

SCHOOL DISTRICT
OF
FREEHOLD TOWNSHIP
OF MONMOUTH COUNTY

Freehold Township School District
Freehold, New Jersey

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2020

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Of the

Freehold Township School District
of Monmouth County

Freehold, New Jersey

For the Fiscal Year Ended June 30, 2020

Prepared by

Freehold Township School District
Finance Department

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Freehold Township Schools

Neal Dickstein, Superintendent of Schools

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

ndickstein@freeholdtwp.k12.nj.us

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

December 23, 2020

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, 2020 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) SCHOOL DISTRICT ORGANIZATION: The 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 Freehold Township School District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular education, programs for the very able students (gifted and talented), as well those for students with disabilities both in and out of district. An early childhood learning center, five elementary schools and two middle schools comprise the district's instructional facilities.

Supervising district-wide goals is a Superintendent, School Business Administrator, an Assistant Superintendent of Human Resources, Technology and Support Services, a Director of Curriculum, a Director of Educational Services, a Supervisor of Educational Services and three district-wide curriculum supervisors. The Early Childhood Learning Center has its own principal who also supervises related student services for the district. Each of the five elementary schools has a principal and a supervisor of instruction. The two middle schools have a principal and assistant principal.

The Board of Education consists of nine members, each elected to three-year terms. During its meetings and budget workshops the Board determines district goals and priorities and conducts other business. Board meetings are open to the public and begin at 7:30 PM. Budget workshops are also open to the public and begin at 7 PM. For an updated list of dates and times of Board meetings, please see the district website at www.freeholdtpw.k12.nj.us. Due to the COVID-19 pandemic, the State of NJ allowed Board of Education meetings to be conducted on a digital platform. Since March 13, 2020, the district has utilized Zoom as its platform for these meetings.

2) ECONOMIC CONDITION AND OUTLOOK: The District completed the 2019-2020 fiscal year with an enrollment of 3,708 students. The following reflects the changes in the student enrollment of the District for the current year and the previous five (5) years. The data is from the October 15 Application for State School Aid (ASSA):

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015-16	3,824	-2.1%
2016-17	3,791	-0.9%
2017-18	3,747	-1.2%
2018-19	3,728	-0.5%
2019-20	3,687	-1.4%
2021-21	3,638	-1.8%

The Freehold Township School District continues to rely heavily on the local tax levy to provide new revenue to support the district's operations. In 2019 - 2020 the tax levy accounted for 91% of the total general fund revenue collected. State aid increased \$60,602 or 1.3%, but again the majority of new revenue came from an increase in the local tax levy of \$1,332,850 or 2%.

Other general fund revenues came in approximately \$600,000 lower than the expected. \$434,000 was due to a delay in receiving Pay for Performance energy grants for the district's Energy Savings Improvement Plan. The remainder was due to lower enrollment and collections in pre-school revenue, facility rentals and transportation fees. COVID-19 and the shutdown of schools from March 16 through June 30 negatively impacted the ability to provide these services and the ability to collect revenue.

Despite these losses of revenue, expenditures were approximately 10% or \$7.87 million less than the final 19-20 budget. \$3.3 million of the savings were from health care. While the district is self-insured and claims were running better than actuarially expected, the COVID-19 pandemic decreased claims further from March 16 through June 30 as staff and their dependents had less access to their medical professionals and elective procedures were postponed. COVID-19 also reduced expenditures the area of transportation, substitute teacher salaries, and energy. The district also had significant savings, not related to COVID-19, in the area of tuition for out of district student placements.

The positive financials as of June 30 allowed the district to increase its legal reserve accounts to provide financial assistance in future budgets. The Capital Reserve account was increased by \$3 million, the Maintenance Reserve account by \$2 million and the Emergency Reserve by \$777,000.

Despite this continued reliance on property taxes for new revenue each year, this is the fifth consecutive year that the tax rate has decreased. This is primarily due to the increase in Freehold Township's assessed value. At the same time the Board of Education continues to look for ways to control expenses and increase other sources of revenue. The latter includes receiving special education students from other public school districts, accepting tuition students to the full day pre-school program at the Early Childhood Learning Center, facility rentals and maximizing our SEMI reimbursement.

3) MAJOR INITIATIVES: The Board of Education began the process to create a 5-year strategic plan to guide the district in areas such as curriculum, security, budget and facilities. Committees reported on the State of the Schools and State of the Community at a strategic planning weekend in February 2020. In attendance were staff, administration, community members and representatives of the Board of Education. At the end of the weekend, several long term goals were agreed upon. The next step in the process was to develop action plans for each goal. Due to the COVID-19 pandemic the strategic planning process has been put on hold with the hope of continuing it in 2020-21.

The district began phasing in a social and emotional learning component to the curriculum for all students. Social and emotional learning has been emphasized by the NJ Department of Education as a best practice for educating the whole student.

The district continued to use funds to improve the security of the schools. This included enhancing current communication equipment and piloting visitor management systems. The pilot was successful and it is anticipated that all 8 schools and the Board Office will have a visitor management system in place by the end of 20-21.

In an effort to better control health care costs the district became self-insured for medical and prescription coverage in 2018 - 2019. The district saved approximately \$3,000,000 in 18-19. That trend continued as the district saved another \$3.3 million in 19-20. The claims trend also allowed the district to keep rates flat for medical and prescription in 20-21 and provided relief and flexibility to other areas of the new budget.

The district continues to allocate resources to maintain and improve our school facilities. In 2019-20 the district completed phase I of its Energy Savings Improvement Plan (ESIP). Phase I work included the installation of LED lighting and replacing existing transformers district wide in the amount of \$2.8 million. Phase II is in progress and includes improvements to the HVAC at the ECLC / Board office and the Applegate and Errickson Elementary Schools. The district also completed several projects utilizing resources from the general fund. These projects include the following: new automated temperature controls (\$297,000) and replacing the gym floor (\$255,000) at the Catena Elementary School, replacing the roof (\$412,000) and installing a barrier free access ramp (\$109,000) at the Board of Education Office and replacing the existing ceiling grid (\$204,000) at the Donovan Elementary School. During the year the district began replacing the ATC controls at the ECLC / Board Office, the HVAC at the ECLC gym and ADA site work improvements at the Eisenhower Middle School and Applegate Elementary School. At the end of the fiscal year the district was able to add \$3 million to the capital reserve fund, bringing the total to \$7.9 million, and \$2 million to the maintenance reserve, bringing the total to \$3.7 million. These reserve funds will provide funding for future maintenance and capital projects.

The Board of Education also agreed to a new three (3) year contract with the Freehold Township Administrator's Association and the Transportation Workers Union. All three of the unions will have a contract in place for the start of the 2020-21 year.

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. 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, 2020.

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".

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, 2020, the District's outstanding debt issues included \$33,300,000 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

and student accident 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 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,

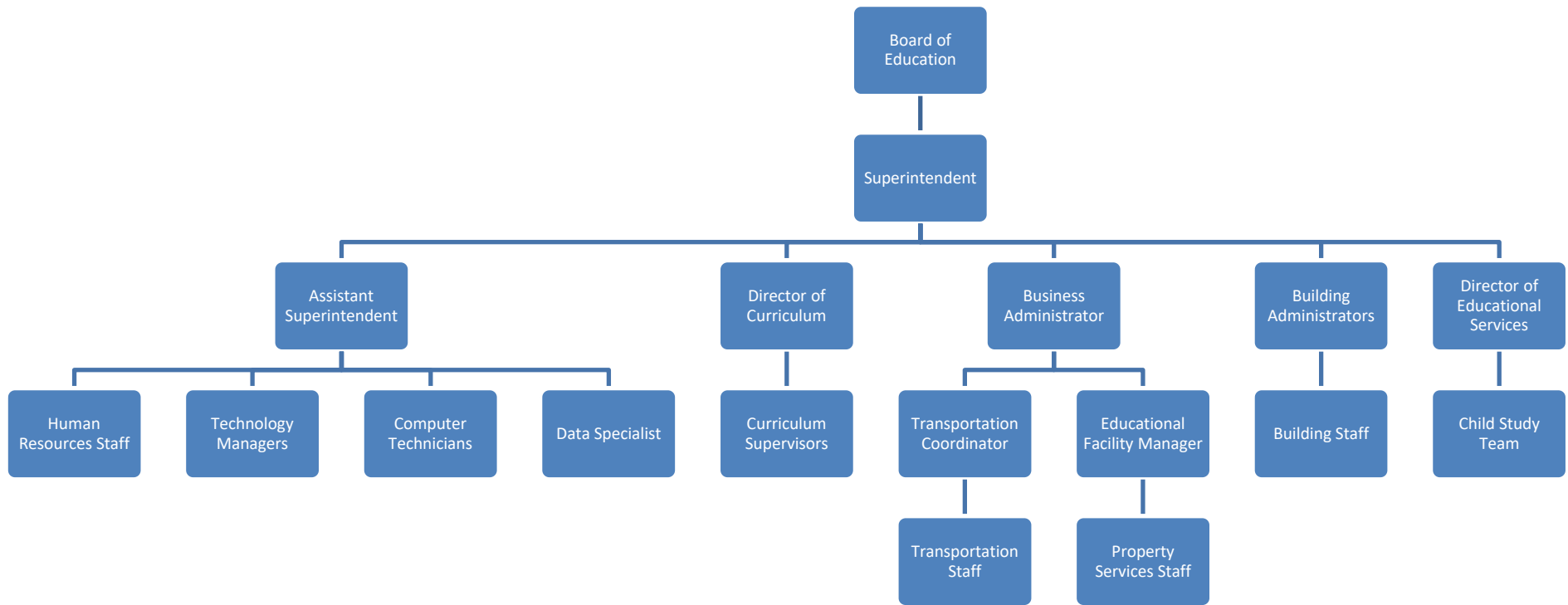


Neal Dickstein
Superintendent of Schools



Robert M. De Vita
Business Administrator/Board Secretary

Freehold Township Schools Organizational Chart 2019 - 2020



Freehold Township School District
Freehold, New Jersey

Roster of Officials
June 30, 2020

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Michelle Lambert, President	2021
Jennifer Patten, Vice President	2023
Kay Poklemba-Holtz	2022
Mary Cozzolino	2022
Michael Matthews	2021
Michael Amoroso	2021
Debra Costanza	2023
Kerry Vendittoli	2022
Elena O'Sullivan	2023

Other Officials

Neal Dickstein, 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, 2020, 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, 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 December 23, 2020 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

December 23, 2020

REQUIRED SUPPLEMENTARY INFORMATION - PART I

Freehold Township School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
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, 2020. 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, 2020 are as follows:

Net position totaled \$(5,636,047), which represents a 58.55 percent increase from June 30, 2019. The \$5,731,740 increase in capital assets is the primary reason for this significant change from the prior year. A significant portion of this increase in capital assets is due to the completion of \$4,077,000 of capital projects in 19-20.

General revenues accounted for \$78,663,715 in revenue or 92.79 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 \$6,112,815 or 7.21 percent of total revenues of \$84,776,530.

Total assets increased by \$6,081,233 as current assets increased by \$349,493 and capital assets, net increased by \$5,731,740. The majority of this increase in capital assets is due to the completion of \$4,077,000 of capital projects in 19-20. \$2.8 million of the projects are from the completion of Phase I of the district's Energy Savings Improvement Plan (ESIP), with the remaining balance from various districtwide projects described in the Letter of Introduction.

The School Board had \$76,814,008 in expenses; only \$6,112,815 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$78,663,715 were adequate to provide for these programs. The primary source of revenue came from property taxes which represent 93 percent of all revenue.

Among major funds, the General Fund had \$79,103,546 in revenues and \$74,689,020 in expenditures and transfers. The General Fund's balance increased \$4,414,526 over June 30, 2019. The General Fund's balance is \$17,626,503. The increase in fund balance is primarily due to \$3 million in savings in health care costs. Due to the COVID-19 pandemic, staff and their dependents had reduced access to medical care and postponed medical procedures. Savings were also achieved through reduced costs for energy, transportation and substitute salaries during the pandemic shut down.

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.

Using this Comprehensive Annual Financial Report (CAFR) (continued)

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

The Statement of Net Position and Statement of Activities provide information about the activities of the entire School District and are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business.

These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into consideration all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. The change in net position is important because it informs the reader that, for the School District as a whole, the financial position of the School District has improved or worsened. The causes of the change may be the result of many factors, some financial and some not. Non-financial factors include, but are not limited to, the District's property tax base, current laws in New Jersey restricting revenue growth, facility conditions, and required educational programs. 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 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, 2020 and 2019.

Table 1

Net Position as of June 30, 2020 and June 30, 2019

	June 30, 2020			June 30, 2019		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets:						
Current and other assets	\$ 21,229,056	\$ 220,762	\$ 21,449,818	\$ 20,869,214	\$ 231,111	\$ 21,100,325
Capital assets, net	55,196,825	107,500	55,304,325	49,482,461	90,124	49,572,585
Total assets	76,425,881	328,262	76,754,143	70,351,675	321,235	70,672,910
Deferred outflow of resources	6,761,210	-	6,761,210	8,936,139	-	8,936,139
Liabilities:						
Current liabilities	1,487,365	8,481	1,495,846	1,425,500	52,005	1,477,505
Long-term liabilities outstanding	70,920,759	-	70,920,759	74,922,972	-	74,922,972
Total liabilities	72,408,124	8,481	72,416,605	76,348,472	52,005	76,400,477
Deferred inflow of resources	16,734,795	-	16,734,795	16,807,140	-	16,807,140
Net position:						
Net investment in capital assets	7,560,035	107,500	7,667,535	(612,548)	90,124	(522,424)
Restricted	16,766,939	-	16,766,939	17,309,776	-	17,309,776
Unrestricted	(30,282,802)	212,281	(30,070,521)	(30,565,027)	179,106	(30,385,921)
Total Net Position	\$ (5,955,828)	\$ 319,781	\$ (5,636,047)	\$ (13,867,799)	\$ 269,230	\$ (13,598,569)

The unrestricted net position is a negative balance due to the unfunded liabilities for compensated absences and PERS pension. The District expects to be able to fund these liabilities as they come due yearly.

The School Board's combined net position was \$(5,636,047) on June 30, 2020. This is a change of 58.55 percent from the previous year. As previously discussed, the increase in total net position was due to a significant increase in capital assets of \$5,731,740. Current assets increased \$349,493 due to an increase in cash, inventory, and due from other funds.

Table 2 provides a comparison analysis of School Board's changes in net position from fiscal years June 30, 2020 and 2019.

Table 2

Changes in Net Position

	June 30, 2020			June 30, 2019		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues						
Program revenues:						
Charges for services	\$ 833,678	\$ 481,985	\$ 1,315,663	\$ 1,228,618	\$ 693,603	\$ 1,922,221
Operating and capital grants and contributions	4,540,906	256,246	4,797,152	4,732,907	336,519	5,069,426
General revenues:						
Property taxes	71,438,228	-	71,438,228	70,045,021	-	70,045,021
Federal and state aid	6,724,283	-	6,724,283	7,056,663	-	7,056,663
Investment earnings	155,066	-	155,066	155,953	-	155,953
Miscellaneous	346,138	-	346,138	344,389	-	344,389
Total revenues	84,038,299	738,231	84,776,530	83,563,551	1,030,122	84,593,673
Expenses						
Instructional services	30,949,904	-	30,949,904	31,743,573	-	31,743,573
Support services	43,773,354	687,680	44,461,034	55,850,233	1,119,924	56,970,157
Interest on long-term liabilities	1,403,070	-	1,403,070	1,789,745	-	1,789,745
Total expenses	76,126,328	687,680	76,814,008	89,383,551	1,119,924	90,503,475
Change in net position	7,911,971	50,551	7,962,522	(5,820,000)	(89,802)	(5,909,802)
Net position - beginning	(13,867,799)	269,230	(13,598,569)	(8,047,799)	359,032	(7,688,767)
Net position (deficit) - ending	\$ (5,955,828)	\$ 319,781	\$ (5,636,047)	\$ (13,867,799)	\$ 269,230	\$ (13,598,569)

Total revenues increased by \$182,857 or 0.22 percent. \$1,393,207 or 761.91 percent of the total revenue increase was due to the tax levy increase. The tax levy increase was necessary to cover increased costs in salaries and benefits, utilities, the debt service and capital improvements. Property taxes are the majority of total revenues and account for 85.01 percent. The Federal and State aid restricted decreased \$332,380 due to a decrease in the District's eligibility for Extraordinary Aid and SEMI in 19-20.

Total expenses decreased \$13,689,467 or 15.13 percent. The COVID-19 pandemic reduced necessary expenditures in the areas of health care, transportation, energy, salaries for substitutes and food service costs as the District shutdown from March 16 through June 30. The District also saved money by sending fewer students to out of district placements.

The combination of the increase in total revenues and the decrease in expenses lead to an increase of the net position by \$7,962,522 or 58.55 percent.

Expenses for Fiscal Year June 30, 2020

Business-Type Activities

Revenues for the District's business-type activities (food service program) 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 \$50,551.

Charges for services represent \$481,985 of revenue. This represents the amount paid by patrons for daily food service. Operating revenue decreased by \$211,618 or 30.51 percent from June 30, 2019. Operating expenses decreased by \$432,244 or 39 percent. The COVID-19 pandemic significantly reduced the number of meals provided to students during the final three and a half months of the year, which led to these financial changes.

