

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

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Prepared by**

**Patrick J. Pisano  
School Business Administrator/Board Secretary  
Freehold Borough Board of Education  
Business Office**

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## INTRODUCTORY SECTION



## Borough of Freehold Public Schools

280 Park Avenue  
Freehold, New Jersey 07728  
<http://www.freeholdboro.k12.nj.us>  
PHONE (732) 761-2100  
FAX (732) 462-8954

February 25, 2022

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

Dear Board Members:

The Annual Comprehensive Financial Report of the Freehold Borough School District (the "District") for the fiscal year ended June 30, 2021 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Annual Comprehensive Financial Report is presented in four sections: introductory, financial, statistical tables and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditors' report thereon. The statistical tables section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and in addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 US *Code of Federal Regulations* Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08. Information related to this single audit, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** The Freehold Borough School District is an independent reporting entity within the criteria adopted by the GASB. All funds of the District are included in this report. The Freehold Borough Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular as well as special education for handicapped youngsters. The District completed the 2020-2021 fiscal year with an enrollment of 1,657 students. The following details the changes in the student enrollment of the District over the last ten years.

**Average Daily Enrollment**

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2020-2021	1,657.0	(1.95%)
2019-2020	1,690.0	(0.18%)
2018-2019	1,693.0	0.89%
2017-2018	1,678.0	(3.40%)
2016-2017	1,737.0	0.99%
2015-2016	1,720.0	5.30%
2014-2015	1,633.4	3.84%
2013-2014	1,573.0	3.81%
2012-2013	1,515.3	2.72%
2011-2012	1,475.2	8.78%

2. **ECONOMIC CONDITION AND OUTLOOK:** The mayor and council are involved in a number of initiatives to make the Borough more attractive to homeowners, as well as to new and relocating businesses.
3. **MAJOR INITIATIVES:** During FY 21 the Board received an increase of \$1,750,921 in state aid which was utilized to restore positions eliminated in the July 2020 budget reduction, add 1.5 FTE, and most notably increase the length of the school day 10 minutes. Subsequent to year end the District completed a complete HVAC renovation in the 5<sup>th</sup> grade wing of the Park Avenue Complex which was funded in large part out of the operating budget. During FY 21 the District was notified that it would be awarded ESSER II funding in the amount of \$3,267,314 OF which a substantial amount the district will apply towards HVAC upgrades at Freehold Learning Center.
4. **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2021.

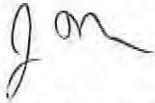
6. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the district is organized on the basis of funds. These funds are explained in the "Notes to the Financial Statements", Note 1.
7. **DEBT ADMINISTRATION:** The District's total outstanding debt as of June 30, 2021 was \$14,955,000. The remaining annual maturity schedule as of June 30, 2021 for principal as well as annual interest payments are detailed in the "Notes to Financial Statements".
8. **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to Financial Statements", Note 2. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
9. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents and fidelity bonds.
10. **OTHER INFORMATION:**

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



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

Respectfully submitted,

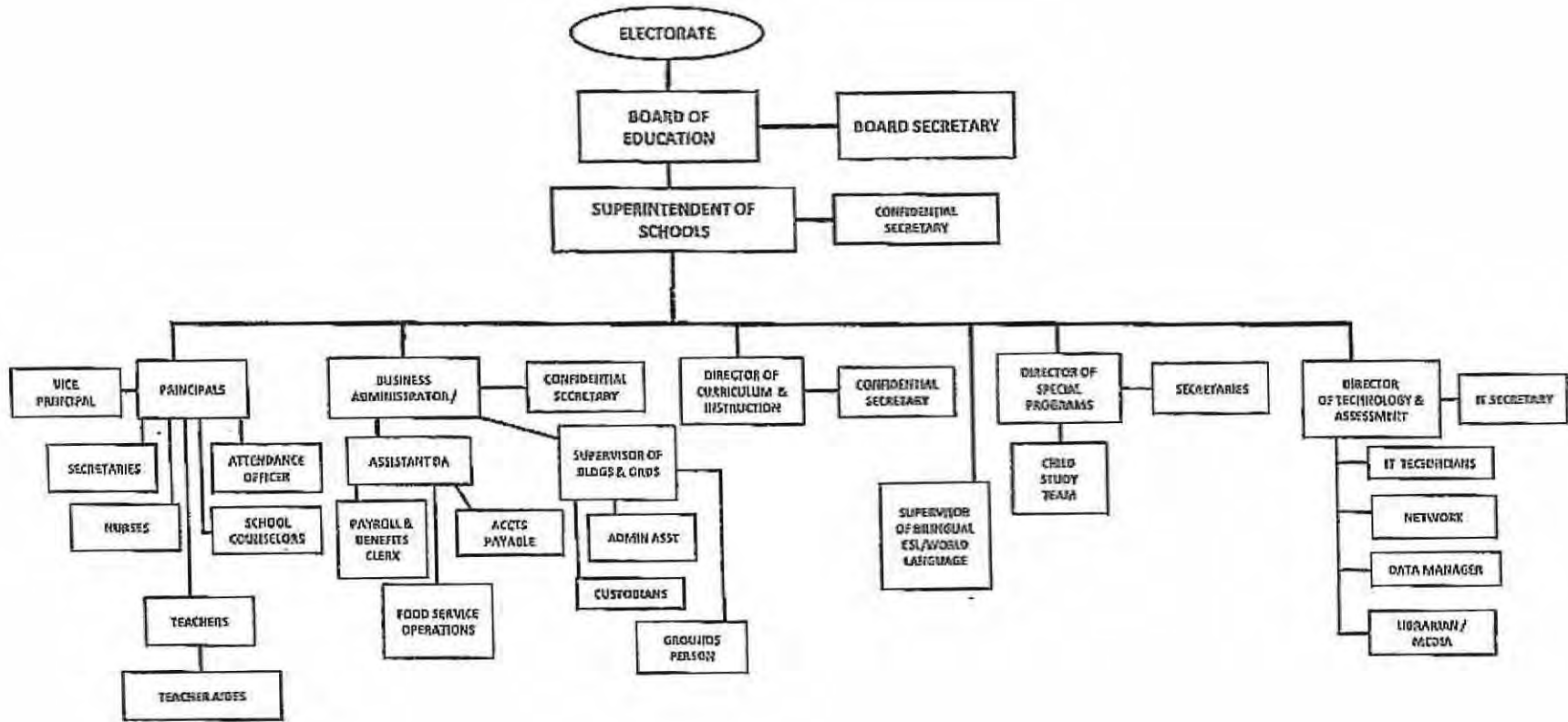


Joseph Howe, Ed. D.  
Superintendent of Schools



Patrick J. Pisano  
School Business Administrator/Board Secretary

FREEHOLD BOROUGH BOARD OF EDUCATION  
DISTRICT TABLE OF ORGANIZATION



5

**FREEHOLD BOROUGH BOARD OF EDUCATION**  
**ROSTER OF OFFICIALS**  
**JUNE 30, 2021**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Paul Jensen, President.....	2021
Bruce Patrick, Vice-President.....	2023
Tomi Carter.....	2023
Paul Ceppi.....	2022
Jamie Corbett.....	2021
Brent Costleigh.....	2022
Tyler Jordan.....	2022
Ron Reich.....	2021
Joseph Santonacita.....	2023

Other Officials

- Rocco Tomazic, Ed. D., Superintendent of Schools [*through August 31, 2021*]
- Joseph Howe, Ed. D., School Business Administrator/Board Secretary [*through August 31, 2021*]  
 Superintendent of Schools [*effective September 1, 2021*]
- Patrick J. Pisano, School Business Administrator/Board Secretary [*effective November 1, 2021*]
- Patricia Saxton, Assistant School Business Administrator
- Bruce Rodman, Treasurer of School Funds

**FREEHOLD BOROUGH BOARD OF EDUCATION**  
**CONSULTANTS AND ADVISORS**  
**JUNE 30, 2021**

**AUDIT FIRM**

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

**ARCHITECT**

Remington and Vernick  
2059 Springdale Road  
Cherry Hill, NJ 08003

**ATTORNEY**

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

**OFFICIAL DEPOSITORIES**

Bank of America  
Freehold, NJ 07728

**BOND COUNSEL**

McManimon Scotland & Baumann  
One Riverfront Plaza  
Newark, NJ 07102

## FINANCIAL SECTION

550 BROAD STREET, 11TH FLOOR  
NEWARK, N.J. 07102-9969  
PHONE (973) 624-6100  
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303  
FREEHOLD, N.J. 07728-2291  
PHONE (732) 780-2600  
FAX (732) 780-1030

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statement

We have audited the accompanying financial statements of the governmental activities, the business type activities each major fund and the aggregate remaining fund information of the Board of Education of the Freehold Borough School District, County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2021 and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities each major fund and the aggregate remaining fund information of the Board of Education of the Freehold Borough School District, as of June 30, 2021, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis and Budgetary Comparison Information and schedule of the District's proportionate share of the net pension liability – PERS, schedule of District contributions, schedule of the State's proportionate share of the net pension liability associated with the District – TPAF, the District's proportionate share of the net OPEB Liability – PERS and TPAF, and budgetary comparison information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Freehold Borough School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by US Office of Management and Budget *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and the other information such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The accompanying Combining and Individual Fund Financial Statements, Long-term Debt Schedules and the Schedule of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying Combining and Individual Fund Financial Statements, Long-term Debt Schedules and the Schedule of Expenditures of Federal Awards and State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information identified above has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2022, on our consideration of the Board of Education of the Freehold Borough School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Freehold Borough School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Freehold Borough School District internal control over financial reporting compliance.



