	-
Total General Fund				(968,546)	-	14,060,609	(14,386,610)	-	-	(897,555)	-	(396,992)	14,386,610
Enterprise Fund:													
State School Lunch Program	18-100-010-3350-023	7/1/17-6/30/18	9,291	-	-	8,445	(9,291)	-	-	(846)	-	-	9,291
State School Lunch Program	17-100-010-3350-023	7/1/16-6/30/17	9,556	(750)	-	750	-	-	-	-	-	-	-
Total Enterprise Fund				(750)	-	9,195	(9,291)	-	-	(846)	-	-	9,291
Capital Project Fund:													
SCC Grant	1660-023-14-1001-G04	7/1/17-6/30/18	121,747	-	-	-	-	-	-	-	-	-	-
Total Capital Projects Fund				-	-	-	-	-	-	-	-	-	-
Debt Service Fund:													
Debt service aid	18-495-034-5120-017	7/1/17-6/30/18	38,103	-	-	38,103	(38,103)	-	-	-	-	-	38,103
Total Debt Service Fund				-	-	38,103	(38,103)	-	-	-	-	-	38,103
Special Revenue Fund:													
N.J. Nonpublic Textbook Aid	18-100-034-5120-064	7/1/17-6/30/18	931	-	-	931	(925)	-	-	-	6	-	925
N.J. Nonpublic Textbook Aid	17-100-034-5120-064	7/1/16-6/30/17	2,248	933	-	-	-	(933)	-	-	-	-	-
N.J. Nonpublic Nursing Aid	18-100-034-5120-070	7/1/17-6/30/18	1,649	-	-	1,649	(1,649)	-	-	-	-	-	1,649
N.J. Nonpublic Nursing Aid	17-100-034-5120-070	7/1/16-6/30/17	3,510	1,595	-	-	-	(1,595)	-	-	-	-	-
N.J. Nonpublic Technology Aid	18-100-034-5120-373	7/1/17-6/30/18	629	-	-	629	(629)	-	-	-	-	-	629
N.J. Nonpublic Technology Aid	17-100-034-5120-373	7/1/16-6/30/17	1,014	548	-	-	-	(548)	-	-	-	-	-
N.J. Nonpublic Security Aid	18-100-034-5120-509	7/1/17-6/30/18	1,275	-	-	1,275	(1,275)	-	-	-	-	-	1,275
Total Special Revenue Fund				3,076	-	4,484	(4,478)	(3,076)	-	-	6	-	4,478
Total Expenditures of State Awards				(966,220)	-	14,112,391	(14,438,482)	(3,076)	-	(898,401)	6	(396,992)	14,438,482
State Financial Assistance Not Subject to Single Audit Determination													
				-	-	(7,046,708)	7,046,708	-	-	-	-	-	(4,277,491)
Total Expenditures of State Awards Subject to Single Audit Determination													
				\$ (966,220)	-	7,065,683	(7,391,774)	(3,076)	-	(898,401)	6	(396,992)	10,160,991

See accompanying notes to schedules of expenditures.

Freehold Township School District

Notes to Schedules of Awards and Financial Assistance

June 30, 2018

1. General

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

2. Basis of Accounting

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

3. Relationship to Basic Financial Statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(4,279,833) for the general fund, \$(55,629) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page.

Freehold Township School District

Notes to Schedules of Awards and Financial Assistance

June 30, 2018

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 86,331	10,106,777	10,193,108
Special Revenue Fund	1,216,714	4,478	1,221,192
Debt Service Fund	-	38,103	38,103
Capital Projects Fund	-	-	-
Food Service Fund	<u>317,854</u>	<u>9,291</u>	<u>327,145</u>
Total awards and financial assistance	<u>\$ 1,620,899</u>	<u>10,158,649</u>	<u>\$ 11,779,548</u>

4. Relationship to Federal and State Financial Reports

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

5. Other

TPAF Social Security and Post Retirement/Medical Benefits Contributions represent the amounts reimbursed by the State for the employer’s share of social security contributions and Post Retirement/Medical Benefits for TPAF members for the year ended June 30, 2018.

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

6. Indirect Costs

The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Freehold Township School District

Notes to Schedules of Awards and Financial Assistance (continued)

June 30, 2018

Section I - Summary of Auditor's Results
Financial Statement Section

Type of auditor's report issued: Unmodified opinion

Internal control over financial reporting:

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

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

Federal Awards Section

Internal Control over major programs:

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

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

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

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? yes no

Freehold Township School District
 Schedule of Finding and Questioned Costs

June 30, 2018

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

State Awards Section

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

Auditee qualified as low-risk auditee? ___yes ___X___no

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

Internal Control over major programs:

- 1) Material weakness(es) identified? ___yes ___X___no
- 2) Significant deficiencies identified
 that are not considered to be material
 weaknesses? ___yes ___X___none reported

Any audit findings disclosed that are
 required to be reported in accordance
 with NJOMB Circular Letter 15-08? ___yes ___X___no

Identification of major programs:

GMIS Number(s)	Name of State Program
	State Aid - Public (Cluster)
495-034-5120-089	Special Education Categorical Aid
495-034-5120-078	Equalization Aid
495-034-5120-084	Security Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-098	PARCC Readiness
495-034-5120-1010	Professional Learning Comm Aid

Section II - Financial Statement Findings

No matters were reported for the period ended June 30, 2018.

Prior Year Audit Findings - N/A

Freehold Township School District
Schedule of Finding and Questioned Costs (continued)

June 30, 2018

Section III -Federal Award and State Financial Assistance Findings and Questioned Costs

No matters were reported for the period ended June 30, 2018.