Federal and state reimbursements for meals, including interest, payments for free and reduced lunches and donated commodities was \$256,246. These reimbursements decreased by \$80,273 or 23.85 percent from June 30, 2019. As less meals were served during the shutdown, the District qualified for less federal and state reimbursements.

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

	2020		2019	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$ 30,949,904	\$ 30,165,825	\$ 31,743,573	\$ 31,063,112
Support Services:				
Pupils and Instructional Staff	13,790,392	9,249,486	13,805,976	9,073,069
General Administration, School Administration, Business Operation and Maintenance of Facilities	26,506,534	26,506,534	37,940,534	37,940,534
Pupil Transportation	3,476,428	3,426,829	4,103,723	3,555,566
Interest and Fiscal Charges	<u>1,403,070</u>	<u>1,403,070</u>	<u>1,789,745</u>	<u>1,789,745</u>
Total Expenses	<u>\$ 76,126,328</u>	<u>\$ 70,751,744</u>	<u>\$ 89,383,551</u>	<u>\$ 83,422,026</u>

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 \$784,079 in 2020 which was a 15.23 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 \$4,540,906 in 2020 which was a 4.06 percent decrease 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 \$49,599 in 2020 which was a 90.95 percent decrease from the prior year. The revenues to offset the expenses decreased significantly as the district no longer provides transportation services to the Freehold Borough Board of Education. Revenues to offset transportation costs continue to come from residents to transport their preschool students 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, 2020, it reported a combined fund balance of \$19,741,691, which is an increase of \$297,977. The increase is due to annual revenues being slightly higher and expenditures slightly lower in 2019 - 2020. The Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds, Exhibit B2, presents the reader with a detailed explanation of the increase 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, 2020. The increase in Local Sources is due primarily to the tax levy increase of \$1,393,207. The decrease in funding from State Sources is due primarily to a decrease in Extraordinary Aid. Federal Sources increased due to additional funding for Federal Grants. The other sources of financing in 2019 was for the Energy Savings Improvement Plan lease purchase.

<u>Revenue</u>	<u>2020 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2019</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 72,773,110	86.59 %	\$ 999,129	1.39 %
State Sources	9,896,332	11.78	(528,764)	(5.07)
Federal Sources	1,368,857	1.63	4,383	0.32
Other Financing Sources	-	-	6,560,000	(100.00)
Total	\$ <u>84,038,299</u>	<u>100.00</u> %	\$ <u>7,034,748</u>	<u>9.14</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, 2020. Instructional expenses decreased as a result of a salary reallocation from special education instruction to support services for one-to-one teacher assistants as per the NJDOE Chart of Accounts. Undistributed expenses decreased due to reduced costs for energy, transportation and health care. Capital outlay increased due to equipment purchases and capital improvement funded through the general fund budget and Phase I of the ESIP.

<u>Expenditures</u>	<u>2020 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2019</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expenditures:				
Instruction	\$ 30,949,904	36.96 %	\$ (793,669)	(2.50)%
Undistributed Expenditures	42,620,504	50.90	(542,599)	(1.26)
Capital Outlay	6,668,714	7.96	4,648,000	230.02
Debt Service:				
Principal	1,845,000	2.20	130,000	7.58
Interest	<u>1,656,200</u>	<u>1.98</u>	<u>(69,500)</u>	<u>(4.03)</u>
Total	\$ <u>83,740,322</u>	<u>100.00</u> %	\$ <u>3,372,232</u>	<u>4.20</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 \$8,765,743 better than had been budgeted in terms of expenditures. The COVID-19 pandemic allowed the district to see savings in energy, transportation and salaries for substitutes. There was also \$3 million in health care savings and savings from a reduction in the amount of tuition paid for out of district special education students. Revenue-wise, the General Fund fared about \$599,151 less than expected. The decrease was primarily from a \$434,000 delay in receiving Pay for Performance energy grants for the district's Energy Savings Improvement Plan. The remainder was due to lower enrollment and collections in pre-school revenue, facility rentals and transportation fees. COVID-19 and the shutdown of schools from March 16 through June 30 negatively impacted the ability to provide these services and the ability to collect revenue. Both these amounts have been adjusted for the nonbudgeted amounts reflected in the comparison schedule for reimbursed TPAF social security contributions and onbehalf TPAF postretirement medical contributions.

The General Fund has restricted a portion of its Fund Balance. The restricted Fund Balance items are as follows:

Excess Surplus - Designated for Subsequent Year	
Expenditures	\$ 652,598
Capital Reserve	7,927,561
Maintenance Reserve	3,757,707
Emergency Reserve	791,578
Excess Surplus - Current Year	22,156

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.

As previously discussed, expenditures were lower than budgeted in the areas of health care, energy, transportation and special education tuition. Revenues were up slightly due to the tax levy increase for the year.

The excesses will be carried forward into the beginning fund balance from the 2019-2020 fiscal year and will be used to reduce the local tax levy for the 2021-2022 fiscal year.

Capital Assets and Debt Administration

Capital Assets. At the end of the fiscal year June 30, 2020, the School Board had \$55,304,325 invested in land, buildings, and machinery and equipment.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2020 and June 30, 2019

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 2,117,793	\$ 2,117,793	\$ -	\$ -	\$ 2,117,793	\$ 2,117,793
Construction in Progress	3,844,437	981,085	-	-	3,844,437	981,085
Building and Improvements	45,597,497	43,377,083	-	-	45,597,497	43,377,083
Machinery and Equipment	3,637,098	3,006,498	107,500	90,124	3,744,598	3,096,622
Total	\$ 55,196,825	\$ 49,482,459	\$ 107,500	\$ 90,124	\$ 55,304,325	\$ 49,572,583

During the current fiscal year, \$9,714,373 of capital 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 :

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Bonds Payable (net)	\$ 33,300,000	\$ 35,145,000
Capital Leases payable	8,274,061	8,634,149
Pension Liability-PERS	27,355,024	29,121,660
Compensated Absences payable	<u>1,991,674</u>	<u>2,022,163</u>
Total long-term liabilities	\$ <u>70,920,759</u>	\$ <u>74,922,972</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 2019-2020 school year, the School Board was able to sustain its budget through the local tax levy, state education aid and local revenue sources. Approximately 13.41% of the School Board's revenue is from federal, state and other aid (restricted and not restricted), while 86.59% of total revenue is from local sources.

The \$(30,282,802) 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 2019-2020 budget was, as discussed previously, impacted by the COVID-19 pandemic. Total expenditures were less than expected for health care, energy, transportation and substitute salaries due to the District going all virtual from March 13 through June 30. The District also received less revenue for SEMI, tuition and facility use due to the shut down and inability to provide the services that would generate revenue.

The 2020-2021 budget was adopted in April of 2020, only a month into the pandemic. By May the Board of Education recognized that they would have to alter planned expenditures to account for the new reality and requirements of operating a school during the pandemic. This included not filling budgeted positions that were not required to deliver instruction, lease purchasing buses versus buying them outright and using savings from not providing budgeted services in the summer (hiring painters, summer custodians and providing transportation for the ESY program) for PPE and other staff to safely operate schools in September.

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, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 19,652,172	\$ 192,740	\$ 19,844,912
Receivables - other	69,626	-	69,626
Receivables - state	827,595	131	827,726
Receivables - federal	248,024	8,268	256,292
Inventory	-	19,623	19,623
Due from other funds	34,221	-	34,221
Prepaid expenses	397,418	-	397,418
Capital assets, non-depreciable	5,962,230	-	5,962,230
Capital assets, depreciable, net:	49,234,595	107,500	49,342,095
Total assets	<u>76,425,881</u>	<u>328,262</u>	<u>76,754,143</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - PERS	6,304,741	-	6,304,741
Deferred charge on refunding	456,469	-	456,469
Total deferred outflows of resources	<u>6,761,210</u>	<u>-</u>	<u>6,761,210</u>
LIABILITIES			
Accounts payable	396,874	8,436	405,310
Other liabilities	925,181	-	925,181
Due to other funds	-	45	45
Unearned revenue	165,310	-	165,310
Noncurrent liabilities:			
Due within one year	2,881,220	-	2,881,220
Due beyond one year	68,039,539	-	68,039,539
Total liabilities	<u>72,408,124</u>	<u>8,481</u>	<u>72,416,605</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - PERS	10,215,597	-	10,215,597
Deferred premium on refunding	6,519,198	-	6,519,198
Total deferred inflows of resources	<u>16,734,795</u>	<u>-</u>	<u>16,734,795</u>
NET POSITION			
Net investment in capital assets	7,560,035	107,500	7,667,535
Restricted for:			
Debt service	(1)	-	(1)
Capital projects	10,042,750	-	10,042,750
Other purposes	6,724,190	-	6,724,190
Unrestricted	(30,282,802)	212,281	(30,070,521)
Total net position	<u>\$ (5,955,828)</u>	<u>\$ 319,781</u>	<u>\$ (5,636,047)</u>

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2020

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	\$ 20,712,687	\$ 784,079	-	\$ -	\$ (19,928,608)	\$ -	\$ (19,928,608)
Special schools instruction	8,937,970	-	-	-	(8,937,970)	-	(8,937,970)
Other special instruction	1,299,247	-	-	-	(1,299,247)	-	(1,299,247)
Support services and undistributed costs:							
Instruction	773,783	-	-	-	(773,783)	-	(773,783)
Health services	796,589	-	-	-	(796,589)	-	(796,589)
Other support services	6,997,512	-	-	-	(6,997,512)	-	(6,997,512)
Educational media services	547,139	-	-	-	(547,139)	-	(547,139)
Instruction staff training	134,463	-	-	-	(134,463)	-	(134,463)
General administrative services	1,045,220	-	-	-	(1,045,220)	-	(1,045,220)
School administrative services	2,476,201	-	-	-	(2,476,201)	-	(2,476,201)
Central services	854,539	-	-	-	(854,539)	-	(854,539)
Admin info technology	888,068	-	-	-	(888,068)	-	(888,068)
Allowed maintenance for school facilities	1,013,136	-	-	-	(1,013,136)	-	(1,013,136)
Other operation & maintenance of plant	4,792,044	-	-	-	(4,792,044)	-	(4,792,044)
Care and upkeep of grounds	250,575	-	-	-	(250,575)	-	(250,575)
Security	115,124	-	-	-	(115,124)	-	(115,124)
Student transportation services	3,476,428	49,599	-	-	(3,426,829)	-	(3,426,829)
Allocated employee benefits	176,515	-	-	-	(176,515)	-	(176,515)
Unallocated employee benefits	14,888,165	-	-	-	(14,888,165)	-	(14,888,165)
Non-budgeted expenditures	4,540,906	-	4,540,906	-	-	-	-
Special schools	-	-	-	-	-	-	-
Transfer to Charter school	6,947	-	-	-	(6,947)	-	(6,947)
Interest expense	1,403,070	-	-	-	(1,403,070)	-	(1,403,070)
Total governmental activities	76,126,328	833,678	4,540,906	-	(70,751,744)	-	(70,751,744)
Business-type activities:							
Food service	687,680	481,985	256,246	-	-	50,551	50,551
Total business-type activities	687,680	481,985	256,246	-	-	50,551	50,551
Total primary government	\$ 76,814,008	\$ 1,315,663	4,797,152	\$ -	\$ (70,751,744)	\$ 50,551	\$ (70,701,193)
General revenues:							
Taxes:							
Property taxes levied for general purpose					67,975,339	-	67,975,339
Taxes levied for debt service					3,462,889	-	3,462,889
Federal and state aid - not restricted					5,311,254	-	5,311,254
Federal and state aid -restricted					69,721	-	69,721
State aid - restricted					1,343,308	-	1,343,308
Rents and royalties					58,617	-	58,617
Miscellaneous income					287,521	-	287,521
Investment earnings					155,066	-	155,066
Total general revenues					78,663,715	-	78,663,715
Change in net position					7,911,971	50,551	7,962,522
Net position—beginning					(13,867,799)	269,230	(13,598,569)
Net position—ending					\$ (5,955,828)	319,781	\$ (5,636,047)

FREEHOLD TOWNSHIP SCHOOL DISTRICT
 Balance Sheet
 Governmental Funds
 June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 9,700,315	\$ (90,893)	\$ -	\$ -	\$ 9,609,422
Cash on hand with fiscal agent	-	-	2,115,189	-	2,115,189
Capital reserve	7,927,561	-	-	-	7,927,561
Receivables, net	69,605	21	-	-	69,626
Due from other funds	34,222	-	-	-	34,222
Receivables - State	827,595	-	-	-	827,595
Receivables - Federal	-	248,024	-	-	248,024
Prepaid expenses	397,418	-	-	-	397,418
Total assets	<u>\$ 18,956,716</u>	<u>\$ 157,152</u>	<u>\$ 2,115,189</u>	<u>\$ -</u>	<u>\$ 21,229,057</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 396,874	\$ -	\$ -	\$ -	\$ 396,874
Interfund payable	-	-	-	1	1
Other liabilities	925,000	-	-	-	925,000
Unearned revenue	8,339	156,971	-	-	165,310
Due to grantor	-	181	-	-	181
Total liabilities	<u>1,330,213</u>	<u>157,152</u>	<u>-</u>	<u>1</u>	<u>1,487,366</u>
Fund Balances:					
Restricted for:					
Capital reserve account	7,927,561	-	-	-	7,927,561
Maintenance reserve account	3,757,707	-	-	-	3,757,707
Emergency reserve account	791,578	-	-	-	791,578
Excess surplus	22,156	-	-	-	22,156
Excess surplus -- designated for subsequent year's expenditures	652,598	-	-	-	652,598
Committed to:					
Other purposes	-	-	-	-	-
Debt service fund	-	-	-	(1)	(1)
Capital projects fund	-	-	2,115,189	-	2,115,189
Assigned to:					
Other purposes	1,500,151	-	-	-	1,500,151
Designated by the BOE for subsequent year's expenditures	2,000,000	-	-	-	2,000,000
Unassigned to:					
General fund	974,752	-	-	-	974,752
Total Fund balances	<u>17,626,503</u>	<u>-</u>	<u>2,115,189</u>	<u>(1)</u>	<u>19,741,691</u>
Total liabilities and fund balances	<u>\$ 18,956,716</u>	<u>\$ 157,152</u>	<u>\$ 2,115,189</u>	<u>\$ -</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 \$115,576,038, and the accumulated depreciation is \$60,379,213.	55,196,825
Deferred outflows related to the PERS pension plan	6,304,741
Deferred inflows related to the PERS pension plan	(10,215,597)
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.	456,469
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.	(6,519,198)
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.	(70,920,759)
Net position of governmental activities	<u>\$ (5,955,828)</u>

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	GAAP Total Governmental Funds
REVENUES					
Local sources:					
Local tax levy	\$ 67,975,339	\$ -	\$ -	\$ 3,462,889	\$ 71,438,228
Tuition charges	784,079	-	-	-	784,079
Interest on investments	89,035	-	32,938	-	121,973
Interest earned on capital reserve funds	33,093	-	-	-	33,093
Transportation fees	49,599	-	-	-	49,599
Rents and royalties	58,617	-	-	-	58,617
Miscellaneous	191,903	95,618	-	-	287,521
Total - Local Sources	69,181,665	95,618	32,938	3,462,889	72,773,110
State sources	9,852,160	5,862	-	38,310	9,896,332
Federal sources	69,721	1,299,136	-	-	1,368,857
Total revenues	\$ 79,103,546	\$ 1,400,616	\$ 32,938	\$ 3,501,199	\$ 84,038,299
EXPENDITURES					
Current:					
Regular instruction	\$ 19,559,834	\$ 1,152,853	\$ -	\$ -	\$ 20,712,687
Special education instruction	8,937,970	-	-	-	8,937,970
Other special instruction	1,299,247	-	-	-	1,299,247
Undistributed - current:					
Instruction	773,783	-	-	-	773,783
Health services	796,589	-	-	-	796,589
Other support services	6,749,749	247,763	-	-	6,997,512
Educational media services	547,139	-	-	-	547,139
Instruction staff training	134,463	-	-	-	134,463
General administrative services	1,045,220	-	-	-	1,045,220
School administrative services	2,476,201	-	-	-	2,476,201
Allowed maintenance for school facilities	1,013,136	-	-	-	1,013,136
Other operation & maintenance of plant	4,197,783	-	-	-	4,197,783
Care and upkeep of grounds	250,575	-	-	-	250,575
Security	115,124	-	-	-	115,124
Student transportation services	3,476,428	-	-	-	3,476,428
Central services	854,539	-	-	-	854,539
Admin info technology	888,068	-	-	-	888,068
Allocated employee benefits	176,515	-	-	-	176,515
Unallocated employee benefits	14,329,576	-	-	-	14,329,576
Non-budgeted expenditures	4,540,906	-	-	-	4,540,906
Special schools	-	-	-	-	-
Transfer to charter school	6,947	-	-	-	6,947
Debt service:					
Principal	-	-	-	1,845,000	1,845,000
Interest and other charges	-	-	-	1,656,200	1,656,200
Capital outlay	2,519,228	-	4,149,486	-	6,668,714
Total expenditures	74,689,020	1,400,616	4,149,486	3,501,200	83,740,322
Excess (Deficiency) of revenues over expenditures	4,414,526	-	(4,116,548)	(1)	297,977
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-
Net change in fund balances	4,414,526	-	(4,116,548)	(1)	297,977
Fund balance—July 1	13,211,977	-	6,231,737	-	19,443,714
Fund balance—June 30	\$ 17,626,503	\$ -	\$ 2,115,189	\$ (1)	\$ 19,741,691

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 Year Ended June 30, 2020

Total net change in fund balances - governmental funds (from B-2) \$ 297,977

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	(3,300,608)	
	Capital outlays	<u>9,014,973</u>	5,714,365

In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net position will differ from the change in fund balance by the cost of the asset removed.