Gerard Stankiewicz  
Certified Public Accountant  
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey  
February 25, 2022



**REQUIRED SUPPLEMENTARY INFORMATION – PART I**



# Borough of Freehold Public Schools

280 Park Avenue  
Freehold, New Jersey 07728  
<http://www.freeholdboro.k12.nj.us>  
PHONE (732) 761-2100  
FAX (732) 462-8954

February 25, 2022

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

Dear Board Members:

## **Management's Discussion and Analysis**

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

## **Fund Financial Statements**

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

### General Fund (Fund 10)

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

### Special Revenue (Fund 20)

Fund 20 Grants and Entitlements – Asset Producing

### Capital Projects (Fund 30)

Fund 30 Capital Projects/Construction in progress – Asset Producing

### Debt Service (Fund 40)

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

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

### Enterprise (Fund 60)

Fund 60 Enterprise/Food Service – Asset Producing

## **Financial Highlights**

Key financial highlights for 2021 are as follows:

In total, net position totaled \$27,039,674 which represents \$1,976,567 or 7.89% increase in the net position as adjusted of \$25,063,107 from 2020.

General revenues accounted for \$36,944,172 in revenue or 89.65% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$4,263,214 or 10.35% of total revenues of \$41,207,386.

Total assets of governmental activities, exclusive of the Capital Projects Fund, increased by \$1,259,511 as cash and cash equivalents increased by \$760,435. Receivables increased by \$485,565 and current liabilities increased by \$464,567.

The District had \$39,954,047 in expenses; only \$4,263,214 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes and federal and state aid) of \$36,944,172 were adequate to provide for these programs.

Among major funds, the General Fund had \$31,736,010 in revenues and \$31,187,579 in expenditures. The General Fund's fund balance increased by \$548,431 over 2020. The General Fund's fund balance is \$4,234,580. The increase was caused by lower than anticipated expenditure levels.

The Special Revenue Fund had \$4,268,259 in revenues and \$4,388,110 in expenditures.

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

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

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

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

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

This document contains all funds used by the District to provide programs and activities, viewing the District as a whole and reports the culmination of all financial transactions. The report answers the question "How We Did Financially During Fiscal Year 2021". The Statement of Net Position and the Statement of activities provides the summary. The statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

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

### **Fund Financial Statement**

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

### **Governmental Funds**

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

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

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

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

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

### **Proprietary Funds**

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

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

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

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found on pages 34 to 90 of this report.

### **Other Information**

Combining fund statements can be found on pages 26-31 and schedules on pages 89-118 of this report.

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

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

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

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

Table 1 provides a comparative summary of the School District's net position for 2021 and 2020.

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

	Governmental Activities		Business-Type Activities		Total School District	
	2020-2021	2019-2020	2020-2021	2019-2020	2020-2021	2019-2020
<b>Assets</b>						
Current and other assets	\$ 9,220,681	\$ 8,250,518	\$ 106,163	\$ 321,346	\$ 9,326,844	\$ 8,571,864
Capital assets, net	41,541,895	41,006,899	82,360	97,155	41,624,255	41,104,054
<b>Total Assets</b>	<b>\$ 50,762,576</b>	<b>\$ 49,257,417</b>	<b>\$ 188,523</b>	<b>\$ 418,501</b>	<b>\$ 50,951,099</b>	<b>\$ 49,675,918</b>
<b>Deferred outflows of resources</b>						
Loss on Defeasance of Bonds	\$ 12,087	\$ 24,173			\$ 12,087	\$ 24,173
Pension	1,181,091	1,544,134			1,181,091	1,544,134
<b>Total Deferred outflows of resources</b>	<b>\$ 1,193,178</b>	<b>\$ 1,568,307</b>			<b>\$ 1,193,178</b>	<b>\$ 1,568,307</b>
<b>Liabilities</b>						
Current and other liabilities	\$ 1,159,831	\$ 912,894			\$ 1,159,831	\$ 912,894
Net pension liability	5,630,183	6,190,769			5,630,183	6,190,769
Long-term liabilities outstanding	15,704,188	16,461,997			15,704,188	16,461,997
<b>Total Liabilities</b>	<b>\$ 22,494,202</b>	<b>\$ 23,565,660</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22,494,202</b>	<b>\$ 23,565,660</b>
<b>Deferred inflow of resources</b>						
Pension	\$ 2,615,457	\$ 2,457,074			\$ 2,615,457	\$ 2,457,074
<b>Net Position</b>						
Net investment in capital assets	\$ 26,598,982	\$ 25,298,663	\$ 82,360	\$ 97,155	\$ 26,681,342	\$ 25,395,818
Restricted	4,394,098	5,405,478			4,394,098	5,405,478
Unrestricted (deficit)	(4,141,929)	(6,059,534)	106,163	321,346	(4,035,766)	(5,738,188)
<b>Total Net Position</b>	<b>\$ 26,851,151</b>	<b>\$ 24,644,607</b>	<b>\$ 188,523</b>	<b>\$ 418,501</b>	<b>\$ 27,039,674</b>	<b>\$ 25,063,107</b>

The District's combined net position were \$27,039,674 on June 30, 2021, representing an increase of \$1,976,567 or 7.89% over the net position from the prior year of \$25,063,107 for the net pension liability and payment of bonds.

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

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

Table 2 shows the comparative change in net position from fiscal year 2021 and 2020.

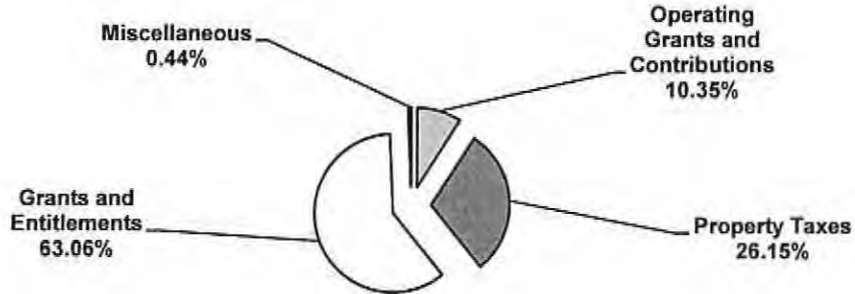
**Table 2 – Comparative Change in Net Position**

	Governmental Activities		Business-Type Activities		Total School District	
	2020-2021	2019-2020	2020-2021	2019-2020	2020-2021	2019-2020
<b>Revenues:</b>						
Program Revenues:						
Charges for Services			\$ 6,634	\$ 113,170	\$ 6,634	\$ 113,170
Operating Grants and Contributions	\$ 4,263,214	\$ 3,280,809	612,940	879,961	4,876,154	4,160,770
General Revenue:						
Property Taxes	10,775,172	10,775,172			10,775,172	10,775,172
Federal and State Aid	26,030,019	21,687,495			26,030,019	21,687,495
Miscellaneous	138,981	168,790			138,981	168,790
Total Revenue	<u>41,207,386</u>	<u>35,912,266</u>	<u>619,574</u>	<u>993,131</u>	<u>41,826,960</u>	<u>36,905,397</u>
<b>Expenses:</b>						
Instruction	23,399,747	21,334,456			23,399,747	21,334,456
Tuition	1,086,565	798,341			1,086,565	798,341
Student and Instruction						
Related Services	5,871,542	5,328,011			5,871,542	5,328,011
School Administration	1,476,842	1,359,671			1,476,842	1,359,671
General Administration	2,316,684	2,170,217			2,316,684	2,170,217
Operation and Maintenance						
of Facilities	3,607,179	3,095,091			3,607,179	3,095,091
Pupil Transportation	1,745,983	1,436,719			1,745,983	1,436,719
Interest on Debt	449,505	449,353			449,505	449,353
Business Type Actives			849,551	1,200,008	849,551	1,200,008
Total Expenses	<u>39,954,047</u>	<u>35,971,859</u>	<u>849,551</u>	<u>1,200,008</u>	<u>40,803,598</u>	<u>37,171,867</u>
Special and Extraordinary Items, Net	<u>589,596</u>	<u>(491,136)</u>		-	<u>589,596</u>	<u>(491,136)</u>
Change in Net Position	<u>\$ 1,842,935</u>	<u>\$ (550,729)</u>	<u>\$ (229,977)</u>	<u>\$ (206,727)</u>	<u>\$ 1,612,956</u>	<u>\$ (757,606)</u>
Net Position - beginning	24,644,606	25,195,335	418,651	625,378	25,063,257	25,820,713
Adjustments to Opening Net Position	363,609	-	(151)	-	363,458	-
Adjusted Net Position Beginning	<u>25,008,215</u>	<u>25,195,335</u>	<u>418,500</u>	<u>625,378</u>	<u>25,426,715</u>	<u>25,820,713</u>
Net Position - ending	<u>\$ 26,851,150</u>	<u>\$ 24,644,606</u>	<u>\$ 188,523</u>	<u>\$ 418,651</u>	<u>\$ 27,039,673</u>	<u>\$ 25,063,107</u>

## Governmental Activities

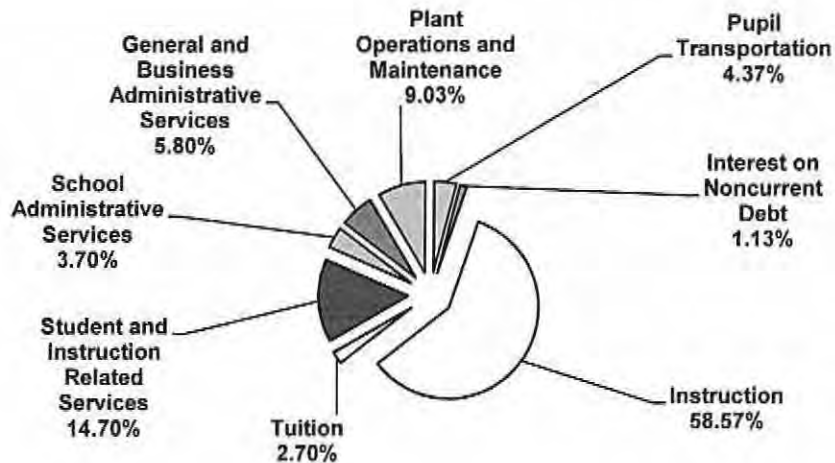
### Revenue for Fiscal Year 2021

Total revenues of the Governmental Activities were \$41,207,386. Property taxes as approved made up \$10,775,172 or 26.15% of revenues for governmental activities for the fiscal year 2021. Federal, state and local grants and entitlements and contributions accounted for another \$30,249,265 or 73.85%.



### Expenses for Fiscal Year 2021

The total cost of all programs and services was \$39,954,047. Instruction comprises \$23,399,747 or 58.57% of the District's expenses other than capital expenditures.





Expenditures for out-of-district placement of classified students equal about 2.70% of the operating budget. Instructional expenses equal 58.57% of the operating budget. Instructional expenses include teachers' salaries, supplies and textbooks.

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

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

Transportation costs primarily include Special Education students.

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

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

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

**Table 3 – Comparative Statement of Activities**

	Total Cost of Services			Net Cost of Services *		
	2020-2021	2019-2020	% Change	2020-2021	2019-2020	% Change
Instruction	\$ 23,399,747	\$ 21,334,456	9.68%	\$ 20,255,589	\$ 19,269,740	5.12%
Support Services:						
Tuition	1,086,565	798,341	36.10%	1,086,565	798,341	36.10%
Pupils and Instructional Staff	5,871,542	5,328,011	10.20%	4,943,857	4,561,271	8.39%
School Administration	1,476,842	1,359,671	8.62%	1,476,842	1,359,671	8.62%
Other Administration	2,316,684	2,170,217	6.75%	2,316,684	2,170,217	6.75%
Operation and Maintenance of Facilities	3,607,179	3,095,091	16.55%	3,607,179	3,095,091	16.55%
Pupil Transportation	1,745,983	1,436,719	21.53%	1,745,983	1,436,719	21.53%
Debt Service	449,505	449,353	0.03%	258,134		#DIV/0!
<b>Total Expenses</b>	<b>\$ 39,954,047</b>	<b>\$ 35,971,859</b>	<b>11.07%</b>	<b>\$ 35,690,833</b>	<b>\$ 32,691,050</b>	<b>9.18%</b>

### Business-Type Activities

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

Food service expenses exceeded revenue by \$229,977. Charges for services represent \$6,634 or 1.07% of revenue. This represents the amount paid by patrons for daily food service and catering.

Federal and state reimbursements for meals, including payments for free and reduced lunches was \$612,940 or 98.93% of revenue.

**The District's Funds**

Information about the District's major funds starts on page 26. These funds are accounted for using the modified accrual basis of accounting. All governmental funds exclusive of capital projects had total revenues of \$37,159,632 and expenditures of \$36,796,739. The net positive change in overall fund balance for the year was most significant in the General Fund.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds exclusive of the capital projects fund for the fiscal years ended June 30, 2021 and June 30, 2020, and the amount and percentage of total and increases/decreases in relation to prior year revenues.

Revenue	2020-2021		2019-2020		Increase/ (Decrease) from 2019-2020 to 2020-2021
	Amount	Percent of Total	Amount	Percent of Total	
Local Sources	\$ 10,958,582	29.49%	\$ 10,943,962	32.14%	\$ 14,620
State Sources	22,935,691	61.72%	20,937,558	61.48%	1,998,133
Federal Sources	3,265,359	8.79%	2,173,364	6.38%	1,091,995
<b>Total</b>	<b>\$ 37,159,632</b>	<b>100.00%</b>	<b>\$ 34,054,884</b>	<b>100.00%</b>	<b>\$ 3,104,748</b>

The decrease in Local Sources is primarily attributed to a decrease in the local tax levy. The increase in State Sources is attributed to an increase of the TPAF on-behalf pension contributions and increases in other state aid; however, Federal Sources remained comparable.

The following schedule presents a summary of general fund expenditures for the fiscal years ended June 30, 2021 and June 30, 2020 and the amount and percent of the total and increase/(decrease) in relation to prior year expenditures, exclusive of the Capital Project Fund.

Expenditures	2020-2021		2019-2020		Increase/(Decrease) from 2019-2020 to 2020-2021
	Amount	Percent of Total	Amount	Percent of Total	
Current Expense:					
Instruction	\$ 7,508,045	20.38%	\$ 7,729,938	22.88%	\$ (221,893)
Undistributed Expenditures	1,086,565	2.95%	23,544,662	69.68%	2,029,331
Capital Outlay	25,573,993	69.43%	1,296,392	3.85%	149,725
Debt Service	1,446,117	3.93%	1,219,375	3.60%	1,675
<b>Total</b>	<b>\$ 36,835,770</b>	<b>100.00%</b>	<b>\$ 33,790,367</b>	<b>100.00%</b>	<b>\$ 1,958,838</b>

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

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

Debt Service relates to the principal and interest payments on the 2011 Series Refunding Bonds and 2017 Series Bonds, all of which were for building improvements and renovations.

### **General Fund Budgeting Highlights**

The Freehold Borough School District's budget is prepared according to New Jersey law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The district uses four major funds: the General Fund, where the district records its budget for day to day operation; the Special Revenue Fund, where the district records budgeted monies from the State and Federal Governments; the Debt Service Fund, where they record expenses for noncurrent debt and interest payments; and its Proprietary Fund where the district records its operational expenses for its food service program. The most significant budgeted fund and the fund that attracts the most attention is the General Fund.

During the course of the fiscal year 2021, the District amended its General Fund budget as needed. These transfers are approved by the Board of Education and the Executive County Superintendent of Schools. Transfers that occurred during the year were necessitated by:

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

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

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

The District budget is prepared according to New Jersey Statutes. The most significant budgeted fund is the general fund. During the fiscal year, there were several differences between the original budget and the final amended budget as a result of transfers being applied to certain line items. These transfers were made between line items as part of the normal process as permitted by State guidelines. Readers should refer to Section C of the financial report for comparisons between actual and budgeted amounts.

Described below are explanations for variations in revenues and expenditures for certain lines where the modified budgeted amounts differ from the original budget by significant amounts. All other fluctuations were considered immaterial and no explanations were deemed required.