	Accumulated depreciation on capital assets sold or retired during the fiscal year ended June 30, 2020	864,976	
	Cost basis of capital assets sold or retired during the fiscal year ended June 30, 2020	<u>(864,976)</u>	-

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 (589,078)

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. 1,845,000

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. (64,045)

Capital leases are an other financing source in the Governmental Funds; however, the acquisition increases long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities. (460,511)

In the Statement of Activities, the amortization of bond premium is recorded as a reduction to interest expense. In the governmental funds, the amortization is not recorded. 317,175

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. 820,599
 (Amount is net of payments included in capital outlay)

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. 30,489

Change in net position of governmental activities \$ 7,911,971

Freehold Township School District
Statement of Net Position
Proprietary Funds
June 30, 2020

		Business-type Activities - Enterprise Funds
		Food Service

ASSETS		
Current assets:		
Cash and cash equivalents	\$	192,740
Accounts receivable - State		131
Account receivable - Federal		8,268
Inventories		19,623
Total current assets		----- 220,762
Noncurrent assets:		
Furniture, machinery & equipment		588,161
Less accumulated depreciation		(480,661)
Total noncurrent assets		----- 107,500
Total assets	\$	----- 328,262
LIABILITIES		
Current liabilities:		
Accounts payable	\$	8,436
Interfund payable		45
Total current liabilities		----- 8,481
NET POSITION		
Investment in capital assets		107,500
Unrestricted		212,281
Total net position		----- 319,781
Total liabilities and net position	\$	----- 328,262

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Business-type Activities - Enterprise Fund	
	Fixed Price Contract (B)	Food Service
Operating revenues:		
Charges for services:		
Daily sales - reimbursable programs	\$ 132,540	\$ 132,540
Daily sales - non-reimbursable programs	327,329	327,329
Miscellaneous	22,116	22,116
Total operating revenues	481,985	481,985
Operating expenses:		
Cost of sales-Non-Program (non-reimbursable program) Meals	129,915	129,915
Salaries	18,665	18,665
Purchased property service	30,108	30,108
Purchased Services (Including Fixed Price Contract)	497,003	497,003
General supplies	2,790	2,790
Depreciation	9,199	9,199
Total Operating Expenses	687,680	687,680
Operating income (loss)	(205,695)	(205,695)
Nonoperating revenues (expenses):		
State sources:		
State school lunch program	7,393	7,393
Federal sources:		
National school lunch program	159,504	159,504
National school breakfast program	6,146	6,146
Summer food service program for children	32,975	32,975
Food distribution program	50,228	50,228
Total nonoperating revenues (expenses)	256,246	256,246
Change in net position	50,551	50,551
Total net position—beginning	269,230	269,230
Total net position—ending	\$ 319,781	\$ 319,781

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Food Services Enterprise Fund
Statement of Cash Flows
For the Year Ended June 30, 2020

	Food Service
Cash Flows from Operating Activities:	
Receipts from customers and other funds	\$ 481,985
Payments to employees	(18,665)
Payments for employee benefits	-
Payments to management company	(540,572)
Payments to suppliers	(124,516)
Net cash provided by (used in) operating activities	(201,768)
Cash Flows from Noncapital Financing Activities	
State sources	7,876
Federal sources	205,071
Operating subsidies	-
Net cash provided by (used in) noncapital financing activities	212,947
Cash Flows from Capital and Related Financing Activities	
Purchases of capital assets	(26,575)
Net cash provided by (used in) capital and related financing activities	(26,575)
Net increase (decrease) in cash and cash equivalents	(15,396)
Balances-beginning of the year	208,136
Balances-end of the year	\$ 192,740
 Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (205,695)
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:	
Depreciation	9,199
Federal commodities	50,228
Change in assets and liabilities:	
(Increase) decrease in interfund receivable	45
(Increase) decrease in accounts receivable	-
(Increase) decrease in inventory	(11,976)
Increase (decrease) in accounts payable	(43,569)
Total adjustments	3,927
Net cash provided by (used in) operating activities	\$ (201,768)

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	<u>Unemployment Compensation Trust</u>	<u>Agency Funds</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 494,357	\$ 411,608	\$ 905,965
Interfund receivable	-	-	-
Total assets	<u>494,357</u>	<u>411,608</u>	<u>905,965</u>
LIABILITIES			
Accounts payable	-	-	-
Payroll deductions and withholdings	-	364,140	364,140
Payable to student groups	-	13,292	13,292
Interfund payable	-	34,176	34,176
Total liabilities	<u>-</u>	<u>411,608</u>	<u>411,608</u>
NET POSITION			
Held in trust for unemployment claims and other purposes	494,357	-	494,357
Reserved for scholarships	-	-	-
Total net position	<u>494,357</u>	<u>-</u>	<u>494,357</u>
Total liabilities and net position	<u>\$ 494,357</u>	<u>\$ 411,608</u>	<u>\$ 905,965</u>

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2020

	Unemployment Compensation Trust
ADDITIONS	
Contributions:	
Plan members	\$ 292,170
Other	-
Total contributions	292,170
Investment earnings:	
Net increase (decrease) in fair value of investments	-
Interest	989
Dividends	-
Less investment expense	-
Net investment earnings	989
Total additions	293,159
DEDUCTIONS	
Quarterly contribution reports	-
Unemployment claims	108,912
Scholarships awarded	-
Refunds of contributions	-
Administrative expenses	-
Total deductions	108,912
Change in net position	184,247
Net position—beginning of the year	310,110
Net position—end of the year	\$ 494,357

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2020

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, 2020

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, 2020

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

B. 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 capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

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

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

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

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, 2020

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

B. Basis of Presentation (Cont'd)

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

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

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

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Payroll Agency Fund, 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 are accounted for using the "economic resources" measurement focus and the modified accrual basis of accounting; the Enterprise Fund and Fiduciary Funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Differences in the accrual basis of accounting arise in the recognition of revenue, the recording of unearned 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 judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2020

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

B. Basis of Presentation (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:23:23-16.2(f).

All budget amendments/transfers must be approved by School Board resolution. Budget amendments during the year ended June 30, 2020 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, 2020

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, 2020

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

H. Tuition Payable

Tuition charges for the fiscal year 2019-2020 are based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

I. Inventories and Prepaid Expenses

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

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

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, 2020

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

K. Capital Assets (Cont'd)

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital 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 Revenue

Unearned 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, 2020

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 Reserves

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. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process.
5. Unassigned - includes all spendable amounts not contained in the other classifications

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2020

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

R. Revenues - Exchange and Non-exchange Transactions

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

On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year-end.

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.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2020

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

U. GASB Pronouncements

Recently Issued Accounting Pronouncements to be implemented in future years

Statement No. 84, *Fiduciary Activities* in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2019. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 87, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after June 15, 2021, and all reporting periods thereafter. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Statement No. 90 is effective for reporting periods beginning after December 15, 2019. Management has not yet determined the potential impact on the School District's financial statements.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2020

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

U. GASB Pronouncements (Cont'd)

Statement No. 91, *Conduit Debt Obligations*, The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Statement No. 91 is effective for reporting periods beginning after December 15, 2021. Management has not yet determined the potential impact on the School District's financial statements.

Statement No. 92, *Omnibus 2020*, The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Statement No. 92 is effective for reporting periods beginning after June 15, 2021. Management has not yet determined the potential impact on the School District's financial statements.

Statement No. 93, *Replacement of Interbank Offered Rates*, Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of Statement No. 93 are effective for reporting periods beginning after June 15, 2020. Management has not yet determined the potential impact on the School District's financial statements.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). Statement No. 94 is effective for reporting periods beginning after June 15, 2022, and all reporting periods thereafter. Management has not yet determined the potential impact on the School District's financial statements.

Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The requirements of Statement No. 95 are effective immediately.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2020

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

U. GASB Pronouncements (Cont'd)

Statement No. 96, *Subscription-Based Information Technology Arrangements*, This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). Statement No. 96 is effective for reporting periods beginning after June 15, 2022, and all reporting periods thereafter. Management has not yet determined the potential impact on the School District's financial statements.

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, 2020, the carrying amount of the District's deposits was \$20,750,877 and the bank balance was \$21,062,119. Of the bank balance, \$500,000 was insured with Federal Deposit Insurance.

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, 2020, 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.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2020

3. Investments (Cont'd)

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.

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, 2020, 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.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2020

4. Capital Reserve Account (Cont'd)

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

The activity of the Capital Reserve for the July 01, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance	\$	4,663,626
Interest Earned		33,093
Deposits		
Approved at June 2020 Meeting		3,000,000
Budgeted		<u>230,842</u>
Ending Balance	\$	<u><u>7,927,561</u></u>

The June 30, 2020 LRFP balance of local support costs of uncompleted capital projects is \$14,812,359.

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, 2020.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2020

5. Maintenance Reserve Account (Cont'd)

The activity of the Maintenance Reserve for the July 01, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance	\$ 1,896,336
Add:	
Interest Earned	11,371
Deposits	
Approved at June 2020 Meeting	2,000,000
Less:	
Budgeted transfer out	<u>(150,000)</u>
Ending Balance	<u><u>\$ 3,757,707</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, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance	\$ 14,173
Add:	
Interest Earned	136
Deposits	
Approved at June 2020 Meeting	<u>777,269</u>
Ending Balance	<u><u>\$ 791,578</u></u>

7. Receivables

Receivables at June 30, 2020, 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	\$ 827,595	\$ 827,726
Federal Aid	248,024	256,292
Interfunds	34,222	34,221
Other	<u>69,626</u>	<u>69,626</u>
Gross Receivables	1,179,467	1,187,865
Allowance for Uncollectible	-	-
Total Receivables, Net	<u><u>\$ 1,179,467</u></u>	<u><u>\$ 1,187,865</u></u>

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2020

8. Capital Assets

Capital Assets consisted of the following at June 30, 2020.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 2,117,793	\$ -	\$ -	\$ 2,117,793
Construction in Progress	<u>981,085</u>	<u>3,536,177</u>	<u>(672,825)</u>	<u>3,844,437</u>
Total Capital Assets Not Being Depreciated	<u>3,098,878</u>	<u>3,536,177</u>	<u>(672,825)</u>	<u>5,962,230</u>
Capital Assets Being Depreciated				
Site Improvements	-	-	-	-
Building and Building Improvements	92,176,551	4,764,087	-	96,940,638
Machinery and Equipment	<u>12,150,612</u>	<u>1,387,534</u>	<u>(864,976)</u>	<u>12,673,170</u>
Totals at Historical Cost	<u>104,327,163</u>	<u>6,151,621</u>	<u>(864,976)</u>	<u>109,613,808</u>
Less Accumulated Depreciation for:				
Site Improvements	-	-	-	-
Building and Building Improvements	(48,799,468)	(2,543,673)	-	(51,343,141)
Machinery and Equipment	<u>(9,144,114)</u>	<u>(756,934)</u>	<u>864,976</u>	<u>(9,036,072)</u>
Total Accumulated Depreciation	<u>(57,943,582)</u>	<u>(3,300,607)</u>	<u>864,976</u>	<u>(60,379,213)</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>46,383,581</u>	<u>2,851,014</u>	<u>-</u>	<u>49,234,595</u>
Government Activity Capital Assets, Net	<u>\$ 49,482,459</u>	<u>\$ 6,387,191</u>	<u>\$ (672,825)</u>	<u>\$ 55,196,825</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Equipment	\$ 561,586	26,575	-	\$ 588,161
Less: Accumulated Depreciation	<u>(471,462)</u>	<u>(9,199)</u>	<u>-</u>	<u>(480,661)</u>
Business-Type Capital Assets, Net	<u>\$ 90,124</u>	<u>\$ 17,376</u>	<u>-</u>	<u>\$ 107,500</u>

Depreciation expense was charged to governmental functions as follows:

Operations and maintenance	\$ <u>3,300,608</u>
Total depreciation expense	\$ <u><u>3,300,608</u></u>

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2020

9. Non-current Liabilities

During the fiscal year ended June 30, 2020 the following changes occurred in the non-current liabilities:

	Balance <u>July 01, 2019</u>	Increase/ <u>(Decrease)</u>	Balance <u>June 30, 2020</u>	Due within <u>one year</u>
Bonds payable	\$ 35,145,000	(1,845,000)	33,300,000	\$ 2,000,000
Obligations under capital leases	8,634,149	(360,088)	8,274,061	894,492
Compensated absences payable	2,022,163	(30,489)	1,991,674	141,728
Pension liability - PERS	<u>29,121,660</u>	<u>(1,766,636)</u>	<u>27,355,024</u>	-
	<u>\$ 74,922,972</u>	<u>(4,002,213)</u>	<u>70,920,759</u>	<u>\$ 3,036,220</u>

For governmental activities, the bonds payable are liquidated from the School District's debt service fund. Obligations under capital leases, compensated absences payable and pension liability - PERS are liquidated by the general fund.

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>
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	2,545,000	1,243,075	3,788,075
2025	2,755,000	1,113,950	3,868,950
2026-2030	16,450,000	3,371,850	19,821,850
2031-2032	<u>5,040,000</u>	<u>381,000</u>	<u>5,421,000</u>
	<u>\$ 33,300,000</u>	<u>\$ 10,513,600</u>	<u>\$ 43,813,600</u>

B. Bonds Authorized But Not Issued

As of June 30, 2020 the District had no authorized but not issued bonds.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2020

9. Non-current Liabilities (Con'td)

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, 2020:

Year ended June 30,	
2021	\$ 1,131,115
2022	1,076,873
2023	957,175
2024	770,599
2025	442,995
2026-2030	2,409,766
2031-2036	<u>3,376,209</u>
Total minimum lease payments	10,164,732
Less: amounts representing interest	<u>(1,890,671)</u>
Present value of lease payments	<u>\$ 8,274,061</u>

Amortization of the leased equipment under capital assets is included with depreciation expense.

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2020

10. Pension Plans (cont'd)

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

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.

Contributions - The contribution policy for PERS is set by N.J.S.A. 43:15A 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 2019, 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, 2019, the School District reported a liability of \$27,355,024 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019. 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, 2018, to the measurement date of June 30, 2019. 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, 2019. The School District's proportion measured as of June 30, 2019, was .1518164642%, which was an increase of .0039119565% from its proportion measured as of June 30, 2018.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2020

10. Pension Plans (cont'd)

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

For the year ended June 30, 2020, the School District recognized full accrual pension expense of \$3,544,212 in the government-wide financial statements consisting of employer contributions of \$1,476,727 and non-employer contributions of \$2,067,485. This pension expense was based on the pension plans June 30, 2019 measurement date. At June 30, 2019, 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	\$ 490,987	\$ 120,842
Changes of assumptions	2,731,500	9,494,842
Net difference between projected and actual earnings on pension plan investments	-	431,810
Changes in proportion and differences between District contributions and proportionate share of contributions	1,566,158	168,103
District contributions subsequent to the measurement date	<u>1,516,096</u>	<u>-</u>
Total	<u>\$ 6,304,741</u>	<u>\$ 10,215,597</u>

\$1,516,096 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2019-2020 total salaries for PERS employees multiplied by an employer contribution rate. The payable is due on April 1, 2021 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. 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:	
2020	\$ (628,085)
2021	(2,037,497)
2022	(1,819,366)
2023	(854,286)
2024	(87,718)
Thereafter	-
Total	<u>\$ (5,426,952)</u>

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2020

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	-
June 30, 2018	-	5.63
June 30, 2019	-	5.21
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
Net Difference between projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	5.00	5.00
June 30, 2015	5.00	5.00
June 30, 2016	5.00	5.00
June 30, 2017	5.00	5.00
June 30, 2018	5.00	5.00
June 30, 2019	5.00	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 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for the 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2020

10. Pension Plans (cont'd)

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

Actuarial Assumptions - The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following assumptions:

Inflation Rate

Price	2.75%
Wage	3.25%

Salary Increases:

Through 2026	2.00% - 6.00% Based on years of service
Thereafter	3.00% -7.00% Based on years of service

Investment Rate of Return	7.00%
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Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2020

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, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00 %	4.67 %
Cash Equivalents	5.00 %	2.00 %
U.S. Treasuries	5.00 %	2.68 %
Investment Grade Credit	10.00 %	4.25 %
High Yield	2.00 %	5.37 %
Private Credit	6.00 %	7.92 %
Real Assets	2.50 %	9.31 %
Real Estate	7.50 %	8.33 %
U.S. Equity	28.00 %	8.26 %
Non-U.S. Developed Markets Equity	12.50 %	9.00 %
Emerging Markets Equity	6.50 %	11.37 %
Private Equity	12.00 %	10.85 %

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2020

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 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 70% 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, 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, 2019 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 (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
District's proportionate share of the net pension liability	34,794,221	27,355,024	21,437,102

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2020 and 2019:

	<u>6/30/20</u>	<u>6/30/19</u>
Collective Deferred Outflows of Resources	3,149,522,616	4,684,852,302
Collective Deferred Inflows of Resources	7,645,087,574	7,646,736,226
Collective Net Pension Liability	18,143,832,135	19,689,501,539
School District's Portion	.15181646427%	.1479045077%

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2020

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. 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, 2020

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 2019, 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, 2019 was \$172,751,741. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. 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, 2019, the State proportionate share of the TPAF net pension liability attributable to the School District was .281487835%, which was an decrease of .0020931239% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2019, the State of New Jersey recognized a pension expense in the amount of \$6,336,784 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, 2019 measurement date.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2020

10. Pension Plans (cont'd)

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

Actuarial Assumptions - The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55-4.45% based on years of service
Thereafter	2.75-5.65% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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, 2019) 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, 2019 are summarized in the following table:

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2020

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>
Risk Mitigation Strategies	3.00 %	4.67 %
Cash Equivalents	5.00 %	2.00 %
U.S. Treasuries	5.00 %	2.68 %
Investment Grade Credit	10.00 %	4.25 %
High Yield	2.00 %	5.37 %
Private Credit	6.00 %	7.92 %
Real Assets	2.50 %	9.31 %
Real Estate	7.50 %	8.33 %
U.S. Equity	28.00 %	8.26 %
Non-U.S. Developed Markets Equity	12.50 %	9.00 %
Emerging Markets Equity	6.50 %	11.37 %
Private Equity	12.00 %	10.85 %

Discount Rate - The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. 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 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State. 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 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 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, 2020

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, 2019 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 (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
State's proportionate share of the net pension liability	204,204,364	172,751,741	147,419,114

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, 2020

10. Pension Plans (Cont'd)

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

The District's contributions to the DCRP for June 30, 2020 were \$29,709. The liability for unpaid contributions at June 30, 2020 was \$0.