## **Revenue**

Miscellaneous revenues of \$95,639 exceeded the anticipated amount of \$30,000 by \$65,639 due primarily to refunds from prior year expenditures and various E-Rate receipts.

## **Expenditures**

- Regular programs – instruction final budget reduced the original by \$120,063 or 1.75%. Actual expenditures of \$6,494,526 represented 94.88% of final budget. This was caused additional expenditures for teachers' grades 1-8 and additional purchased service.
- Total instructional programs final budget reduced the original by \$337,291 or 2.83%. Actual total instructional expenditures of \$11,034,855 or 92.61% of final budget. The increase in the budget was caused by additional need for resource room and multiple disabilities.
- Undistributed – required maintenance final budget exceeded original by \$285,340 or 14.65%. The increase was due to unanticipated maintenance acquired throughout the year. The expenditures were \$2,113,640 or 94.66% of final budget.
- Undistributed – unallocated benefits final budget was lower than the original by \$408,499 or 6.67%. Expenditures were \$5,029,204 or 87.93% of final budget. The decrease was attributed to favorable results in health benefits.
- Total undistributed expenditures – other support students – extraordinary services budget reduced the original by \$16,100 or 4.17%. The expenditures were \$112,973 or 30.57% of final budget.
- Undistributed- Student transportation final budget equaled the original budget. The expenditures were \$1,023,066 or 94.55% of final budget.
- Total undistributed expenditures final budget reduced the original by \$117,512 or 0.74%. Total undistributed expenditures net of on-behalf equal \$14,126,323 or 89.61% of final budget.

## Capital Assets

At the end of the fiscal year 2021, the School District had \$56,464,225 invested in land, buildings, furniture and equipment and vehicles. Table 4 shows fiscal 2021 balances compared to 2020.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>	
	<u>2020-2021</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2019-2020</u>
Land	\$ 110,050	\$ 110,050			\$ 110,050	\$ 110,050
Infrastructure		13,834			-	13,834
Site and Site						
Improvements	1,038,075	1,197,383			1,038,075	1,197,383
Building and Building						
Improvements	38,665,272	39,045,082			38,665,272	39,045,082
Machinery and						
Equipment	<u>1,728,498</u>	<u>640,550</u>	<u>\$ 82,360</u>	<u>\$ 97,155</u>	<u>1,810,858</u>	<u>737,705</u>
Total Capital						
Assets - Net of						
Depreciations	<u>\$ 41,541,895</u>	<u>\$ 41,006,899</u>	<u>\$ 82,360</u>	<u>\$ 97,155</u>	<u>\$ 41,624,255</u>	<u>\$ 41,104,054</u>

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

Overall capital assets (net) increased from fiscal year 2020 to fiscal year 2021. The increase in capital assets is primarily due to fixed asset additions in excess of annual depreciation.

## Debt Administration

At the end of the fiscal year 2021 and 2020, the School District had outstanding debt as follows:

**Table 5 – Debt Administration**

	<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
Compensated Absences	\$ 749,188	730,057
Serial Bonds	<u>14,955,000</u>	<u>15,725,000</u>
Totals	<u>\$ 15,704,188</u>	<u>\$ 16,455,057</u>

Refer to Notes to Financial Statements (Note 8) for more detailed information.

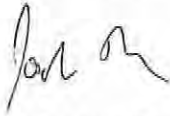
**For the Future**

Fiscal Year 2021 started out with another increase in state aid due to S-2 legislation. Unfortunately the pandemic forced the district be virtual from September through March with students coming back in person for the remainder of the school year. Along with this shift came different spending priorities along with the need to keep the Park Avenue Complex kitchen operating in order to continue distributing meals to students in a grab and go setup while they were remote. The district received additional funding from CARES of \$872,644 which we were able to sustain an ESL position, 0.5 FTE Literacy Coach, and technology equipment for remote instruction, and PPE supplies for the re-opening of schools. With ESSER II the district received \$3,267,314 with a substantial amount of these funds going toward a proposed HVAC upgrade at Freehold Learning Center. Summer and wraparound programs to provide supplement instruction are also being planned for 2022, 2023, and 2024 utilizing these funds.

**Contacting the School District's Financial Management**

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

Respectfully submitted,



Joseph Howe, Ed. D.  
Superintendent of Schools



Patrick J. Pisano  
School Business Administrator/Board Secretary

## **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**



**BOARD OF EDUCATION**  
**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 3,694,861.41	\$ 34,258.52	\$ 3,729,119.93
Receivables - Net	1,131,721.33	52,976.37	1,184,697.70
Inventory		18,928.77	18,928.77
Restricted:			
Cash and Cash Equivalent	4,394,097.78		4,394,097.78
Capital Assets:			
Non-Depreciable	110,050.00		110,050.00
Depreciable	<u>41,431,845.00</u>	<u>82,359.68</u>	<u>41,514,204.68</u>
Total Assets	<u>\$ 50,762,575.52</u>	<u>\$ 188,523.34</u>	<u>\$ 50,951,098.86</u>
<b><u>DEFERRED OUTFLOW OF RESOURCES</u></b>			
Unamortized Loss on Defeasance of Debt	\$ 12,086.56		\$ 12,086.56
Pension	<u>1,181,091.00</u>		<u>1,181,091.00</u>
	<u>\$ 1,193,177.56</u>		<u>\$ 1,193,177.56</u>
<b><u>LIABILITIES</u></b>			
Accounts Payable	\$ 719,498.52		\$ 719,498.52
Intergovernmental Accounts Payable	21,443.80		21,443.80
Payroll Deductions and Payroll Withholdings	138,032.99		138,032.99
Unearned Revenue	120,917.94		120,917.94
Accrued Interest on Bonds	159,937.50		159,937.50
Net Pension Liability	5,630,183.00		5,630,183.00
Noncurrent Liabilities:			
Due Within One Year	902,378.19		902,378.19
Due Beyond One Year	<u>14,801,809.73</u>		<u>14,801,809.73</u>
Total Liabilities	<u>\$ 22,494,201.67</u>		<u>\$ 22,494,201.67</u>
<b><u>DEFERRED INFLOW OF RESOURCES</u></b>			
Pension	<u>\$ 2,610,401.00</u>		<u>\$ 2,610,401.00</u>
<b><u>NET POSITION</u></b>			
Invested in Capital Assets	\$ 26,598,981.56	\$ 82,359.68	\$ 26,681,341.24
Restricted	4,394,097.78		4,394,097.78
Unrestricted (Deficit)	<u>(4,141,928.93)</u>	<u>106,163.66</u>	<u>(4,035,765.27)</u>
Total Net Position	<u>\$ 26,851,150.41</u>	<u>\$ 188,523.34</u>	<u>\$ 27,039,673.75</u>

See accompanying notes to financial statements.

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>						
<b>Instruction:</b>						
Regular	\$ 11,083,683.25			\$ (11,083,683.25)		\$ (11,083,683.25)
Special Education	10,586,374.21		\$ 3,144,157.85	(7,442,216.36)		(7,442,216.36)
Other Special Instruction	1,586,758.73			(1,586,758.73)		(1,586,758.73)
Other Instruction	142,931.05			(142,931.05)		(142,931.05)
<b>Support Services:</b>						
Tuition	1,086,564.64			(1,086,564.64)		(1,086,564.64)
Student and Instruction Related Services	5,871,541.56		927,684.97	(4,943,856.59)		(4,943,856.59)
School Administrative Services	1,476,842.22			(1,476,842.22)		(1,476,842.22)
Other Administrative Services	2,316,683.91			(2,316,683.91)		(2,316,683.91)
Plant Operations and Maintenance	3,607,179.16			(3,607,179.16)		(3,607,179.16)
Pupil Transportation	1,745,983.22			(1,745,983.22)		(1,745,983.22)
Interest on noncurrent debt	448,505.33		191,371.09	(258,134.24)		(258,134.24)
<b>Total Governmental Activities</b>	<b>\$ 39,954,047.28</b>		<b>\$ 4,263,213.91</b>	<b>\$ (35,690,833.37)</b>		<b>\$ (35,690,833.37)</b>
<b>Business-Type Activities:</b>						
Food Service	\$ 849,551.28	\$ 6,634.11	\$ 612,940.00		\$ (229,977.17)	\$ (229,977.17)
<b>Total Primary Government</b>	<b>\$ 40,803,598.56</b>	<b>\$ 6,634.11</b>	<b>\$ 4,876,153.91</b>	<b>\$ (35,690,833.37)</b>	<b>\$ (229,977.17)</b>	<b>\$ (35,920,810.54)</b>
<b>General Revenues</b>						
<b>Taxes:</b>						
General Purposes				\$ 10,138,841.00		\$ 10,138,841.00
Debt Service				636,331.00		636,331.00
Federal and State Aid not Restricted				26,030,018.55		26,030,018.55
Miscellaneous				138,981.80		138,981.80
				36,944,172.35		36,944,172.35
Excess/(Deficit)				1,253,338.98	\$ (229,977.17)	1,023,361.81
Special and Extraordinary Revenue/(Expense)				589,596.01		589,596.01
Change in Net Position				\$ 1,842,934.99	\$ (229,977.17)	\$ 1,612,957.82
Net Position Beginning				24,844,606.68	418,500.51	25,063,107.19
Prior Period Adjustment (Note 24)				363,608.74	-	363,608.74
Net Position - Beginning Restated				25,008,215.42	418,500.51	25,426,715.93
Net Position Ending				\$ 26,851,150.41	\$ 188,523.34	\$ 27,039,673.75

See accompanying notes to financial statements.

## FUND FINANCIAL STATEMENTS

**GOVERNMENTAL FUNDS**

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 2,289,299.98		\$ 4,372,543.31	\$ 127,441.99	\$ 6,789,285.28
Intergovernmental Accounts Receivable	478,357.00	\$ 626,555.61	2,802,552.00		3,907,464.61
Interfund Receivable - Capital Projects				36.11	36.11
Other Accounts Receivable	7,732.32				7,732.32
Restricted Cash and Cash Equivalents	1,612,034.83				1,612,034.83
Due from/to NJ -UCC	19,076.40				19,076.40
<b>Total Assets</b>	<b>\$ 4,406,500.53</b>	<b>\$ 626,555.61</b>	<b>\$ 7,175,095.31</b>	<b>\$ 127,478.10</b>	<b>\$ 12,335,629.55</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities:</b>					
Cash and Cash Equivalents - Overdraft		\$ 312,360.92			\$ 312,360.92
Accounts Payable	\$ 33,887.83	261,787.69			295,675.52
Payroll Deductions and Withholdings Payable	138,032.99				138,032.99
Interfund Payable-Debt service			\$ 36.11		36.11
Intergovernmental Accounts Payable - State		21,443.80			21,443.80
Unearned Revenue		120,917.94			120,917.94
<b>Total Liabilities</b>	<b>\$ 171,920.82</b>	<b>\$ 716,510.35</b>	<b>\$ 36.11</b>		<b>\$ 888,467.28</b>
<b>Fund Balances:</b>					
<b>Restricted:</b>					
Capital Reserve	\$ 1,612,034.83				\$ 1,612,034.83
Maintenance Reserve	455,459.00				455,459.00
Reserve for Excess Surplus	548,533.17				548,533.17
Unemployment Compensation	385,102.89				385,102.89
Scholarships		\$ 21,010.78			21,010.78
Student Activities		579.80			579.80
Capital Projects			\$ 7,175,059.20		7,175,059.20
Debt Service				\$ 127,478.10	127,478.10
Excess Surplus - Designated for Subsequent Year's Expenditures	887,805.18				887,805.18
Special Revenue (Deficit)		(111,545.32)			(111,545.32)
Assigned Unreserved - Designated for Subsequent Year's Expenditures	14,170.62				14,170.62
Assigned for Other Purposes	331,474.02				331,474.02
<b>Total Fund Balances</b>	<b>\$ 4,234,579.71</b>	<b>\$ (89,954.74)</b>	<b>\$ 7,175,059.20</b>	<b>\$ 127,478.10</b>	<b>\$ 11,447,162.27</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 4,406,500.53</b>	<b>\$ 626,555.61</b>	<b>\$ 7,175,095.31</b>	<b>\$ 127,478.10</b>	<b>\$ 12,335,629.55</b>

Total Fund Balance above \$ 11,447,162.27

Amounts reported for governmental activities in the Statement of Net Position (A-1) are different because:

Capital Project Grant Receivable are not financial resources if related expenditures did not occur (2,802,552.00)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of capital assets is \$54,498,740 and the accumulated depreciation is \$13,491,841. (see Note 7) 41,541,895.00

Deferred loss on defeasance of debt, unamortized (see Note 8C) 12,086.58

Noncurrent liabilities, including bonds, loans and leases payable are not payable in the current period and therefore are not reported as liabilities in the funds (see Note 8). (15,704,187.92)

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

Accrued Interest Payable  
(Accrued interest is a current liability that will be paid from the debt service fund. Therefore, the liability reduces the restricted for debt service net position balance). (159,937.50)

Accrued Pension Liability  
(Accrued pension is a current liability that will be paid from the general fund, attributed to the fiscal year ending June 30, 2020, however will be raised in the budget for the fiscal year ending June 30, 2022). (423,823.00)

Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds. (see Note 9) (7,059,493.00)

Net position of governmental activities (A-1) \$ 26,851,150.41

See accompanying notes to financial statements

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Government Funds
<b>Revenues</b>					
Local sources:					
Local tax levy	\$ 10,138,841.00			\$ 636,331.00	\$ 10,775,172.00
Interest income			\$ 965.41		965.41
Miscellaneous - Restricted	51,390.62				51,390.62
Miscellaneous - UnRestricted	95,639.25	\$ 35,414.35			131,053.60
<b>Total - Local Sources</b>	<b>\$ 10,285,870.87</b>	<b>35,414.35</b>	<b>965.41</b>	<b>636,331.00</b>	<b>10,958,581.63</b>
State Sources	21,275,599.02	1,142,026.01		518,066.00	22,935,691.03
Federal Sources	174,540.39	3,090,818.21			3,265,358.60
<b>Total Revenues</b>	<b>\$ 31,736,010.28</b>	<b>\$ 4,268,258.57</b>	<b>\$ 965.41</b>	<b>\$ 1,154,397.00</b>	<b>\$ 37,159,631.26</b>
<b>Expenditures</b>					
Current:					
Regular Instruction	\$ 6,494,526.40				\$ 6,494,526.40
Other Special Instruction	929,767.32				929,767.32
Special Education Instruction	3,526,810.24	2,676,316.03			6,203,126.27
Other Instruction	83,750.99				83,750.99
Support services and other undistributed costs:					
Tuition	1,086,564.64				1,086,564.64
Student and Instruction and Related Services	2,651,017.96	789,434.17			3,440,452.13
School Administrative Services	865,361.32				865,361.32
Other Administrative services	1,357,469.76				1,357,469.76
Plant operations and maintenance	2,113,640.36				2,113,640.36
Pupil Transportation	1,023,065.52				1,023,065.52
Unallocated Benefits	9,965,032.92	605,844.83			10,570,877.75
Principal				\$ 770,000.00	770,000.00
Interest				451,050.00	451,050.00
Capital Outlay	1,090,571.99	316,514.75	\$ 39,030.50		1,446,117.24
<b>Total Expenditures</b>	<b>\$ 31,187,579.42</b>	<b>\$ 4,388,109.78</b>	<b>\$ 39,030.50</b>	<b>\$ 1,221,050.00</b>	<b>\$ 36,835,769.70</b>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ 548,430.86	(119,851.21)	\$ (38,065.09)	\$ (66,653.00)	\$ 323,861.56
Other Financing Sources/(Uses):					
Capital Projects Fund			\$ (965.41)	\$ 965.41	
<b>Total Other Financing Sources/(Uses)</b>			<b>\$ (965.41)</b>	<b>\$ 965.41</b>	
<b>Net Change in Fund Balances</b>	<b>548,430.86</b>	<b>(119,851.21)</b>	<b>(39,030.50)</b>	<b>(65,687.59)</b>	<b>323,861.56</b>
Fund Balance/(Deficit) beginning	\$ 3,352,436.58		\$ 7,214,089.70	\$ 193,165.69	\$ 10,759,691.97
Prior Period Adjustments	333,712.27	29,896.47			363,608.74
Fund Balance July 1, Restated	3,686,148.85	29,896.47	7,214,089.70	193,165.69	11,123,300.71
Fund Balance/(Deficit) ending	\$ 4,234,579.71	\$ (89,954.74)	\$ 7,175,059.20	\$ 127,478.10	\$ 11,447,162.27

See accompanying notes to financial statements

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Exhibit B-3

Total Net Change in Fund Balances - Governmental Funds \$ 323,861.56

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are different because:

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

Capital outlay	\$	1,446,117.24	
Depreciation expense		(1,432,930.00)	
Grant Proceeds		72,669.25	
Contributed capital assets		<u>516,926.76</u>	
			602,783.25

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces noncurrent liabilities in the statement of net position and is not reported in the statement of activities. 770,000.00

Governmental funds report the effect of premiums and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the following related to the premiums on bonds.