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

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

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2020

11. Post-Retirement Benefits (cont'd)

Basis of Presentation

The Schedule presents the State of New Jersey's obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Employees covered by benefit terms

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	148,051
Active plan members	<u>216,892</u>
Total	<u><u>364,943</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, 2019 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:

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2020

11. Post-Retirement Benefits (cont'd)

Actuarial assumptions and other imputes (cont'd)

Inflation Rate	2.50%
Salary Increases through 2026	PERS 2.00%-6.00% PFRS 3.25%-15.25% TPAF 1.55%-3.05%
Salary Increases after 2026	PERS 3.00%-7.00% PFRS 3.25%-15.25% TPAF 1.55%-3.05%
Discount Rate	3.50%
Healthcare Cost Trend Rates	4.5%-5.7%
Retirees' Share of Benefit Related Costs	1.5% of projected health insurance premiums for retirees

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018, July 1, 2014 - June 30, 2018, and July 1, 2013 - June 30, 2018 for TPAF, PERS and PFRS, respectively.

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

Balance at June 30, 2018	\$ 46,110,832,982
Changes for the year:	
Service cost	1,734,404,850
Interest on the total OPEB liability	1,827,787,206
Differences between expected and actual experiences	(7,323,140,818)
Changes in assumptions	622,184,027
Gross benefit payments by the state	(1,280,958,373)
Contributions from members	<u>37,971,171</u>
Net changes	<u>(4,381,751,937)</u>
Balance at June 30, 2019	<u>\$ 41,729,081,045</u>

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2020

11. Post-Retirement Benefits (cont'd)

Discount rate

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

The following presents the June 30, 2018 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 (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability of the State for School Retirees	\$49,298,534,898	\$41,729,081,045	\$35,716,321,820
Total OPEB Liability of the State Associated with the School District for School Retirees	\$151,765,485	\$128,462,927	\$109,952,652

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2020

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, 2019 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:

	1% Decrease	Trend Rate	1% Increase
Total OPEB Liability of the State for School Retirees	\$34,382,902,820	\$41,729,081,045	\$51,453,912,586
Total OPEB Liability of the State Associated with the School District for School Retirees	\$105,847,722	\$128,462,927	\$158,400,814

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

For the year ended June 30, 2020, the board of education recognized OPEB expense of \$2,350,831 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, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$(10,484,965,300)
Changes of assumptions	-	(8,481,529,343)
Contributions made in fiscal year ending 2019 after June 30, 2018 measurement date	-	-
Total	<u>\$ -</u>	<u>\$(18,966,494,643)</u>

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2020

11. Post-Retirement Benefits (cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (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:	
2020	\$ (2,546,527,182)
2021	(2,546,527,182)
2022	(2,546,527,182)
2023	(2,546,527,182)
2024	(2,546,527,182)
Thereafter	<u>(6,233,858,733)</u>
Total	<u>\$ (18,966,494,643)</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, 2020

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.

Self Insurance Plan -The District is self- insured for medical and prescription drug coverage of which certain actuarial assumptions are used by the insurance carrier to calculate "Incurred but not reported" (IBNR) amounts at year-end. Such amounts are reflected in the Government-wide Financial Statements as liabilities. At June 30, 2020 the resultant IBNR was \$925,000.

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 trust fund for the current and prior year:

District Financial Year	District Contributions	Interest	Amount Reimbursed	Ending Balance
2019-2020	\$ 292,170	989	108,912	\$ 494,357
2018-2019	224,720	468	88,735	310,110
2017-2018	-	401	48,878	173,657

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2020

15. Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at June 30, 2020:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 34,222	\$ -
Debt Service Fund	-	1
Enterprise Fund	-	45
Trust and Agency Fund	-	34,176
	<u>\$ 34,222</u>	<u>\$ 34,222</u>

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

16. Inventory

Inventory in the Food Service Fund at June 30, 2020 consisted of the following:

Food	\$ 1,254
Supplies	<u>18,369</u>
	<u>\$ 19,623</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, 2020

18. Fund Balances

General Fund - Of the \$17,626,503 General Fund balance at June 30, 2020, \$1,500,151 is assigned to other purposes, \$7,927,561 is restricted for capital reserve, \$3,757,707 is restricted for maintenance reserve, \$791,578 is restricted for the emergency reserve, \$652,598 is restricted for excess surplus for subsequent year expenditures, \$2,000,000 has been classified as assigned fund balance designated for subsequent year expenditures, \$22,156 is restricted for excess surplus and \$974,752 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, 2020 is \$22,156. The excess fund balance at June 30, 2019 was \$652,598.

20. Uncertain Tax Positions

The school district had no unrecognized tax benefits at June 30, 2020. 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, 2017.

21. Subsequent Events

Management has evaluated subsequent events through December 23, 2020, the date the financial statements were available to be issued.

The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the School District's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the School District's customers, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the School District's financial condition or results of operations is uncertain.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2020

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.

23. Economic Dependency

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

REQUIRED SUPPLEMENTARY INFORMATION - PART II

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 67,975,339	\$ -	\$ 67,975,339	\$ 67,975,339	\$ -
Tuition from individuals	318,000	-	318,000	175,838	(142,162)
Tuition from other LEAs within the state	564,525	-	564,525	608,241	43,716
Transportation Fees from Individuals	21,216	-	21,216	4,514	(16,702)
Transportation Fees from Other LEAs	70,000	-	70,000	45,085	(24,915)
Interest income	-	68,000	68,000	77,528	9,528
Interest earned on emergency reserve	100	-	100	136	36
Interest earned on maintenance reserve	3,000	-	3,000	11,371	8,371
Interest earned on capital reserve funds	10,000	-	10,000	33,093	23,093
Rents and Royalties	91,170	-	91,170	58,617	(32,553)
Miscellaneous	586,783	(68,000)	518,783	191,903	(326,880)
Total - local sources	69,640,133	-	69,640,133	69,181,665	(458,468)
State sources:					
Transportation aid	709,345	-	709,345	709,345	-
Special education aid	2,685,135	-	2,685,135	2,685,135	-
Extraordinary aid	825,000	-	825,000	717,549	(107,451)
Non public transportation aid	-	3,018	3,018	3,018	-
Equalization aid	1,100,169	-	1,100,169	1,100,169	-
Categorical security aid	93,758	-	93,758	93,758	-
TPAF - LTDI (on-behalf - Non-budgeted)	-	-	-	4,882	4,882
TPAF - post retirement medical (on-behalf - Non-budgeted)	-	-	-	2,350,831	2,350,831
Teacher's pension and annuity fund (on-behalf - Non-budgeted)	-	-	-	6,336,784	6,336,784
TPAF social security (reimbursed - Non-budgeted)	-	-	-	2,185,193	2,185,193
Total state sources	5,413,407	3,018	5,416,425	16,186,664	10,770,239
Federal Sources:					
Medicaid Reimbursement	102,953	-	102,953	69,721	(33,232)
Total federal sources	102,953	-	102,953	69,721	(33,232)
Total revenues	75,156,493	3,018	75,159,511	85,438,050	10,278,539
EXPENDITURES:					
Current Expenditures:					
Regular Programs - Instruction:					
Preschool - Salaries of teachers	249,905	(6,405)	243,500	224,393	19,107
Kindergarten - Salaries of teachers	1,153,021	127,758	1,280,779	1,280,779	-
Grades 1-5 - Salaries of teachers	9,224,305	171,293	9,395,598	9,345,192	50,406
Grades 6-8 - Salaries of teachers	6,681,142	(5,239)	6,675,903	6,618,306	57,597
Regular Programs - Home Instruction:					
Salaries of teachers	43,000	275	43,275	16,188	27,087
Purchased professional-educational services	31,000	7,483	38,483	26,752	11,731
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	497,108	65,157	562,265	551,293	10,972
Purchased professional technical services	75,800	5,675	81,475	71,898	9,577
Other purchased services (400-500 series)	90,432	(3,150)	87,282	78,822	8,460
General supplies	1,627,610	67,967	1,695,577	1,307,124	388,453
Textbooks	40,000	-	40,000	39,087	913
Other objects	-	-	-	-	-
TOTAL REGULAR PROGRAMS - INSTRUCTION	19,713,323	430,814	20,144,137	19,559,834	584,303
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of teachers	393,895	44,248	438,143	438,143	-
Other salaries for instruction	237,506	97,323	334,829	334,829	-
Other Purch. Serv. (400-500 series)	7,500	-	7,500	2,161	5,339
General supplies	27,000	2,417	29,417	22,858	6,559
Total Learning and/or Language Disabilities	665,901	143,988	809,889	797,991	11,898
Behavioral Disabilities:					
Salaries of teachers	89,013	(28,189)	60,824	55,639	5,185
Other salaries for instruction	95,002	61,802	156,804	150,266	6,538
Other purchased services (400-500 series)	1,000	-	1,000	-	1,000
General supplies	6,300	(190)	6,110	5,965	145
Total Behavioral Disabilities	191,315	33,423	224,738	211,870	12,868

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Multiple Disabilities:					
Salaries of teachers	\$ 275,232	\$ (59,644)	\$ 215,588	\$ 214,426	\$ 1,162
Other salaries for instruction	378,180	(69,542)	308,638	292,434	16,204
Purchased professional-educational services	5,000	-	5,000	2,785	2,215
Other Purch. Serv. (400-500 series)	2,000	-	2,000	632	1,368
General supplies	20,400	(3,061)	17,339	14,276	3,063
Total Multiple Disabilities	680,812	(132,247)	548,565	524,553	24,012
Resource Room/Resource Center:					
Salaries of teachers	4,729,011	193,442	4,922,453	4,833,579	88,874
Other salaries for instruction	1,347,982	(102,325)	1,245,657	1,203,947	41,710
Other Purch. Serv. (400-500 series)	18,500	2,765	21,265	19,075	2,190
General supplies	50,150	(1,655)	48,495	42,825	5,670
Total Resource Room/Resource Center	6,145,643	92,227	6,237,870	6,099,426	138,444
Autism:					
Salaries of teachers	297,345	3,976	301,321	300,768	553
Other salaries for instruction	201,127	14,759	215,886	211,301	4,585
Purchased professional-educational services	8,000	-	8,000	-	8,000
Other purchased services (400-500 series)	3,550	-	3,550	2,041	1,509
General supplies	22,150	(7,428)	14,722	10,705	4,017
Total Autism	532,172	11,307	543,479	524,815	18,664
Preschool Disabilities - Full Time					
Salaries of teachers	354,602	33,893	388,495	380,199	8,296
Other salaries for instruction	299,101	85,152	384,253	383,314	939
General supplies	14,800	2,000	16,800	15,802	998
Total Preschool Disabilities - Full Time	668,503	121,045	789,548	779,315	10,233
TOTAL SPECIAL EDUCATION - INSTRUCTION	8,884,346	269,743	9,154,089	8,937,970	216,119
Basic Skills/Remedial - Instruction					
Salaries of teachers	631,665	60,487	692,152	689,788	2,364
General Supplies	13,150	-	13,150	12,083	1,067
Total Basic Skills/Remedial - Instruction	644,815	60,487	705,302	701,871	3,431
Bilingual Education - Instruction					
Salaries of teachers	220,202	24,871	245,073	233,025	12,048
Other Sal. For Instruction	39,598	4,629	44,227	41,573	2,654
Other purchased services (400-500 series)	8,650	-	8,650	5,268	3,382
General Supplies	8,900	-	8,900	6,766	2,134
Total Bilingual Education - Instruction	277,350	29,500	306,850	286,632	20,218
School-Spon. Cocurricular Activities - Instruction					
Salaries	127,586	17,490	145,076	111,561	33,515
Supplies and materials	8,165	-	8,165	5,785	2,380
Other objects	2,500	-	2,500	2,463	37
Total School-Spon. Cocurricular Actvts. - Instruction	138,251	17,490	155,741	119,809	35,932
School-Spon. Athletics - Instruction					
Salaries	143,862	5,212	149,074	149,074	-
Purchased services (300-500 series)	31,508	-	31,508	20,174	11,334
Supplies and materials	25,000	-	25,000	19,865	5,135
Total School-Spon. Cocurricular Actvts. - Instruction	200,370	5,212	205,582	189,113	16,469
Other Instructional Programs - Instruction					
Supplies and materials	4,000	-	4,000	1,822	2,178
Total Other Instructional Programs - Instruction	4,000	-	4,000	1,822	2,178
Total Instruction	29,862,455	813,246	30,675,701	29,797,051	878,650
Undistributed Expenditures - Instruction:					
Tuition to other LEAs within the state - regular	39,000	-	39,000	-	39,000
Tuition to CSSD & Reg Day School	397,965	(30,000)	367,965	58,441	309,524
Tuition to Priv. Sch. For Handic. in state	1,201,609	(71,947)	1,129,662	715,342	414,320
Total Undistributed Expenditures - Instruction:	1,638,574	(101,947)	1,536,627	773,783	762,844
Undist. Expend. - Health Services					
Salaries	758,772	19,889	778,661	761,552	17,109
Purchased professional and technical services	23,287	(2,166)	21,121	4,018	17,103
Other Purchd. Serv. (400-500 series)	20,440	(3,200)	17,240	8,641	8,599
Supplies and materials	28,960	(5,035)	23,925	22,229	1,696
Other objects	150	-	150	149	1
Total Undistributed Expenditures - Health Services	831,609	9,488	841,097	796,589	44,508