Amortization of premium			7,409.27
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Governmental funds report the effect of defeasances and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the following related to the deferred loss of refunding.

Amortization of deferred loss			(12,086.58)
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In the statement of activities, interest on noncurrent debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The change in accrued interest is an item in the reconciliation. 13,631.25

Net pension obligation related to PERS which is attributable to June 30, 2020 reported in governmental funds; however, it is reported in the statement of activities. 156,467.00

In the statement of activities, certain operating expenses, e.g. compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation. (19,130.76)

Change in Net Position of Governmental Activities (A-2) \$ 1,842,934.99

See accompanying notes to financial statements

**PROPRIETARY FUNDS**



**BOARD OF EDUCATION**  
**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**PROPRIETARY FUND**  
**STATEMENT OF NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

		<u>Business-Type Activities - Enterprise Fund</u>
		Food Service <u>Total Enterprise</u>
<b><u>ASSETS</u></b>		
Current assets:		
Cash and Cash Equivalents	\$	34,258.52
Accounts Receivable:		
Federal		52,976.37
Inventory		<u>18,928.77</u>
Total Current Assets	\$	<u>106,163.66</u>
Noncurrent Assets:		
Furniture, Machinery and Equipment	\$	205,154.93
Less: Accumulated Depreciation		<u>122,795.25</u>
Total Noncurrent Assets	\$	<u>82,359.68</u>
Total Assets	\$	<u><u>188,523.34</u></u>
<b><u>NET POSITION</u></b>		
Invested in Capital Assets	\$	82,359.68
Unrestricted		<u>106,163.66</u>
Total Net Position	\$	<u><u>188,523.34</u></u>

See accompanying notes to financial statements

BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
PROPRIETARY FUND  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGE IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Business Type Activities - Enterprise Fund
	Food Service Total Enterprise
Operating Revenues:	
Local Sources:	
Daily sales - non-reimbursable programs	\$ <u>6,634.11</u>
Total Operating Revenues	\$ <u>6,634.11</u>
Operating Expenses:	
Cost of Sales - Reimbursable	\$ 195,470.68
Cost of Sales - Non-Reimbursable	2,674.90
Salaries	368,942.16
Employee Benefit	121,741.05
General Supplies	53,793.73
Insurance	4,702.78
Uniforms	1,722.40
Management Fee	48,774.00
Purchased Services	4,049.15
Purchased Technical services	32,885.58
Depreciation	<u>14,794.85</u>
Total Operating Expenses	\$ <u>849,551.28</u>
Operating Income/(Loss)	\$ <u>(842,917.17)</u>
Nonoperating Revenues:	
Federal Sources:	
National School Lunch Program	\$ 325,042.47
School Breakfast Program	181,201.10
Summer Program	53,786.60
After School Snack Program	1,366.08
Food Distribution Program	48,480.75
Federal Administrative Fee	<u>3,063.00</u>
Total Nonoperating Revenues	\$ <u>612,940.00</u>
Income/(Loss) before Contributions and Transfers	\$ (229,977.17)
Change in Net Position	\$ (229,977.17)
Total Net Position - Beginning	<u>418,500.51</u>
Total Net Position - Ending	\$ <u><u>188,523.34</u></u>

See accompanying notes to financial statements

BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Business Type Activities Enterprise Funds
	<u>Food Service Total Enterprise</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers	\$ 6,634.11
Payments to Employees	(368,942.16)
Payments for Employee Benefits	(121,741.05)
Payments to Suppliers	(303,215.24)
Payments for Management Fee	<u>(48,774.00)</u>
Net Cash Provided by/(Used for) Operating Activities	\$ <u>(836,038.34)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
State Sources	\$ 2,989.56
Federal Sources	<u>650,093.13</u>
Net Cash Provided by/(Used for) Noncapital Financing Activities	\$ <u>653,082.69</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	\$ (182,955.65)
Balances - Beginning of Year	<u>201,382.10</u>
Balances - End of Year	\$ <u><u>18,426.45</u></u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities	
Operating Gain/(Loss)	\$ <u>(842,917.17)</u>
Adjustments to Reconcile Operating Loss to Cash Provided/ (Used) by Operating Activities:	
Depreciation	\$ 14,794.85
Change in Assets and Liabilities:	
Decrease in Inventory	<u>(7,916.02)</u>
Total Adjustments	\$ <u>6,878.83</u>
Net Cash Provided/(Used) by Operating Activities	\$ <u><u>(836,038.34)</u></u>

See accompanying notes to financial statements

**NOTES TO THE FINANCIAL STATEMENTS**

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

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

The Borough of Freehold School District (the "District") is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the District functions independently through a Board of Education (the "Board"). The Board is comprised of nine (9) members elected to three-year staggered terms. The purpose of the District is to educate students in grades K-8. The District had an approximate enrollment at June 30, 2021 of 1,657 students.

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

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The most significant of the District's accounting policies are described below.

**A. Basis of Presentation**

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

**1. Government-Wide Financial Statements**

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

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

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

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

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

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

**2. Fund Financial Statements**

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance.

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

**B. Fund Accounting**

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

**1. Governmental Funds**

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

**General Fund** – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment that are classified in the Capital Outlay subfund. The fund also includes payroll agency, payroll net and unemployment reserve accounts.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

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

**B. Fund Accounting (Continued)**

**1. Governmental Funds (Continued)**

**General Fund (Continued)**

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

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

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

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

**Debt Service Fund** – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs. This fund is not applicable in this fiscal year.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

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

**B. Fund Accounting (Continued)**

**2. Proprietary Fund Type**

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

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

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

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

Depreciation of all exhaustive capital assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives of the equipment used in the operations of the Enterprise Funds are approximately 10 years.

**3. Noncurrent Debt**

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



**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

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

**C. Measurement Focus**

**1. Government-Wide Financial Statements**

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

**2. Fund Financial Statements**

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

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

**D. Basis of Accounting**

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

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

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

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

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

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

**E. Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the winter of each year for the general, special revenue and debt service funds. The budgets are approved by the District, submitted to the County office for review approval and if determined to be within the allowable tax levy cap and within the allowable appropriation cap, become effective upon the holding of a public hearing and final adoption by the District. In accordance with P.L. 2011, c202, which became effective 17, 2012, the District elected to move the annual School Board election to the date of the November general election thereby eliminating the vote on the annual base budget. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year subject to the limitation of N.J.A.C. 6A:23A-2.3 (et seq.). All budget amendments must be approved by School Board resolution and certain others require approved by the County Superintendent of Schools. Budgetary transfers were made during the current year in accordance with statutory guidelines. The amendments made by the District were part of the normal course of operations.

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

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

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/inflows of resources:</b>		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules.	\$ 31,795,341.48	\$ 4,379,244.53
<b>Difference - budget to GAAP:</b>		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
June 30, 2020	None	None
June 30, 2021	None	None
State aid payments recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,519,838.80	68,443.24
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.	<u>(1,579,170.00)</u>	<u>(179,528.76)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 31,736,010.28</u>	<u>\$ 4,268,159.01</u>
<b>Uses/outflows of resources:</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	\$ 31,187,579.42	\$ 4,388,109.78
<b>Differences - budget to GAAP:</b>		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year supplies are received for financial reporting purposes.		
June 30, 2020	None	None
June 30, 2021	<u>None</u>	<u>None</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 31,187,579.42</u>	<u>\$ 4,388,109.78</u>

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

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

**F. Encumbrances**

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

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

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

**G. Assets, Liabilities and Equity**

**1. Cash, Cash Equivalents and Investments**

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Cash equivalents are defined as short-term, highly liquid securities that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only securities with original maturities of three (3) months or less meet this definition. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

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

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

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

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

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

2. Inventories and Prepaid Expenses

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

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2021.

3. Allowance for Uncollectible Accounts

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

4. Tuition Receivable

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

5. Tuition Payable

Tuition charges for the fiscal years 2019-2020 and 2020-2021 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

6. Current Interfund Receivables/Payables

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

7. Capital Assets

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

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

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

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

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

7. Capital Assets (Continued)

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

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

8. Deferred Outflows/Inflows of Resources

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

9. Compensated Absences

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

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

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

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

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

9. Compensated Absences (Continued)

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

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

10. Accrued Liabilities and Noncurrent Obligations

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

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

11. Deferred Loss on Refunding of Debt

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

12. Net Position

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

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

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

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

13. Unearned Revenue

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

14. Fund Equity

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

15. Fund Balance

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54") established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five (5) categories, as defined below:

- a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, noncurrent receivables and corpus of any permanent funds.
- b. Restricted – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.
- c. Committed – includes amounts that can be used only for the specific purposes imposed by a formal action of the government's highest level of decision-making authority. The District's highest level of decision-making authority is the Board of Education (the "Board") and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revised or changes the specified use by taking the same action (resolution) taken to originally commit these funds.
- d. Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Interest is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.



**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

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

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

**15. Fund Balance (Continued)**

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

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

**16. Proprietary Funds Revenues and Expenses**

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

**17. Non-Monetary Transactions**

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

**18. Allocation of Expenses**

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

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

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

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

19. On-Behalf Payments

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

20. Extraordinary and Special Items

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

21. Accounting and Financial Reporting for Pensions

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

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

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

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

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

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

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

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

**22. Accounting and Financial Reporting for Other Post-Retirement Benefits ("OPEB")**

In 2018 the District implemented GASB #75 which addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, revenues and expense/expenditures. The Statement GASB #45 supersedes Accounting and Financial Reporting for Post-Employment Benefits with other than Pension.

The participating local education employer allocations included in the supplemental Schedule of special funding amounts by employer are provided as each local education employer is required to record in their financial statements, as an expense and corresponding revenue, their respective amount of total OPEB expense attributable to the State of New Jersey under the special funding situation and to include their respective amount of total OPEB liability in their notes to their financial statements.

**23. GASB Statement No. 84 Fiduciary Activities**

The District implemented GASB Statement No. 84 Fiduciary Activities on July 1, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities. The District reclassified the payroll agency, payroll net and unemployment reserve accounts to the General Fund. The Special Revenue Fund was adjusted to include student activities and scholarship accounts. There was no adverse impact on the financial statements of the District.

**24. Management Estimates**

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

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

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

**H. Other Accounting Standards**

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

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

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The District does not expect this Statement to impact its financial statements.

- GASB Statement No. 88. *Certain Disclosure Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2019. The District does not expect this Statement to impact its financial statements.

- GASB 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.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encourage. The requirements of this Statement should be applied prospectively. The District does not expect this Statement to impact its financial statements.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

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

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

- *GASB 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.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. The District does not expect this Statement to impact its financial statements.

- *GASB 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.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The District does not expect this Statement to impact its financial statements.

- *GASB Statement 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.

Effective Date: The requirements of this Statement are effective as follows:

(a) The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.

(b) The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

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

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

*GASB Statement 92. (Continued)*

(c) The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.

(d) The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020. Implementation has been postponed to June 15, 2021. The District does not expect this Statement to impact its financial statement.

- *GASB Statement 93. Replacement of Interbank Offered Rates.* The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. 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).

Effective Date: The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged. The District does not expect this Statement to impact its financial statement.

- *GASB Statement 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).

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 and all PPPs should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or if applicable to earlier periods, the beginning of the earliest period restated). Implementation has been postponed to June 15, 2021. The District does not expect this Statement to impact its financial statement.

- *GASB Statement 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. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2019 and later.

Effective Date: The requirements of this Statement are effective immediately. The District does not expect this Statement to impact its financial statement.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

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

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

- *GASB Statement 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). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

- *GASB Statement 97. Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32.* The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

Effective Date: The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

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

**I. Subsequent Events**

Management has reviewed and evaluated all events and transactions from June 30, 2021 through February 25, 2022, the date that the financial statements are issued for possible disclosure and recognition in the financial statements, and items that have come to the attention of the District have been disclosed.

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

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

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

**Deposits**

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

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

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

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

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



**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

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

**Deposits (Continued)**

As of June 30, 2021, cash and cash equivalents (Deposits) of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>
Checking Accounts (Operating)	\$ 3,871,932.53
Investor Account - Cash	4,251,135.18
	\$ 8,123,067.71
Reconciliation:	
Governmental Funds	\$ 8,088,959.19
Enterprise Funds	34,108.52
	\$ 8,123,067.71
<b>Allocation of Cash and Cash Equivalents</b>	
Unrestricted	\$ 3,750,524.40
Restricted:	
Capital Projects	4,372,543.31
	\$ 8,123,067.71

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

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

**Risk Analysis** – All of the balances were covered by either federal depository insurance or Government Unit Deposit Protection Act ("GUDPA") as of June 30, 2021 and are considered to have minimal custodial risk.

Custodial Credit Risk – The Investor Account is collateralized by U.S. government securities (both U.S. Treasury and Federal Agency) and other permitted money market instruments and not exposed to custodial credit risk. The checking accounts were on deposit in a bank which had the Government Unit Deposit Protection Act coverage ("GUDPA") as of June 30, 2021 which minimizes credit risk.

**Investments**

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

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

Custodial Credit Risk – The District had no securities as of June 30, 2021 that could be categorized as an investment as defined by GASB No. 3 as amended by GASB No. 40.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

**4. RESERVE ACCOUNTS**

A. CAPITAL RESERVE

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

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

Analysis of Capital Reserve Activity since Inception:

Capital Reserve Account Establishe Octobe 17, 2000		\$ 1.00
Contributions from Board		
Prior to June 30, 2020	\$ 4,973,027.43	
During year ended June 30, 2021	<u>1,000,000.00</u>	
		<u>\$ 5,973,027.43</u>
Less Withdrawals:		
Prior to June 30, 2020	\$ 3,966,398.15	
During year ended June 30, 2021	<u>394,605.45</u>	
		<u>\$ 4,361,003.60</u>
Balance June 30, 2021		<u><u>\$ 1,612,024.83</u></u>

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

**4. RESERVE ACCOUNTS (CONTINUED)**

**B. MAINTENANCE RESERVE**

The School District established a maintenance reserve account for the accumulation of funds for use as required maintenance of a facility in subsequent fiscal years.

Funds placed in the maintenance reserve account are restricted to maintenance projects in the School District's approved Maintenance Plan (M-1). A School District may increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at yearend of any unanticipated revenue or unexpended line-item appropriation amounts, or both. The balance in the account cannot at any time exceed four (4) percent of the replacement cost of the school district's school facilities for the current year.

Balance, June 30, 2020	\$ 324,305.82
Contributions from Board	
During year ended June 30, 2021	200,000.00
Less Withdrawals -	
During year ended June 30, 2021	68,846.82
Balance June 30, 2021 [Budgetary Basis]	\$ 455,459.00
Fund Balance June 30, 2021 [GAAP Basis]	\$ 455,459.00

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

**5. INTERGOVERNMENTAL ACCOUNTS RECEIVABLE**

Intergovernmental Accounts Receivable at June 30, 2021 consisted of Federal Sources, State Sources, State Aid, and transportation. All receivables are considered collectible in full. A summary of the principal items of intergovernmental accounts receivable follows:

	<u>Government Fund</u> <u>Financial Statements</u>	<u>Business Type</u> <u>Activities</u>
General Fund:		
State Aid:		
Extraordinary Aid	\$ 474,877.00	
TPAF FICA Reimbursement	3,480.00	
	<u>\$ 478,357.00</u>	
Special Revenue Fund:		
Federal Aid:		
Title I Part A	\$ 338,808.87	
Title I Part A Reallocation	9,164.80	
Title II Part A	11,981.45	
Title III Part A	40,218.71	
Title IV Part A	86,438.00	
IDEA Part B	23,287.73	
21st Century Grant	20,837.46	
Pandemic Relief Fund	12,000.00	
ESSER II	26,516.83	
CARES ESSER I	84,594.19	
	<u>653,848.04</u>	
Due from MOESC-Nonpublic	21,443.80	
	<u>\$ 675,291.84</u>	
Capital Projects Fund:		
NJEDA Grant	\$ 2,802,552.00	
	<u>\$ 3,956,200.84</u>	
Capital Project Fund Accounts Receivable:		
Reconciliation of Capital Project Fund from B-1 to A-1:		
Balance per Statement B-2	\$ 2,802,552.00	
Less: Adjustment for Expenditures Not Incurred	2,802,552.00	
Accounts Receivable in District-Wide Financial Statements	<u>None</u>	
Proprietary Fund:		
Federal Sources:		
Breakfast		\$ 18,441.66
Lunch		31,471.71
Administrative		3,063.00
		<u>\$ 52,976.37</u>

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

**6. INVENTORY**

The value of federal donated commodities as reflected on Schedule A of \$48,481 (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of the purchase and has been included as an item of nonoperating revenue in the financial statements. For the year ended June 30, 2021, the federal donated commodities food inventory of \$6,852 was included in the year end food and supplies amount of \$18,928.