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Other Support Serv - Students Related Service					
Salaries	\$ 1,363,179	\$ 47,133	\$ 1,410,312	\$ 1,399,088	\$ 11,224
Purchased professional - educational services	100,000	-	100,000	59,072	40,928
Travel	9,200	-	9,200	1,544	7,656
Supplies and materials	16,000	-	16,000	15,387	613
Total Undist. Expend. - Other Support Serv - Students	1,488,379	47,133	1,535,512	1,475,091	60,421
Undist. Expend. - Other Support Services - Students - Extraordinary Services					
Salaries	972,294	(208,632)	763,662	762,006	1,656
Purchased Prof. Ed. Services	9,000	-	9,000	7,079	1,921
Supplies and materials	11,000	-	11,000	6,293	4,707
Other Objects	2,250	-	2,250	1,112	1,138
Total Undist. Expend. - Other Support Services Students - Extraordinary Services	994,544	(208,632)	785,912	776,490	9,422
Undist. Expend. - Other Support Serv Students-Regular					
Salaries of other professional staff	715,726	(5,731)	709,995	709,995	-
Salaries of secretarial and clerical assistants	110,011	753	110,764	110,342	422
Other Salaries	40,600	(19,387)	21,213	21,213	-
Purchased professional - educational services	11,000	3,625	14,625	14,142	483
Other purchased services (400-500 series)	10,430	2,625	13,055	6,936	6,119
Supplies and materials	39,550	(2,567)	36,983	34,881	2,102
Other objects	15	-	15	-	15
Total Undist. Expend. - Other Support Serv - Students-Regular	927,332	(20,682)	906,650	897,509	9,141
Undist. Expend. - Other Support Serv - Students-Special					
Salaries of other professional staff	1,862,448	49,110	1,911,558	1,911,558	-
Salaries of secretarial and clerical assistants	284,542	2,674	287,216	286,242	974
Unused Vac Pay to Term/Retired Staff	1,858	-	1,858	1,797	61
Other purchased prof. and tech. services	25,300	27,000	52,300	37,287	15,013
Other purchased services (400-500 series)	19,824	-	19,824	11,715	8,109
Misc purchased services (400-500 series o/than resid costs)	-	-	-	-	-
Supplies and materials	47,000	32,243	79,243	74,783	4,460
Other objects	-	5,000	5,000	4,379	621
Total Undist. Expend. - Other Supp Services - Students-Special	2,240,972	116,027	2,356,999	2,327,761	29,238
Undist. Expend. - Improv of Instruct Serv - Other Sup Serv - Instr					
Salaries of supervisor of instruction	1,201,940	(44,660)	1,157,280	1,157,280	-
Other Salaries	196,838	(80,646)	116,192	64,043	52,149
Unused Vac Pay to Term/Retired Staff	-	21,828	21,828	21,828	-
Other purchased services (400-500)	109,300	(62,357)	46,943	22,754	24,189
Supplies and materials	10,400	(1,000)	9,400	3,596	5,804
Other objects	8,940	(1,830)	7,110	3,397	3,713
Total Undist. Expend. - Improv of Instruct Serv - Other Sup Serv - Instr	1,527,418	(168,665)	1,358,753	1,272,898	85,855
Undist. Expend. - Educational Media Services/School Library					
Salaries	470,822	14,759	485,581	485,527	54
Supplies and materials	75,875	(5,901)	69,974	61,612	8,362
Total Undist. Expend. - Educational Media Services/School Library	546,697	8,858	555,555	547,139	8,416
Undist. Expend. - Instruction Staff Training Services					
Salaries of other professional staff	70,941	626	71,567	71,567	-
Purchased professional - educational services	31,000	7,045	38,045	16,357	21,688
Other purchased services (400-500)	62,300	-	62,300	46,539	15,761
Supplies and materials	4,000	-	4,000	-	4,000
Total Undist. Expend. - Instruction Staff Training Services	168,241	7,671	175,912	134,463	41,449
Undist. Expend. - Support Service - General Administration					
Salaries	486,014	1,215	487,229	487,229	-
Legal services	135,000	12,000	147,000	71,563	75,437
Audit Fees	32,500	-	32,500	32,500	-
Architectural/Engineering Services	70,000	5,360	75,360	6,048	69,312
Other purchased professional services	8,945	-	8,945	3,405	5,540
Purchased technical services	40,000	-	40,000	21,639	18,361
Communications/Telephone	167,634	-	167,634	154,210	13,424
BOE Other purchased services	15,300	-	15,300	5,418	9,882
Other purchased services (400-500 series)	230,212	-	230,212	214,720	15,492
General supplies	20,800	293	21,093	10,629	10,464
Miscellaneous expenditures	12,700	1,000	13,700	9,596	4,104
BOE membership dues and fees	31,000	-	31,000	28,263	2,737
Total Undist. Expend. - Support Service - General Administration	1,250,105	19,868	1,269,973	1,045,220	224,753

FREEHOLD TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Support Service - School Administration					
Salaries of principals/Assistant principals	\$ 1,563,058	\$ (22,948)	\$ 1,540,110	\$ 1,505,524	\$ 34,586
Salaries of secretarial and clerical assistants	821,278	(6,884)	814,394	807,445	6,949
Unused Vac Pay to Term/Retired Staff	1,867	16,082	17,949	17,888	61
Other purchased services (400-500 series)	90,164	10,437	100,601	80,258	20,343
Supplies and materials	55,725	7,330	63,055	51,400	11,655
Other objects	18,240	(3,558)	14,682	13,686	996
Total Undist. Expend. - Support Service - School Administration	2,550,332	459	2,550,791	2,476,201	74,590
Undistributed Expenditures - Central Services					
Salaries	766,938	1,862	768,800	759,923	8,877
Unused Vac Pay to Term/Retired Staff	-	753	753	753	-
Purchased professional services	34,146	650	34,796	22,179	12,617
Purchased technical services	53,507	-	53,507	45,750	7,757
Misc. Purchased Services	8,400	-	8,400	3,052	5,348
Supplies and materials	26,125	-	26,125	12,150	13,975
Miscellaneous expenditures	16,475	-	16,475	10,732	5,743
Total Undist. Expend. - Central Services	905,591	3,265	908,856	854,539	54,317
Undist.- Admin. Info. Technology					
Salaries	427,121	(20,142)	406,979	405,165	1,814
Unused Vac Pay to Term/Retired Staff	-	3,068	3,068	3,068	-
Purchased Professional Services	311,300	(33,323)	277,977	237,920	40,057
Other Purchased Services	134,945	31,154	166,099	59,422	106,677
Supplies and materials	159,000	60,000	219,000	182,493	36,507
Total Undist. Expend - Admin. Info. Technology	1,032,366	40,757	1,073,123	888,068	185,055
Undist. Expend. - Allowed Maintenance for School Facilities					
Salaries	525,311	(4,004)	521,307	488,190	33,117
Unused Vac Pay to Term/Retired Staff	-	11,118	11,118	11,118	-
Cleaning, repair and maintenance services	657,429	(51,805)	605,624	377,552	228,072
General supplies	182,150	1,556	183,706	135,991	47,715
Other objects	2,500	-	2,500	285	2,215
Total Undist. Expend. - Allowed Maintenance for School Facilities	1,367,390	(43,135)	1,324,255	1,013,136	311,119
Undist. Expend. - Other Operation & Maintenance of Plant					
Salaries	2,000,358	(54,752)	1,945,606	1,886,123	59,483
Salaries of non-instructional aides	261,953	(3,487)	258,466	252,771	5,695
Unused Vac Pay to Term/Retired Staff	9,551	(3,372)	6,179	6,179	-
Purchased professional and technical services	2,500	-	2,500	-	2,500
Cleaning, repair and maintenance services	80,500	-	80,500	48,446	32,054
Lease purchase pymts - energy savings impr prog	414,915	-	414,915	414,914	1
Other purchased property services	166,339	-	166,339	152,894	13,445
Misc Purchased Services	2,500	-	2,500	125	2,375
Insurance	144,061	-	144,061	131,892	12,169
General supplies	142,086	17,000	159,086	152,065	7,021
Energy (electricity)	1,181,574	-	1,181,574	896,898	284,676
Other objects	2,500	-	2,500	-	2,500
Energy (natural gas)	340,038	-	340,038	255,476	84,562
Total Undist Expend-Other Operation & Maint Of Plant	4,748,875	(44,611)	4,704,264	4,197,783	506,481
Undist. Expend. - Care & Upkeep of Grounds					
Salaries	210,206	(8,615)	201,591	200,591	1,000
Cleaning, repair and maintenance services	83,250	(16,650)	66,600	35,225	31,375
General supplies	46,000	453	46,453	14,759	31,694
Total Undist Expend-Care & Upkeep of Grounds	339,456	(24,812)	314,644	250,575	64,069
Security					
Purchased Professional and Technical Services	162,223	-	162,223	90,800	71,423
Cleaning, repair and maintenance services	15,000	-	15,000	10,018	4,982
General supplies	36,710	-	36,710	14,306	22,404
Total Security	213,933	-	213,933	115,124	98,809

FREEHOLD TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Student Transportation Services					
Salaries of non-instructional aides	\$ 329,372	\$ 6,736	\$ 336,108	\$ 324,980	\$ 11,128
Salaries-pupil transport(between home & school)-Regular	1,116,127	(42,989)	1,073,138	1,066,162	6,976
Salaries-pupil transport (between home & school)-Special	607,716	(16,838)	590,878	537,017	53,861
Salaries-pupil transport(other than home & school)-Regular	81,518	-	81,518	63,114	18,404
Other purchased professional and technical services	29,150	-	29,150	13,027	16,123
Cleaning, repair and maintenance services	465,000	-	465,000	314,857	150,143
Lease purchase payments - School buses	535,803	-	535,803	534,241	1,562
Contract Svc - Aid in Lieu Pymts - NonPub Sch	65,000	-	65,000	47,690	17,310
Contract Svc (other btw home & Sch.) - Vendors	3,000	-	3,000	-	3,000
Contract Svc (Sp Ed Stds) - Vendors	11,000	-	11,000	2,400	8,600
Contract Svc (Regular students) - ESCs & CTSA	100,000	-	100,000	22,231	77,769
Contract Svc (Spl. Ed. Students) - ESCs & CTSA	550,000	-	550,000	347,888	202,112
General supplies	5,000	1,500	6,500	4,514	1,986
Misc Purchased Serv - Transportation	94,397	(8,129)	86,268	82,690	3,578
Transportation supplies	335,915	-	335,915	111,807	224,108
Other objects	8,500	-	8,500	3,810	4,690
Total Undist. Expend. - Student Transportation Services	4,337,498	(59,720)	4,277,778	3,476,428	801,350
Interest Earned on Current Expense Emergency Reserve					
Interest earned on current expense emergency reserve	100	(100)	-	-	-
Total Interest Earned on Current Expense Emergency Reserve	100	(100)	-	-	-
Interest Earned on Maintenance Reserve					
Interest earned on maintenance reserve	3,000	(3,000)	-	-	-
Total Interest Earned on Maintenance Reserve	3,000	(3,000)	-	-	-
ALLOCATED EMPLOYEE BENEFITS					
Regular Programs - Instruction					
Unused Vac Pay to Term/Retired Staff	78,088	4,803	82,891	82,388	503
Total Regular Programs - Instruction	78,088	4,803	82,891	82,388	503
Special Programs - Instruction					
Unused Vac Pay to Term/Retired Staff	57,850	(5,287)	52,563	52,563	-
Total Special Programs - Instruction	57,850	(5,287)	52,563	52,563	-
Other Supp Serv - Students - Related Services					
Unused Vac Pay to Term/Retired Staff	2,250	(150)	2,100	2,100	-
Total Other Supp Serv - Students - Related Services	2,250	(150)	2,100	2,100	-
Other Supp Serv - Students - Special					
Unused Vac Pay to Term/Retired Staff	413	(413)	-	-	-
Total Other Supp Serv - Students - Special	413	(413)	-	-	-
Other Supp Serv - Child Study Teams					
Unused Vac Pay to Term/Retired Staff	13	-	13	-	13
Total Other Supp Serv - Child Study Teams	13	-	13	-	13
Support Services - School Admin.					
Unused Vac Pay to Term/Retired Staff	5,125	-	5,125	4,900	225
Total Support Services - School Admin.	5,125	-	5,125	4,900	225
Support Services - Maintenance for School Facilities					
Unused Vac Pay to Term/Retired Staff	-	10,875	10,875	10,875	-
Total Support Services - Maintenance for School Facilities	-	10,875	10,875	10,875	-
Support Services - Custodial Services					
Unused Vac Pay to Term/Retired Staff	12,068	(190)	11,878	11,558	320
Total Support Services - Custodial Services	12,068	(190)	11,878	11,558	320
Student Transportation Services					
Unused Vac Pay to Term/Retired Staff	12,265	-	12,265	12,131	134
Total Student Transportation Services	12,265	-	12,265	12,131	134
TOTAL ALLOCATED EMPLOYEE BENEFITS	168,072	9,638	177,710	176,515	1,195

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
UNALLOCATED EMPLOYEE BENEFITS					
Group insurance	14,700	-	14,700	12,627	2,073
Social security contributions	1,112,717	-	1,112,717	1,038,473	74,244
Other retirement contributions - PERS	1,746,318	(18,674)	1,727,644	1,516,096	211,548
Unemployment Compensation	80,350	(60,000)	20,350	-	20,350
Workmen's compensation	748,426	6,629	755,055	755,054	1
Health benefits	14,023,034	131,434	14,154,468	10,890,677	3,263,791
Tuition reimbursement	140,000	7,568	147,568	97,973	49,595
Other employee benefits	22,500	12,112	34,612	18,676	15,936
TOTAL UNALLOCATED EMPLOYEE BENEFITS	17,888,045	79,069	17,967,114	14,329,576	3,637,538
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	18,056,117	88,707	18,144,824	14,506,091	3,638,733
On-behalf TPAF LTDI (non-budgeted)	-	-	-	4,882	(4,882)
On-behalf TPAF OPEB (post retirement med) (non-budgeted)	-	-	-	2,350,831	(2,350,831)
On-behalf TPAF Pension Contributions (non-budgeted)	-	-	-	6,336,784	(6,336,784)
Reimbursed TPAF social security contributions (non-budgeted)	-	-	-	2,185,193	(2,185,193)
TOTAL ON-BEHALF CONTRIBUTIONS	-	-	-	10,877,690	(10,877,690)
TOTAL UNDISTRIBUTED EXPENDITURES	45,168,529	(333,071)	44,835,458	48,702,578	(3,867,120)
TOTAL GENERAL CURRENT EXPENDITURES	75,030,984	480,175	75,511,159	78,499,629	(2,988,470)
CAPITAL OUTLAY					
Increase in Capital Reserve	230,842	(230,842)	-	-	-
Interest Deposit to Capital Reserve	10,000	(10,000)	-	-	-
Equipment					
Regular Programs - Instruction:					
Grades 1-5	-	15,635	15,635	15,475	160
Grades 6-8	-	-	-	-	-
Special Education - Instruction - Multiple Disabilities	-	5,255	5,255	5,252	3
Undistributed expenditures - Support services - Students - Reg.	-	2,704	2,704	2,704	-
Undistributed expenditures - Admin Info Tech	-	59,323	59,323	39,323	20,000
Undistributed expenditures - Required Maint. For Schools	-	4,769	4,769	4,769	-
Undistributed expenditures - Custodial services	14,500	-	14,500	10,669	3,831
Undistributed expenditures - Care and Upkeep of Grounds	16,000	-	16,000	12,403	3,597
Undistributed expenditures - Security	140,602	(80,000)	60,602	-	60,602
Total Equipment	171,102	7,686	178,788	90,595	88,193
Facilities Acquisition and Construction Services					
Construction Services	\$ 1,654,443	\$ 1,087,848	\$ 2,742,291	\$ 2,122,287	\$ 620,004
Architectual/engineering Services	97,150	265,550	362,700	194,374	168,326
Assessment for Debt Service on SDA Funding	111,972	-	111,972	111,972	-
Total Facilities Acquisition and Construction Services	1,863,565	1,353,398	3,216,963	2,428,633	788,330
TOTAL CAPITAL OUTLAY	2,275,509	1,120,242	3,395,751	2,519,228	876,523
Transfer of funds to Charter Schools	-	6,947	6,947	6,947	-
TOTAL EXPENDITURES	77,306,493	1,607,364	78,913,857	81,025,804	(2,111,947)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,150,000)	(1,604,346)	(3,754,346)	4,412,246	(8,166,592)
Fund Balance, July 1	13,645,485	-	13,645,485	13,645,485	-
Fund Balance, June 30	\$ 11,495,485	\$ (1,604,346)	\$ 9,891,139	18,057,731	\$ (8,166,592)
Recapitulation:					
Restricted Fund Balance:					
Capital reserve				7,927,561	
Maintenance reserve				3,757,707	
Emergency reserve				791,578	
Excess surplus-current year				22,156	
Excess surplus - designated for subsequent year's expenditures				652,598	
Assigned Fund Balance:					
Year-end encumbrances				1,500,151	
Designated for subsequent year's expenditures				2,000,000	
Unrestricted/undesignated fund balance				1,405,980	
Reconciliation to governmental funds statements (GAAP)					

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Fund balance per governmental funds (Budgetary)				18,057,731	
Last state aid payment not recognized on GAAP basis				<u>(431,228)</u>	
Fund balance per governmental funds (GAAP) - B-1				<u>17,626,503</u>	
Fund balance per governmental funds (GAAP) - B-1				<u>\$ 17,626,503</u>	

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local sources	\$ 18,669	\$ 139,094	\$ 157,763	\$ 77,591	\$ (80,172)
State sources	-	6,043	6,043	5,862	(181)
Federal sources	1,053,881	272,566	1,326,447	1,282,976	(43,471)
Total Revenues	<u>1,072,550</u>	<u>417,703</u>	<u>1,490,253</u>	<u>1,366,429</u>	<u>(123,824)</u>
EXPENDITURES					
Instruction:					
Salaries of teachers	954,564	(29,625)	924,939	917,667	7,272
Purchased professional services	-	2,700	2,700	2,540	160
General supplies	15,129	138,434	153,563	80,294	73,269
Tuition	29,112	81,824	110,936	110,936	-
Total instruction	<u>998,805</u>	<u>193,333</u>	<u>1,192,138</u>	<u>1,111,437</u>	<u>80,701</u>
Support services:					
Other professional staff salaries	-	7,611	7,611	4,144	3,467
Personal services - employee benefits	73,745	129,608	203,353	171,454	31,899
Purchased professional - educational services	-	71,751	71,751	63,994	7,757
Other purchased professional services	-	15,400	15,400	15,400	-
Total support services	<u>73,745</u>	<u>224,370</u>	<u>298,115</u>	<u>254,992</u>	<u>43,123</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>1,072,550</u>	<u>417,703</u>	<u>1,490,253</u>	<u>1,366,429</u>	<u>123,824</u>
Other financing sources (uses)					
Transfer in from general fund	-	-	-	-	-
Contribution to whole school reform	-	-	-	-	-
Total outflows	<u>1,072,550</u>	<u>417,703</u>	<u>1,490,253</u>	<u>1,366,429</u>	<u>123,824</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation to governmental funds statements (GAAP)					
Last state aid payment not recognized on GAAP basis				\$ -	
Fund balance per governmental funds (GAAP)				<u>\$ -</u>	

**FREEHOLD TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Budget-to-GAAP Reconciliation
Note to Required Supplementary Information
For the Year Ended June 30, 2020**

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

		General Fund		Special Revenue Fund
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 85,438,050	[C-2]	\$ 1,366,429
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-		34,187
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(6,336,784)		
The 2018-19 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).		433,508		-
The 2019-20 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).		(431,228)		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	\$ 79,103,546	[B-2]	\$ 1,400,616
 Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 81,025,804	[C-2]	\$ 1,366,429
Differences - budget to GAAP:				
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(6,336,784)		
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.				34,187
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$ 74,689,020	[B-2]	\$ 1,400,616

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 Year Ended June 30, 2020**

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
District's proportion of the net pension liability	0.1382627295%	0.1401273042%	0.1479643329%	0.0991153647%	0.1479045077%	0.1518164642%
District's proportionate share of the net pension liability	\$ 27,091,283	\$ 32,770,266	\$ 43,822,791	\$ 23,072,473	\$ 29,121,660	\$ 27,355,024
District's covered-employee payroll	\$ -	\$ 9,903,070	\$ 9,699,657	\$ 10,218,973	\$ 10,570,646	\$ 10,368,510
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	330.91%	451.80%	225.78%	275.50%	263.83%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%

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 Year Ended June 30, 2020**

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contributions	\$ 1,139,818	\$ 1,227,572	\$ 1,322,906	\$ 1,382,967	\$ 1,477,164	\$ 1,482,881
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>	<u>1,514,421</u>	<u>1,516,096</u>
Contribution deficiency (excess)	<u>\$ (14,205)</u>	<u>\$ -</u>	<u>\$ (17,033)</u>	<u>\$ (11,575)</u>	<u>\$ (37,257)</u>	<u>\$ (33,215)</u>
District's covered-employee payroll	\$ 9,903,070	\$ 9,699,657	\$ 10,218,973	\$ 10,570,646	\$ 10,368,510	\$ 10,076,942
Contributions as a percentage of covered-employee payroll	0.00%	12.66%	12.95%	13.53%	14.25%	14.72%

* 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 Year Ended June 30, 2020**

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
State's proportion of the net pension liability	0.2553368545%	0.2631888032%	0.2754899316%	0.2764119540%	0.2835809589%	0.2814878350%
State's proportionate share of the net pension liability	\$ 136,469,238	\$ 166,346,563	\$ 216,717,921	\$ 186,366,906	\$ 180,408,115	\$ 172,751,741
District's covered-employee payroll	28,272,442	29,143,617	29,311,118	30,422,257	30,463,500	30,790,001
Proportionate share of the net pension liability as a percentage of District's covered-employee payroll	482.69%	570.78%	739.37%	612.60%	592.21%	561.06%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%

The District has a special funding situation and 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 Year Ended June 30, 2020
(Unaudited)**

Last 10 Fiscal Years*

	<u>2018</u>	<u>2019</u>	<u>2020</u>
State's proportion of the OPEB liability associated with the District			
Service cost	\$ 7,798,702	\$ 6,471,843	\$ 5,639,675
Interest cost	5,165,231	5,995,432	5,565,820
Differences between expected and actual experiences	-	(15,492,268)	(20,906,484)
Changes in assumptions	(21,782,320)	(16,074,314)	1,915,393
Member contributions	138,842	129,452	116,894
Gross benefit payments	<u>(3,770,573)</u>	<u>(3,745,557)</u>	<u>(3,943,429)</u>
Net change in total OPEB liability	(12,450,118)	(22,715,412)	(11,612,131)
Total State Share of OPEB liability - beginning	<u>175,240,588</u>	<u>162,790,470</u>	<u>140,075,058</u>
Total State Share of OPEB liability - ending	<u>\$ 162,790,470</u>	<u>\$ 140,075,058</u>	<u>\$ 128,462,927</u>
District's covered employee payroll	<u>\$ 45,880,853</u>	<u>\$ 46,072,933</u>	<u>\$ 45,587,770</u>
Total State's OPEB liability as a percentage of covered employee payroll	355%	304%	282%

* 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, 2020

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None .

Changes in Assumptions - The discount rate changed from 4.86% as of June 30, 2018, to 5.60% as of June 30, 2019.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None .

Changes in Assumptions - The discount rate changed from 5.66% as of June 30, 2018, to 6.28% as of June 30, 2019.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None .

Changes in Assumptions - The discount rate changed from 3.87% as of June 30, 2018, to 3.50% as of June 30, 2019.

OTHER SUPPLEMENTARY INFORMATION

D. School Based Budget Schedules
Not Applicable

E. Special Revenue Fund

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedules of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2020

	Title I Part A 19/20	Title IV 19/20	Title II Part A 19/20	Title III Part A 19/20	Title III Immigrant 19/20	IDEA-Part B-Basic Reg Prog 19/20	IDEA-Part B-Preschool Reg Prog 19/20
Revenues:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	<u>276,037</u>	<u>14,937</u>	<u>77,024</u>	<u>13,149</u>	<u>4,461</u>	<u>858,027</u>	<u>39,341</u>
Total revenues	<u>276,037</u>	<u>14,937</u>	<u>77,024</u>	<u>13,149</u>	<u>4,461</u>	<u>858,027</u>	<u>39,341</u>
Expenditures:							
Instruction:							
Salaries of teachers	197,643	14,937	-	7,059	-	662,809	34,422
Other salaries/instruction	-	-	-	-	-	-	-
Purchased professional services	-	-	-	-	-	-	-
General supplies	1,595	-	-	329	-	-	-
Tuition	-	-	-	-	-	110,936	-
Textbooks	-	-	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-	-	-
Total instruction	<u>199,238</u>	<u>14,937</u>	<u>-</u>	<u>7,388</u>	<u>-</u>	<u>773,745</u>	<u>34,422</u>
Support services:							
Other support services - students - special:							
Other professional staff salaries	-	-	-	-	4,144	-	-
Secretarial/Clerical salaries	-	-	-	-	-	-	-
Purchased professional services	-	-	61,624	624	-	-	-
Other purchased professional services	-	-	15,400	-	-	-	-
Purchased technical services	-	-	-	-	-	-	-
Employee benefits	76,799	-	-	5,137	317	84,282	4,919
Travel	-	-	-	-	-	-	-
Miscellaneous purchased services	-	-	-	-	-	-	-
General supplies	-	-	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-	-	-
Total other support services - students - special	<u>76,799</u>	<u>-</u>	<u>77,024</u>	<u>5,761</u>	<u>4,461</u>	<u>84,282</u>	<u>4,919</u>
Total support services	<u>76,799</u>	<u>-</u>	<u>77,024</u>	<u>5,761</u>	<u>4,461</u>	<u>84,282</u>	<u>4,919</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>\$ 276,037</u>	<u>\$ 14,937</u>	<u>\$ 77,024</u>	<u>\$ 13,149</u>	<u>\$ 4,461</u>	<u>\$ 858,027</u>	<u>\$ 39,341</u>

(continued on next page)

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedules of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2020

(Continued from prior page)

	Nonpublic Technology 19/20	Nonpublic Textbook 19/20	Nonpublic Nursing 19/20	Nonpublic Security 19/20	Local 19/20	Total 2020
Revenues:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 77,591	\$ 77,591
State sources	631	945	1,746	2,540	-	5,862
Federal sources	-	-	-	-	-	1,282,976
Total revenues	<u>631</u>	<u>945</u>	<u>1,746</u>	<u>2,540</u>	<u>77,591</u>	<u>1,366,429</u>
Expenditures:						
Instruction:						
Salaries of teachers	-	-	-	-	797	917,667
Other salaries/instruction	-	-	-	-	-	-
Purchased professional services	-	-	-	2,540	-	2,540
General supplies	631	945	-	-	76,794	80,294
Tuition	-	-	-	-	-	110,936
Textbooks	-	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-	-
Total instruction	<u>631</u>	<u>945</u>	<u>-</u>	<u>2,540</u>	<u>77,591</u>	<u>1,111,437</u>
Support services:						
Other support services - students - special:						
Other professional staff salaries	-	-	-	-	-	4,144
Secretarial/Clerical salaries	-	-	-	-	-	-
Purchased professional services	-	-	1,746	-	-	63,994
Other purchased professional services	-	-	-	-	-	15,400
Purchased technical services	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	171,454
Travel	-	-	-	-	-	-
Miscellaneous purchased services	-	-	-	-	-	-
General supplies	-	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-	-
Total other support services - students - special	<u>-</u>	<u>-</u>	<u>1,746</u>	<u>-</u>	<u>-</u>	<u>254,992</u>
Total support services	<u>-</u>	<u>-</u>	<u>1,746</u>	<u>-</u>	<u>-</u>	<u>254,992</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>\$ 631</u>	<u>\$ 945</u>	<u>\$ 1,746</u>	<u>\$ 2,540</u>	<u>\$ 77,591</u>	<u>\$ 1,366,429</u>

F. Capital Projects Fund
Not Applicable

G. Proprietary Funds
See B-4 through B-6

H. Fiduciary Funds

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Trust	Agency		Total
	Unemployment Compensation Trust	Student Activity	Payroll Agency	
ASSETS				
Cash and cash equivalents	\$ 494,357	\$ 13,292	\$ 398,316	\$ 905,965
Intergovernmental Accounts Receivable	-	-	-	-
Interfund receivable	-	-	-	-
Total assets	<u>494,357</u>	<u>13,292</u>	<u>398,316</u>	<u>905,965</u>
LIABILITIES				
Accounts payable	-	-	-	-
Payroll deductions and withholdings	-	-	364,140	364,140
Payable to student groups	-	13,292	-	13,292
Interfund payable	-	-	34,176	34,176
Other current liabilities	-	-	-	-
Total liabilities	<u>-</u>	<u>13,292</u>	<u>398,316</u>	<u>411,608</u>
NET POSITION				
Held in trust for unemployment claims and other purposes	494,357	-	-	494,357
Designated for future use	-	-	-	-
Total net position	<u>494,357</u>	<u>-</u>	<u>-</u>	<u>494,357</u>
Total liabilities and net position	<u>\$ 494,357</u>	<u>\$ 13,292</u>	<u>\$ 398,316</u>	<u>\$ 905,965</u>

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2020

	Unemployment Compensation Trust
ADDITIONS	
Contributions:	
Plan member	\$ 292,170
Other	-
Total Contributions	292,170
Investment earnings:	
Net increase (decrease) in fair value of investments	-
Interest	989
Dividends	-
Less investment expense	-
Net investment earnings	989
Total additions	293,159
DEDUCTIONS	
Quarterly contribution reports	-
Unemployment claims	108,912
Scholarships awarded	-
Refunds of contributions	-
Administrative expenses	-
Total deductions	108,912
Change in net position	184,247
Net position—beginning of the year	310,110
Net position—end of the year	\$ 494,357

**FREEHOLD TOWNSHIP SCHOOL DISTRICT
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Year Ended June 30, 2020**

	<u>Balance July 1, 2019</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2020</u>
Clifton T. Barkalow School	\$ 10,005	\$ 10,903	\$ 15,409	\$ 5,499
Dwight D. Eisenhower School	7,993	37,486	37,686	7,793
Total all schools	<u>\$ 17,998</u>	<u>\$ 48,389</u>	<u>\$ 53,095</u>	<u>\$ 13,292</u>

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2020

	<u>Balance July 1, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2020</u>
Payroll deductions and withholdings	\$ 653,164	53,255,059	53,544,083	\$ 364,140
Due to General Fund	24,500	9,676	-	34,176
Total	<u>\$ 677,664</u>	<u>53,264,735</u>	<u>53,544,083</u>	<u>\$ 398,316</u>

I. Long-Term Debt

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Obligations Under Capital Leases
June 30, 2020

<u>Purpose</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original</u>		<u>Interest Rate</u>	<u>Balance 06/30/19</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 06/30/20</u>
			<u>Principal</u>	<u>Interest</u>					
Equipment	10/27/2015	5 Years	\$ 524,000	\$ 75,228	various	\$ 227,000	-	111,000	\$ 116,000
Equipment	4/7/2017	5 Years	\$ 226,350	\$ 12,115	2.74%	107,152	-	34,756	72,396
Equipment	9/22/2017	5 Years	\$ 916,146	\$ 47,166	2.025%	618,997	-	150,126	468,871
Equipment	7/27/2018	5 Years	\$ 1,314,500	\$ 98,687	2.88%	1,121,000	-	211,653	909,347
ESIP	1/31/2019	16 Years	\$ 6,560,000	\$ 1,978,056	3.01%	6,560,000	-	217,720	6,342,280
Equipment	9/12/2019	5 Years	\$ 460,511	\$ 18,881	1.99%	-	460,511	95,344	365,167
						<u>\$ 8,634,149</u>	<u>460,511</u>	<u>820,599</u>	<u>\$ 8,274,061</u>

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 3,462,889	\$ -	\$ 3,462,889	\$ 3,462,889	\$ -
State Sources:					
Debt Service Aid Type II	38,310	-	38,310	38,310	-
Total - State Sources	38,310	-	38,310	38,310	-
Total Revenues	3,501,199	-	3,501,199	3,501,199	-
EXPENDITURES:					
Regular Debt Service:					
Interest	1,656,200	-	1,656,200	1,656,200	-
Redemption of Principal	1,845,000	-	1,845,000	1,845,000	-
Total Regular Debt Service	3,501,200	-	3,501,200	3,501,200	-
Total expenditures	3,501,200	-	3,501,200	3,501,200	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1)	-	(1)	(1)	-
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	(1)	-	(1)	(1)	-
Fund Balance, July 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>\$ (1)</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

**Freehold School District
Statistical Section**

<u>Contents</u>	<u>Page</u>
<p>Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.</p>	108-112
<p>Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.</p>	113-116
<p>Debt Capacity These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.</p>	117-120
<p>Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.</p>	121-122
<p>Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.</p>	123-128

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

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 6,462,294	\$ 6,435,070	\$ 5,868,706	\$ 3,478,290	\$ 2,618,410	\$ 8,131,767	\$ 7,785,018	\$ 6,048,068	\$ (612,548)	\$ 7,560,035
Restricted	4,260,324	7,834,549	7,786,350	5,574,187	5,227,613	3,964,061	6,710,601	7,318,182	17,309,776	16,766,939
Unrestricted	2,965,858	125,150	620,891	3,629,137	(24,135,848)	(28,153,549)	(29,547,677)	(21,414,049)	(30,565,027)	(30,282,802)
Total governmental activities net position	\$ 13,688,476	\$ 14,394,769	\$ 14,275,947	\$ 12,681,614	\$ (16,289,825)	\$ (16,057,721)	\$ (15,052,058)	\$ (8,047,799)	\$ (13,867,799)	\$ (5,955,828)
Business-type activities										
Net investment in capital assets	\$ 15,450	\$ 10,950	\$ 8,500	\$ 7,517	\$ 20,068	\$ 17,911	\$ 15,754	\$ 74,453	\$ 90,124	\$ 107,500
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	85,189	118,442	21,385	75,648	123,645	163,292	214,152	284,579	179,106	212,281
Total business-type activities position	\$ 100,639	\$ 129,392	\$ 29,885	\$ 83,165	\$ 143,713	\$ 181,203	\$ 229,906	\$ 359,032	\$ 269,230	\$ 319,781
District-wide										
Net investment in capital assets	\$ 6,477,744	\$ 6,446,020	\$ 5,877,206	\$ 3,485,807	\$ 2,638,478	\$ 8,149,678	\$ 7,800,772	\$ 6,122,521	\$ (522,424)	\$ 7,667,535
Restricted	4,260,324	7,834,549	7,786,350	5,574,187	5,227,613	3,964,061	6,710,601	7,318,182	17,309,776	16,766,939
Unrestricted	3,051,047	243,592	642,276	3,704,785	(24,012,203)	(27,990,257)	(29,333,525)	(21,129,470)	(30,385,921)	(30,070,521)
Total district net position	\$ 13,789,115	\$ 14,524,161	\$ 14,305,832	\$ 12,764,779	\$ (16,146,112)	\$ (15,876,518)	\$ (14,822,152)	\$ (7,688,767)	\$ (13,598,569)	\$ (5,636,047)

Source: CAFR Schedule A-1 and District records.

GASB No. 54 was implemented in the 2011 fiscal year, which required a change in the presentation of fund balance. This required presentation did not impact any of the balances from prior years.

GASB No. 63 was implemented in the 2013 fiscal year, which required a change in language from net assets to net position for full accrual funds. This required presentation did not impact any of the balances from prior years.

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

Fiscal Year Ending June 30,

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
Instruction										
Regular	\$ 16,766,651	\$ 16,967,321	\$ 17,928,224	\$ 19,419,697	\$ 19,688,421	\$ 20,571,015	\$ 19,937,469	\$ 20,704,737	\$ 20,539,988	\$ 20,712,687
Special education	6,618,571	7,760,459	8,099,430	8,387,187	8,728,826	9,164,105	9,490,139	10,065,138	9,843,497	8,937,970
Other special education	935,634	1,118,409	1,351,171	1,405,281	1,266,482	1,171,105	1,176,013	1,323,856	1,360,088	1,299,247
Support Services:										
Instruction	2,510,459	2,154,962	1,468,708	1,264,988	1,229,804	1,035,016	1,024,940	1,024,475	1,436,913	773,783
Health services	607,047	636,295	624,192	690,829	732,481	728,830	749,466	848,419	800,348	796,589
Other support services	4,936,401	5,058,531	5,844,845	6,089,565	6,201,535	6,243,569	6,114,265	6,154,969	6,190,153	6,997,512
Educational media services	563,301	479,578	465,749	443,356	468,406	453,148	510,820	468,200	546,297	547,139
Instruction staff training	60,687	76,656	72,206	65,385	120,970	103,874	108,367	115,152	99,358	134,463
General administration	783,530	788,052	849,568	859,196	983,082	765,383	935,557	922,444	1,171,628	1,045,220
School administrative services	1,891,199	1,975,788	2,035,946	2,105,775	2,224,721	2,171,277	2,380,673	2,530,395	2,519,690	2,476,201
Central services	716,620	739,690	733,475	766,629	731,794	840,801	832,280	823,495	833,261	854,539
Plant operations and maintenance	7,467,048	6,746,080	6,868,380	7,610,419	7,731,436	7,852,078	7,846,846	10,488,221	8,818,913	5,805,180
Care & upkeep of grounds	301,312	274,790	225,360	199,820	260,084	299,311	300,872	289,527	315,800	250,575
Security	-	-	-	21,975	38,099	62,065	25,070	48,083	164,270	115,124
Administrative information technology	522,942	561,690	725,710	728,490	970,428	1,142,688	1,080,864	890,228	848,664	888,068
Allocated employee benefits	-	-	-	-	-	-	-	-	-	176,515
Pupil transportation	3,475,591	3,372,461	3,466,345	3,814,473	3,602,705	3,439,011	3,740,728	3,952,284	4,103,723	3,476,428
Special schools	15,266	8,812	6,634	16,514	-	-	-	-	-	-
Transfer to charter school	-	17,026	-	-	-	-	-	-	-	6,947
Interest on long-term debt	2,400,591	2,381,534	1,967,046	2,052,121	2,028,666	1,856,486	1,918,619	1,854,343	1,789,745	1,403,070
Unallocated employee benefits	14,809,335	14,713,885	15,084,741	14,810,078	15,520,745	15,369,671	15,716,903	7,484,784	23,268,308	14,888,165
Non-budgeted expenditures	3,509,504	4,283,874	5,355,028	4,938,450	4,699,742	4,766,772	4,725,857	4,944,790	4,732,907	4,540,906
Total governmental activities expenses	68,891,689	70,115,893	73,172,758	75,690,228	77,228,427	78,036,205	78,615,748	74,933,540	89,383,551	76,126,328
Business-type activities:										
Food service	936,407	956,840	1,027,533	896,916	969,567	1,031,483	1,041,985	1,049,718	1,119,924	687,680
Total business-type activities expense	936,407	956,840	1,027,533	896,916	969,567	1,031,483	1,041,985	1,049,718	1,119,924	687,680
Total district expenses	\$ 69,828,096	\$ 71,072,733	\$ 74,200,291	\$ 76,587,144	\$ 78,197,994	\$ 79,067,688	\$ 79,657,733	\$ 75,983,258	\$ 90,503,475	\$ 76,814,008
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 30,328	\$ 164,972	\$ 350,386	\$ 180,214	\$ 211,413	\$ 205,059	\$ 119,856	\$ 365,052	\$ 680,461	\$ 784,079
Pupil transportation	-	-	-	245,249	283,042	405,785	400,942	609,223	548,157	49,599
Operating grants and contributions	3,509,504	4,283,874	5,355,028	4,938,450	4,699,742	4,766,772	4,725,857	4,944,790	4,732,907	4,540,906
Total governmental activities program revenues	3,539,832	4,448,846	5,705,414	5,363,913	5,194,197	5,377,616	5,246,655	5,919,065	5,961,525	5,374,584
Business-type activities:										
Charges for services										
Food service	724,789	735,708	660,219	669,462	723,824	748,900	752,252	779,492	693,603	481,985
Operating grants and contributions	222,141	249,885	267,807	280,734	306,291	320,073	338,436	327,145	336,519	256,246
Total business-type activities program revenues	946,930	985,593	928,026	950,196	1,030,115	1,068,973	1,090,688	1,106,637	1,030,122	738,231
Total district program revenues	\$ 4,486,762	\$ 5,434,439	\$ 6,633,440	\$ 6,314,109	\$ 6,224,312	\$ 6,446,589	\$ 6,337,343	\$ 7,025,702	\$ 6,991,647	\$ 6,112,815
Net (Expense)/Revenue										
Governmental activities	\$ (65,351,857)	\$ (65,667,047)	\$ (67,467,344)	\$ (70,326,315)	\$ (72,034,230)	\$ (72,658,589)	\$ (73,369,093)	\$ (69,014,475)	\$ (83,422,026)	\$ (70,751,744)
Business-type activities	10,523	28,753	(99,507)	53,280	60,548	37,490	48,703	56,919	(89,802)	50,551
Total district-wide net expense	\$ (65,341,334)	\$ (65,638,294)	\$ (67,566,851)	\$ (70,273,035)	\$ (71,973,682)	\$ (72,621,099)	\$ (73,320,390)	\$ (68,957,556)	\$ (83,511,828)	\$ (70,701,193)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, 1	\$ 55,482,188	\$ 56,734,169	\$ 57,446,816	\$ 58,589,742	\$ 60,383,969	\$ 62,798,706	\$ 64,054,680	\$ 65,335,774	\$ 66,642,489	\$ 67,975,339
Taxes levied for debt service	3,405,674	3,449,149	3,312,772	3,365,692	3,418,018	3,465,543	3,200,132	3,347,197	3,402,532	3,462,889
Unrestricted grants and contributions	3,750,186	4,409,843	4,815,481	5,022,916	5,011,977	4,997,854	5,127,027	5,161,987	5,648,983	5,311,254
Restricted federal and state aid	-	190,864	4,644	11,894	46,397	46,435	106,675	86,331	98,854	69,721
Payments in lieu of taxes	2,322,181	1,363,672	1,349,981	1,360,397	1,330,508	1,304,972	1,198,342	1,259,295	1,308,826	1,343,308
Investment earnings	18,692	15,245	1,639	1,518	606	850	-	-	155,953	155,066
Rents and royalties	-	-	-	-	-	104,384	29,992	136,377	94,483	58,617
Miscellaneous income	232,848	210,398	417,189	379,823	626,384	171,949	657,908	323,150	249,906	287,521
Total governmental activities	65,211,769	66,373,340	67,348,522	68,731,982	70,817,859	72,890,693	74,374,756	75,650,111	77,602,026	78,663,715
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total business-type activities	-	-	-	-	-	-	-	-	-	-
Total district-wide	\$ 65,211,769	\$ 66,373,340	\$ 67,348,522	\$ 68,731,982	\$ 70,817,859	\$ 72,890,693	\$ 74,374,756	\$ 75,650,111	\$ 77,602,026	\$ 78,663,715
Change in Net Position										
Governmental activities	\$ (140,088)	\$ 706,293	\$ (118,822)	\$ (1,594,333)	\$ (1,216,371)	\$ 232,104	\$ 1,005,663	\$ 6,635,636	\$ (5,820,000)	\$ 7,911,971
Business-type activities	10,523	28,753	(99,507)	53,280	60,548	37,490	48,703	56,919	(89,802)	50,551
Total district	\$ (129,565)	\$ 735,046	\$ (218,329)	\$ (1,541,053)	\$ (1,155,823)	\$ 269,594	\$ 1,054,366	\$ 6,692,555	\$ (5,909,802)	\$ 7,962,522

Source: CAFR Schedule A-2 and District records.

GASB No. 63 was implemented in the 2013 fiscal year, which required a change in language from net assets to net position for full accrual funds. This required presentation did not impact any of the balances from prior years.

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,817,370	\$ 5,218,181	\$ 7,226,733	\$ 13,151,600
Committed	-	-	-	-	-	-	793,230	-	-	-
Assigned	-	-	-	-	-	-	2,100,000	2,675,827	3,851,306	3,500,151
Unassigned	-	-	-	-	-	-	1,813,863	1,794,244	2,133,938	974,752
Reserved	5,124,013	7,622,450	7,786,350	5,003,747	5,077,533	3,754,913	-	-	-	-
Unreserved	2,123,205	1,699,768	1,610,980	1,080,496	513,905	1,327,445	-	-	-	-
Total general fund	<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>	<u>\$ 13,211,977</u>	<u>\$ 17,626,503</u>
All Other Governmental Funds										
Reserved	\$ 1,237,000	\$ 212,101	\$ -	\$ 570,440	\$ 150,080	\$ 209,148	\$ -	\$ -	\$ -	\$ -
Restricted										
Debt service fund	-	-	-	-	-	-	1	1	-	(1)
Capital projects fund	-	-	-	-	-	-	-	-	6,231,737	2,115,189
Total all other governmental funds	<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>	<u>\$ 6,231,737</u>	<u>\$ 2,115,188</u>

Source: CAFR Schedule B-1 and District records.

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,

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax levy	\$ 58,887,862	\$ 60,183,318	\$ 60,759,588	\$ 61,955,434	\$ 63,801,987	\$ 66,264,249	\$ 67,254,812	\$ 68,682,971	\$ 70,045,021	\$ 71,438,228
Tuition charges	5,110	121,431	244,773	180,214	211,413	205,059	119,856	365,052	680,461	784,079
Interest earnings	18,692	15,245	1,639	1,518	606	850	-	-	155,953	155,066
Rents and royalties	-	-	-	-	-	104,384	29,992	136,377	94,483	58,617
Miscellaneous	232,848	210,398	417,189	379,823	626,384	171,949	657,908	323,150	249,906	287,521
Transportation fees	25,218	43,541	105,613	245,249	283,042	405,785	400,942	609,223	548,157	49,599
State sources	7,817,815	8,740,386	10,216,029	9,998,352	9,938,008	9,805,580	9,927,504	10,149,358	10,425,096	9,896,332
Federal sources	1,764,056	1,507,867	1,309,105	1,335,305	1,150,616	1,310,453	1,230,397	1,303,045	1,364,474	1,368,857
Total revenue	68,751,601	70,822,186	73,053,936	74,095,895	76,012,056	78,268,309	79,621,411	81,569,176	83,563,551	84,038,299
Expenditures										
Instruction										
Regular Instruction	16,766,651	16,967,321	17,928,224	19,419,697	19,688,421	20,571,015	19,937,469	20,704,737	20,539,988	20,712,687
Special education instruction	6,618,571	7,760,459	8,099,430	8,387,187	8,728,826	9,164,105	9,490,139	10,065,138	9,843,497	8,937,970
Other special instruction	935,634	1,118,409	1,351,171	1,405,281	1,266,482	1,171,105	1,176,013	1,323,856	1,360,088	1,299,247
Support Services:										
Tuition	2,510,459	2,154,962	1,468,708	1,264,988	1,229,804	1,035,016	1,024,940	1,024,475	1,436,913	773,783
Student & inst. related services	1,231,035	1,192,529	1,162,147	1,199,570	1,321,857	1,285,852	1,368,653	1,431,771	1,446,003	1,478,191
General administration	783,530	788,052	849,568	859,196	983,082	765,383	935,557	922,444	1,171,628	1,045,220
School administrative services	1,891,199	1,975,788	2,035,946	2,105,775	2,224,721	2,171,277	2,380,673	2,530,395	2,519,690	2,476,201
Central services	716,620	739,690	733,475	766,629	731,794	840,801	832,280	823,495	833,261	854,539
Admin. information technology	522,942	561,690	725,710	728,490	970,428	1,142,688	1,080,864	890,228	848,664	888,068
Plant operations and maintenance	5,038,583	4,547,690	4,546,489	5,220,809	5,297,196	5,378,264	5,321,693	5,320,599	5,046,628	5,210,919
Pupil transportation	3,475,591	3,372,461	3,466,345	3,814,473	3,602,705	3,439,011	3,740,728	3,952,284	4,103,723	3,476,428
Other Support Services	4,936,401	5,058,531	5,844,845	6,089,565	6,201,535	6,243,569	6,114,265	6,154,969	6,190,153	6,997,512
Care & upkeep of grounds	301,312	274,790	225,360	199,820	260,084	299,311	300,872	289,527	315,800	250,575
Security	-	-	-	21,975	38,099	62,065	25,070	48,083	164,270	115,124
Allocated employee benefits	-	-	-	-	-	-	-	-	-	176,515
Employee benefits	14,686,799	14,397,301	15,061,040	14,703,141	15,258,401	15,611,347	13,836,357	15,062,204	14,353,463	14,329,576
Non-budgeted expenditures	3,509,504	4,283,874	5,355,028	4,938,450	4,699,742	4,766,772	4,725,857	4,944,790	4,732,907	4,540,906
Transfer to charter school	-	17,026	-	-	-	-	-	-	-	6,947
Special Schools	15,266	8,812	6,634	16,514	-	-	-	-	-	-
Capital outlay	688,248	1,060,584	975,065	2,296,167	964,704	1,361,259	765,701	1,531,092	2,020,714	6,668,714
Debt service:										
Principal	1,060,000	1,150,000	1,310,000	1,270,000	1,370,000	1,515,000	1,490,000	1,595,000	1,715,000	1,845,000
Interest and other charges	2,388,516	2,342,116	2,045,740	2,130,815	2,087,340	1,894,481	1,841,322	1,790,300	1,725,700	1,656,200
Total expenditures	68,076,861	69,772,085	73,190,925	76,838,542	76,925,221	78,718,321	76,388,453	80,405,387	80,368,090	83,740,322
Excess (Deficiency) of revenues over (under) expenditures	674,740	1,050,101	(136,989)	(2,742,647)	(913,165)	(450,012)	3,232,958	1,163,789	3,195,461	297,977
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	-	-	-	-
Premium and costs for bond issuance	-	1,180,000	-	-	630,000	4,790,000	-	-	-	-
Transfers in	-	-	-	570,442	570,442	-	146,931	-	6,560,000	-
Transfers out	-	-	-	(570,442)	(570,442)	-	(146,931)	-	-	-
Costs of issuance	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	6,560,000	-
Net change in fund balances	\$ 674,740	\$ 1,050,101	\$ (136,989)	\$ (2,742,647)	\$ (2,742,647)	\$ (450,012)	\$ 3,232,958	\$ 1,163,789	\$ 9,755,461	\$ 297,977
Debt service as a percentage of noncapital expenditures	5.12%	5.08%	4.65%	4.56%	4.55%	4.41%	4.41%	4.29%	4.39%	4.54%

Source: CAFR Schedule B-2 and District records.

Note: Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ending June 30,	Sale of Capital Assets	Donations	Rentals	Prior Year Refunds	Sale and Leaseback of Textbooks	Miscellaneous	Annual Totals
2011	16,532	2,160	-	5,110	25,218	186,982	236,002
2012	14,902	343	-	121,431	43,541	107,812	288,029
2013	-	1,639	-	244,773	105,613	254,202	606,227
2014	-	1,518	-	180,214	245,249	193,731	620,712
2015	-	606	-	211,413	283,042	409,594	904,655
2016	-	850	104,384	205,059	405,785	171,949	888,027
2017	36,943	4,314	29,992	119,856	400,942	537,593	1,129,640
2018	34,316	12,555	136,377	365,052	609,223	195,105	1,352,628
2019	75,828	31,638	94,483	680,461	548,157	190,416	1,620,983
2020	77,528	44,600	58,617	784,079	49,599	191,901	1,206,324

Source: District records

**Freehold Township School District
Assessed Value and Estimated 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)
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
2019	50,698,700	4,799,653,300	33,788,900	1,538,100	1,457,447,400	154,697,800	94,626,700	6,592,450,900	-	-	6,592,450,900	1.074	6,615,462,721
2020	54,964,900	4,883,717,000	32,314,100	1,508,500	1,492,227,500	154,144,100	98,555,800	6,717,431,900	-	-	6,717,431,900	1.074	6,710,556,698

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	
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
2019	1.022	0.052	1.074	0.417	0.362	0.286	2.139
2020	1.022	0.052	1.074	0.408	0.366	0.282	2.130

Source: District Records and Municipal Tax Collector

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

2020				2011			
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	\$359,211,700	1	5.35%	Freemall Associates	\$314,471,800	1	5.11%
100 Lambert LLC c/o Eagle Rock Advisors	69,726,700	2	1.04%	Freehold Financing, LLC	51,500,000	2	0.84%
Iron Mountain Information Mgmt LLC	47,990,700	3	0.71%	Center for Aging DBA/Applewood Estates	48,535,900	3	0.79%
Center for Aging DBA/Applewood	37,246,800	4	0.55%	Iron Mountain, Inc.	45,169,200	4	0.73%
Freehold Shopping Associates	32,304,000	5	0.48%	New Jersey Bell Telephone Co	25,858,700	5	0.42%
Ushpizin Associates Owner LLC	28,829,100	6	0.43%	Freehold Shopping Associates	24,108,000	6	0.39%
Aspen Rt 9, LLC	24,837,400	7	0.37%	Raintree Towne Center Assoc. LP	23,800,000	7	0.39%
Raintreetowne Center Assoc LP	24,771,800	8	0.37%	Verizon - New Jersey	23,028,665	8	0.37%
Macy's East Inc	23,939,000	9	0.36%	Ronardi Freehold Enterprises, LLC	21,282,400	9	0.35%
Ronardi Freehold Enterprises LLC	23,707,500	10	0.35%	Silver Shore Land Co. Inc.	21,209,100	10	0.34%
Total	\$ 672,564,700		10.01%	Total	\$ 598,963,765		9.73%

Source: District CAFR & Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
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%	-
2019	71,438,228	71,438,228	100.00%	-
2020	72,866,706	72,866,706	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	
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
2019	35,145,000	n/a	9,094,661	n/a	n/a	44,239,661
2020	33,300,000	n/a	8,274,059	n/a	n/a	41,574,059

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		
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
2019	34,145,000	-	35,145,000	0.53%	959
2020	33,300,000	-	33,300,000	0.51%	962

Freehold Township School District
Ratios of Overlapping Governmental Activities Debt
June 30, 2020
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Freehold Township	\$ 34,027,594	100.000%	\$ 34,027,594
Other debt			
Water Sewer System	10,274,000	100.000%	10,274,000
Freehold Regional High School	5,205,000	19.665%	1,023,563
Manasquan River Regional Sewerage Authority	3,515,000	39.692%	1,395,174
Monmouth County	512,159,170	5.190%	<u>26,581,061</u>
Subtotal, overlapping debt			73,301,392
Freehold Township School District Direct Debt			<u>35,145,000</u>
Total direct and overlapping debt			<u><u>\$ 108,446,392</u></u>

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

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

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

Equalized valuation basis

2020	\$ 6,717,431,900
2019	6,592,450,900
2018	6,326,367,000
[A]	<u>\$ 19,636,249,800</u>

[A/3] \$ 6,545,416,600

[B] 196,362,498 ^a

[C] -

[B-C] \$ 196,362,498

Fiscal year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 199,751,382	\$ 192,723,907	\$ 190,647,014	\$ 179,084,476	\$ 170,842,236	\$ 168,633,445	\$ 113,765,335	\$ 122,203,251	\$ 190,647,014	\$ 196,362,498
Total net debt applicable to limit	<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>	<u>35,145,000</u>	<u>33,300,000</u>
Legal debt margin	<u>\$ 146,591,382</u>	<u>\$ 140,713,907</u>	<u>\$ 140,647,014</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>	<u>\$ 155,502,014</u>	<u>\$ 163,062,498</u>
Total net debt applicable to the limit as a percentage of debt limit	26.61%	26.99%	26.23%	26.94%	27.07%	23.69%	33.80%	30.16%	18.43%	16.96%

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
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%
2019	34,735	-	-	2.5%
2020	34,624	-	-	15.6%

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	2020			2011		
	Employees	Rank (Optional)	Percentage of Total Employment ^b	Employees	Rank (Optional)	Percentage of Total Employment ^b
CentraState Medical Center	2,122	1	11.63%	1,977	1	10.33%
YMCA of Freehold	822	2	4.51%	-	-	
iPlay America, Inc.	601	3	3.29%	-	-	
Center for Aging	450	4	2.47%	480	3	2.51%
Nordstrom	300	5	1.64%	301	5	1.57%
Macy's	-	-		234	9	1.22%
IVC Industries, Inc.	-	-		-	-	
Verizon	-	-		668	2	3.49%
Shore Point Distributing Co., Inc.	275	7	1.51%	-	-	
Sam's Club	0	-		260	8	1.36%
Asbury Park Press	-	-		350	4	1.83%
Sears	300	6	1.64%	300	6	1.57%
WalMart	-	-		272	7	1.42%
Inverness Medical Nutritional	250	8	1.37%	-	-	
JC Penney Company	225	9	1.23%	-	-	
Lord & Taylor	-	-		209	10	1.09%
Nestle Hills Coffee Company	200	-	1.10%	-	-	
	<u>5,545</u>		<u>30.39%</u>	<u>5,051</u>		<u>26.39%</u>

Source: Freehold Township Official Statement December 31, 2019 and December 31, 2011

^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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Instruction										
Regular	271	271	282	298	295	295	361	264	262	261
Special education	195	191	200	214	221	220	125	242	238	202
Other special education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	66	69	80	82	84	82	74	90	90	104
General administrative services	4	4	4	4	4	4	5	5	5	4
School administrative services	24	30	29	26	27	27	27	29	29	27
Business administrative services	14	14	15	14	15	16	17	16	16	16
Plant operations and maintenance	75	73	75	67	82	82	81	80	80	69
Pupil transportation	66	71	67	72	69	76	81	77	76	63
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Total	<u>715</u>	<u>723</u>	<u>752</u>	<u>777</u>	<u>797</u>	<u>802</u>	<u>771</u>	<u>803</u>	<u>796</u>	<u>746</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) ^c	Average Daily Attendance (ADE) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
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	6.44%	367	11:01	10:01	3,921	3,748	-5.63%	95.59%
2016	3,855	70,388,447	18,259	3.64%	338	11:01	11:01	3,840	3,678	-5.19%	95.78%
2017	3,820	66,357,149	17,371	-4.86%	343	11:01	11:01	3,805	3,628	-6.05%	95.35%
2018	3,778	69,228,155	18,324	5.49%	341	11:01	11:01	3,763	3,577	-7.09%	95.07%
2019	3,752	68,843,616	18,349	0.13%	337	11:01	11:01	3,748	3,569	-7.46%	95.22%
2020	3,638	67,640,604	18,593	1.47%	339	11:01	11:01	3,702	3,582	-8.59%	96.76%

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

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
District Building^a										
Early Learning Center										
Early Childhood Learning Center (1936) ^b										
Square Feet	37,156	37,156	37,156	37,156	37,156	37,156	37,156	37,156	37,156	37,156
Capacity (students)	127	127	127	127	127	127	127	127	127	127
Enrollment ^b	101	115	121	114	114	114	114	101	95	72
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	518	492	491	511	511	511	511	486	485	449
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	531	539	541	487	487	487	487	452	425	396
Marshall W. Errickson (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	546	526	502	468	468	468	468	431	437	440
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	508	485	487	488	488	488	488	432	436	431
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	553	532	516	522	522	522	522	501	502	452
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	808	803	763	752	752	752	752	671	661	690
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	800	784	749	700	687	680	681	667	685	639
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, 2020										
Early Learning Center =	1									
Elementary =	5									
Middle School =	2									
Other =	1									

Source: District records, ASSA

**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
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
2019	126,503	136,347	183,874	191,270	129,971	127,245	149,717	61,810	1,106,737
2020	115,800	124,812	168,349	175,089	118,975	116,480	137,051	56,581	1,013,137
Total School Facilities	<u>\$ 1,176,316</u>	<u>\$ 1,267,858</u>	<u>\$ 1,711,594</u>	<u>\$ 1,780,669</u>	<u>\$ 1,207,920</u>	<u>\$ 1,181,359</u>	<u>\$ 1,390,820</u>	<u>\$ 574,753</u>	<u>\$ 10,291,289</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 Year Ended June 30, 2020
UNAUDITED

Company	Type of Coverage	Coverage	Deductible
Republic Franklin (Utica)	Property		
	Blanket Building & Contents	\$ 185,785,891	\$ 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

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Insurance Schedule (Continued)
For the Year Ended June 30, 2020
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	5,000,000	
Selective	Bonds Business Adm./Board Sec'y.	360,000	
Beazley	Environmental Policy Each Incident Aggregate First Party Personal Property Microbial Matter Clean Up Cost Ded. Microbial Matter Damages Ded.	1,000,000 1,000,000 1,000,000 1,000,000 25,000	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	

SINGLE AUDIT SECTION

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

Honorable President and
Members of the
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, 2020, 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 December 23, 2020.

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) as a basis for designing 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 financial statements. 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

December 23, 2020

**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, 2020. Freehold Township School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, Freehold Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2020.

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.

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and 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

A handwritten signature in black ink, appearing to read "Kathy Perry", with a stylized flourish at the end.

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

December 23, 2020

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Year Ended June 30, 2020

<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, 2019</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, 2020</u>	<u>(Accounts Receivable) at June 30, 2020</u>	<u>Due to Grantor at June 30, 2020</u>
General Fund:											
U.S Department of Education Medical Assistance Program	93.778	9/1/19-8/31/20	\$ 69,721	\$ -	\$ -	\$ 69,721	\$ (69,721)	\$ -	\$ -	\$ -	\$ -
				-	-	69,721	(69,721)	-	-	-	-
U.S. Department of Agriculture Passed-through State Department of Education:											
Food Distribution Program Child Nutrition Cluster:	10.550	7/1/19-6/30/20	50,228	-	-	50,228	(50,228)	-	-	-	-
National School Breakfast Program	10.553	7/1/19-6/30/20	6,146	-	-	6,146	(6,146)	-	-	-	-
National School Lunch Program	10.555	7/1/19-6/30/20	159,504	-	-	151,236	(159,504)	-	-	(8,268)	-
National School Lunch Program	10.555	7/1/18-6/30/19	236,317	(14,714)	-	14,714	-	-	-	-	-
Summer Food Service Program for Children	10.559	7/1/19-6/30/20	32,975	-	-	32,975	(32,975)	-	-	-	-
Subtotal Child Nutrition Cluster				(14,714)	-	205,071	(198,625)	-	-	(8,268)	-
Total U.S. Department of Agriculture				(14,714)	-	255,299	(248,853)	-	-	(8,268)	-
U.S. Department of Education Passed-through State Department of Education:											
Title I	84.010	7/1/19-6/30/20	312,616	-	-	178,844	(276,037)	-	-	(97,193)	-
Title I	84.010	7/1/18-6/30/19	323,189	(150,514)	-	150,514	-	-	-	-	-
Title II Part A	84.367A	7/1/19-6/30/20	80,277	-	-	70,377	(77,024)	-	-	(6,647)	-
Title II Part A	84.367A	7/1/18-6/30/19	64,385	(35,307)	-	35,307	-	-	-	-	-
Title III	84.365A	7/1/19-6/30/20	14,249	-	-	5,137	(13,149)	-	-	(8,012)	-
Title III	84.365A	7/1/18-6/30/19	24,199	(5,970)	-	5,970	-	-	-	-	-
Title III Immigrant	84.365A	7/1/19-6/30/20	7,000	-	-	2,424	(4,461)	-	-	(2,037)	-
Title IV	84.424	7/1/18-6/30/19	16,033	(7,815)	-	7,815	-	-	-	-	-
Title IV	84.424	7/1/19-6/30/20	14,937	-	-	14,937	(14,937)	-	-	-	-
Special Education Cluster:											
I.D.E.A. Part B Basic Regular	84.027	7/1/18-6/30/19	849,576	(104,190)	-	104,190	-	-	-	-	-
I.D.E.A. Part B Basic Regular	84.027	7/1/19-6/30/20	858,027	-	-	729,890	(858,027)	-	-	(128,137)	-
I.D.E.A. Part B Preschool	84.173	7/1/19-6/30/20	39,341	-	-	33,343	(39,341)	-	-	(5,998)	-
I.D.E.A. Part B Preschool	84.173	7/1/18-6/30/19	38,876	(2,735)	-	2,735	-	-	-	-	-
Subtotal Special Education Cluster				(306,531)	-	1,341,483	(1,282,976)	-	-	(248,024)	-
Total U.S. Department of Education				(306,531)	-	1,341,483	(1,282,976)	-	-	(248,024)	-
Total Expenditures of Federal Awards				\$ (321,245)	\$ -	\$ 1,666,503	\$ (1,601,550)	\$ -	\$ -	\$ (256,292)	\$ -

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Year Ended June 30, 2020

State Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2019	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Deferred Revenue at June 30, 2020	(Accounts Receivable) at June 30, 2020	Due to Grantor at June 30, 2020	Budgetary Receivable	Total Expenditures
State Department of Education													
General Fund:													
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	709,345	-	-	642,679	(709,345)	-	-	-	-	(66,666)	709,345
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	2,685,135	-	-	2,432,781	(2,685,135)	-	-	-	-	(252,354)	2,685,135
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	1,100,169	-	-	996,773	(1,100,169)	-	-	-	-	(103,396)	1,100,169
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	93,758	-	-	84,946	(93,758)	-	-	-	-	(8,812)	93,758
Extraordinary Aid	20-495-034-5120-044	7/1/19-6/30/20	717,549	-	-	-	(717,549)	-	-	(717,549)	-	-	717,549
Extraordinary Aid	19-495-034-5120-044	7/1/18-6/30/19	1,144,514	(1,144,514)	-	1,144,514	-	-	-	-	-	-	-
Nonpublic Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	3,018	-	-	-	(3,018)	-	-	(3,018)	-	-	3,018
Nonpublic Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	13,180	(13,180)	-	13,180	-	-	-	-	-	-	-
On-Behalf TPAF Pension Contribution	20-495-034-5094-002	7/1/19-6/30/20	6,336,784	-	-	6,336,784	(6,336,784)	-	-	-	-	-	6,336,784
On-Behalf TPAF Long-Term Disability Ins	20-495-034-5094-004	7/1/19-6/30/20	4,882	-	-	4,882	(4,882)	-	-	-	-	-	4,882
On-Behalf TPAF Post-Retirement Medical	20-495-034-5094-001	7/1/19-6/30/20	2,350,831	-	-	2,350,831	(2,350,831)	-	-	-	-	-	2,350,831
Reimbursed TPAF Social Security Contribution	20-495-034-5094-003	7/1/19-6/30/20	2,185,193	-	-	2,078,165	(2,185,193)	-	-	(107,028)	-	-	2,185,193
Total General Fund				(1,157,694)	-	16,085,535	(16,186,664)	-	-	(827,595)	-	(431,228)	16,186,664
Enterprise Fund:													
State School Lunch Program	20-100-010-3350-023	7/1/19-6/30/20	7,393	-	-	7,262	(7,393)	-	-	(131)	-	-	7,393
State School Lunch Program	19-100-010-3350-023	7/1/18-6/30/19	10,360	(614)	-	614	-	-	-	-	-	-	-
Total Enterprise Fund				(614)	-	7,876	(7,393)	-	-	(131)	-	-	7,393
Debt Service Fund:													
Debt service aid	20-495-034-5120-017	7/1/19-6/30/20	38,310	-	-	38,310	(38,310)	-	-	-	-	-	38,310
Total Debt Service Fund				-	-	38,310	(38,310)	-	-	-	-	-	38,310
Special Revenue Fund:													
N.J. Nonpublic Textbook Aid	20-100-034-5120-064	7/1/19-6/30/20	949	-	-	949	(945)	-	-	-	4	-	945
N.J. Nonpublic Textbook Aid	19-100-034-5120-064	7/1/18-6/30/19	801	7	-	-	-	(7)	-	-	-	-	-
N.J. Nonpublic Nursing Aid	20-100-034-5120-070	7/1/19-6/30/20	1,746	-	-	1,746	(1,746)	-	-	-	-	-	1,746
N.J. Nonpublic Technology Aid	20-100-034-5120-373	7/1/19-6/30/20	648	-	-	648	(631)	-	-	-	17	-	631
N.J. Nonpublic Security Aid	20-100-034-5120-509	7/1/19-6/30/20	2,700	-	-	2,700	(2,540)	-	-	-	160	-	2,540
Total Special Revenue Fund				7	-	6,043	(5,862)	(7)	-	-	181	-	5,862
Total Expenditures of State Awards				(1,158,301)	-	16,137,764	(16,238,229)	(7)	-	(827,726)	181	(431,228)	16,238,229
State Financial Assistance Not Subject to Single Audit Determination													
On-Behalf TPAF Pension Contribution	20-495-034-5094-002	7/1/19-6/30/20	6,336,784	-	-	6,336,784	(6,336,784)	-	-	-	-	-	6,336,784
On-Behalf TPAF Long-Term Disability Ins	20-495-034-5094-004	7/1/19-6/30/20	4,882	-	-	4,882	(4,882)	-	-	-	-	-	-
On-Behalf TPAF Post-Retirement Medical	20-495-034-5094-001	7/1/19-6/30/20	2,350,831	-	-	2,350,831	(2,350,831)	-	-	-	-	-	-
Total State Financial Assistance Not Subject to Single Audit Determination				-	-	8,692,497	(8,692,497)	-	-	-	-	-	6,336,784
Total Expenditures of State Awards Subject to Single Audit Determination				(1,158,301)	-	7,445,267	(7,545,732)	(7)	-	(827,726)	181	(431,228)	9,901,445

See accompanying notes to schedules of expenditures.

Freehold Township School District

Notes to Schedules of Awards and Financial Assistance

June 30, 2020

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 \$(6,334,504) for the general fund, \$34,187 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 (continued)

June 30, 2020

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 69,721	\$ 9,852,160	\$ 9,921,881
Special Revenue Fund	1,299,136	5,862	1,304,998
Debt Service Fund	-	38,310	38,310
Capital Projects Fund	-	-	-
Food Service Fund	<u>248,853</u>	<u>7,393</u>	<u>256,246</u>
Total awards and financial assistance	<u>\$ 1,617,710</u>	<u>\$ 9,903,725</u>	<u>\$ 11,521,435</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, 2020.

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
Schedule of Findings and Questioned Costs

June 30, 2020

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 Findings and Questioned Costs (continued)

June 30, 2020

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

State Financial Assistance Section

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

Auditee qualified as low-risk auditee? X yes no

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

Internal Control over major programs:

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

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular 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
495-034-5120-1010	Professional Learning Comm Aid
495-034-5120-044	Extraordinary Special Education Aid

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

June 30, 2020

Section II - Financial Statement Findings - N/A

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

Freehold Township School District
Summary Schedule of Prior Audit Findings and Questioned Costs
June 30, 2020

Summary Schedule of Prior Year Audit Findings

Finding #2019-01

Condition: The School District did not properly report the costs of extended school year tuition for students attending private schools for the disabled on the EXAID application.

Current Status: The School District implemented controls to ensure all eligible costs are claimed on the application for EXAID.