**7. CAPITAL ASSETS, NET**

The following schedule is a summarization of the changes in capital assets by source for the fiscal year ended June 30, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Transfer) Retirements</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 110,050.00			\$ 110,050.00
Total capital assets not being depreciated	<u>110,050.00</u>			<u>110,050.00</u>
Capital assets being depreciated:				
Infrastructure	16,275.00		\$ (16,275.00)	
Site Improvements	1,982,552.00		(111,626.00)	1,870,926.00
Building and building improvements	49,530,248.00	\$ 883,445.00		50,413,693.00
Machinery and equipment	<u>2,859,615.00</u>	<u>1,209,941.00</u>		<u>4,069,556.00</u>
Totals at historical cost	<u>54,388,690.00</u>	<u>2,093,386.00</u>	<u>(127,901.00)</u>	<u>56,354,175.00</u>
Less accumulated depreciation for:				
Infrastructure	(2,441.00)		2,441.00	
Site Improvements	(785,169.00)	(47,682.00)		(832,851.00)
Building and building improvements	(10,485,166.00)	(1,263,255.00)		(11,748,421.00)
Machinery and equipment	<u>(2,219,065.00)</u>	<u>(121,993.00)</u>		<u>(2,341,058.00)</u>
Total accumulated depreciation	<u>(13,491,841.00)</u>	<u>(1,432,930.00)</u>	<u>2,441.00</u>	<u>(14,922,330.00)</u>
Total capital assets being depreciated net of accumulated depreciation	<u>\$ 40,896,849.00</u>	<u>\$ 660,456.00</u>	<u>\$ 125,460.00</u>	<u>\$ 41,431,845.00</u>
Governmental activities capital assets, net	<u>\$ 41,006,899.00</u>	<u>\$ 660,456.00</u>	<u>\$ 125,460.00</u>	<u>\$ 41,541,895.00</u>
Allocation of Additions:				
General Fund		\$ 1,090,571.99		
Special Revenue Fund		316,514.75		
Capital Project Fund		39,030.50		
Other contribution		<u>647,268.76</u>		
		<u>\$ 2,093,386.00</u>		

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

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

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>
<u>Business-Type Activities:</u>				
Furniture, machinery and equipment	\$ 205,154.93	_____	_____	\$ 205,154.93
Totals at historical cost	<u>205,154.93</u>	_____	_____	<u>205,154.93</u>
Less accumulated depreciation for:				
Furniture, machinery and equipment	<u>(108,000.40)</u>	\$ (14,794.85)	_____	\$ (122,795.25)
Total accumulated depreciation	\$ (108,000.40)	\$ (14,794.85)	_____	\$ (122,795.25)
Business type activities capital assets, net	<u>\$ 97,154.53</u>	<u>\$ (14,794.85)</u>	\$ _____	<u>\$ 82,359.68</u>

Depreciation expense was charged to Governmental Activities functions as follows:

Regular Instruction	\$ 413,403.93
Special Education Instruction	394,855.07
Other Special Instruction	59,183.60
Other Instruction	5,331.10
Support Services and Undistributed Cost:	
Student and Instruction Related Services	218,999.25
School Administrative Services	55,083.89
General and Business Administrative Services	86,408.64
Plant Operations and Maintenance	134,542.10
Pupil Transportation	<u>65,122.42</u>
	<u>\$ 1,432,930.00</u>

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

**8. NONCURRENT DEBT**

During the fiscal year ended June 30, 2021 the following changes occurred in liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>	<u>Noncurrent Portion</u>
<u>Governmental Activities:</u>						
<u>Bonds Payable -</u>						
<u>General</u>						
Obligation Debt	\$ 15,725,000.00		\$ (770,000.00)	\$ 14,955,000.00	\$ 790,000.00	\$ 14,165,000.00
Add - Premium on Sale of Bonds	<u>7,409.27</u>		<u>(7,409.27)</u>			
	15,732,409.27		(777,409.27)	14,955,000.00	790,000.00	14,165,000.00
<u>Compensated</u>						
Absences Payable	\$ <u>730,057.16</u>	\$ <u>19,130.76</u>		\$ <u>749,187.92</u>	\$ <u>112,378.19</u>	\$ <u>636,809.73</u>
	\$ <u>730,057.16</u>	\$ <u>19,130.76</u>		\$ <u>749,187.92</u>	\$ <u>112,378.19</u>	\$ <u>636,809.73</u>
	<u>\$ 16,462,466.43</u>	<u>\$ 19,130.76</u>	<u>\$ (777,409.27)</u>	<u>\$ 15,704,187.92</u>	<u>\$ 902,378.19</u>	<u>\$ 14,801,809.73</u>



**BOROUGH OF FREEHOLD SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 YEAR ENDED JUNE 30, 2021**

**8. NONCURRENT DEBT (CONTINUED)**

**A. Bonds Payable Currently Outstanding**

Bonds are authorized in accordance with State law by the voters of the municipality through referendums or in the case of refunding in accordance with Local Finance Board requirements. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds. As of June 30, 2021, the District had the following serial bonds outstanding.

General Serial Bonds:

\$15,605,000 School Bonds Series 2017 -

The District issued bonds dated July 19, 2017 in the amount of \$15,605,000. The purpose of the bonds is to finance the portion of the Board's local share of the costs of rehabilitation of the Freehold Learning Center, the Park Avenue Elementary School and Freehold Intermediate School (the "Renovation Project"). The bonds are payable commencing August 15, 2019 through August 15, 2037 ranging in maturities from \$510,000 to \$900,000 at interest rates ranging from 2.50% to 3.00%.

\$ 14,675,000.00 \*

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

These bonds were issued to refinance \$2,339,000.00 of General Obligation Bonds Series 2001. Annual remaining maturity of \$280,000.00 on August 15, 2021 with an interest rate of 5.00%. The bonds are not subject redemption prior to maturity.

570,000.00

\$ 15,245,000.00

\* Redemption: The bonds maturing prior to August 15, 2026 are not subject to redemption prior to maturity. The bonds maturing on or after August 15, 2026 shall be subject to redemption at the option of the Board in whole or in part, on any date on or after August 15, 2025 at a price of 100% of the bonds to be redeemed, plus unpaid accrued interest to the date fixed for redemption.

**Bonds Pledge**

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

**BOROUGH OF FREEHOLD SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 YEAR ENDED JUNE 30, 2021**

**8. NONCURRENT DEBT (CONTINUED)**

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

**Continuing Secondary Market Disclosure**

The District, in conjunction with the issuance of the Bonds, has agreed to undertake and provide certain information to Bondholders on a continuing basis. The Securities and Exchange Commission ("SEC") Rule 15c2-12(b)(5) "Continuing Disclosure" requirements, which the District has adopted, requires that various financial information about the District and the Municipality be provided annually to various information repositories. This has been complied with for the year ended June 30, 2021.

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

**Five Years and Thereafter Payments**

Principal and interest due on serial bonds outstanding at June 30, 2021 is as follows:

Refunding Bonds Series 2011 Issue

Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$ <u>280,000.00</u>	\$ <u>7,000.00</u>	\$ <u>287,000.00</u>

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

**8. NONCURRENT DEBT (CONTINUED)**

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

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

School District Bonds Series 2017

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 510,000.00	\$ 418,875.00	\$ 928,875.00
2023	810,000.00	402,375.00	1,212,375.00
2024	825,000.00	381,937.50	1,206,937.50
2025	855,000.00	360,937.50	1,215,937.50
2026	<u>875,000.00</u>	<u>337,125.00</u>	<u>1,212,125.00</u>
	<u>3,875,000.00</u>	<u>1,901,250.00</u>	<u>5,776,250.00</u>
2027	900,000.00	310,500.00	1,210,500.00
2028	900,000.00	283,500.00	1,183,500.00
2029	900,000.00	256,500.00	1,156,500.00
2030	900,000.00	229,500.00	1,129,500.00
2031	<u>900,000.00</u>	<u>202,500.00</u>	<u>1,102,500.00</u>
	<u>4,500,000.00</u>	<u>1,282,500.00</u>	<u>5,782,500.00</u>
2032	900,000.00	175,500.00	1,075,500.00
2033	900,000.00	148,500.00	1,048,500.00
2034	900,000.00	121,500.00	1,021,500.00
2035	900,000.00	94,500.00	994,500.00
2036	<u>900,000.00</u>	<u>67,500.00</u>	<u>967,500.00</u>
	<u>4,500,000.00</u>	<u>607,500.00</u>	<u>5,107,500.00</u>
2037	900,000.00	40,500.00	940,500.00
2038	<u>900,000.00</u>	<u>13,500.00</u>	<u>913,500.00</u>
	<u>1,800,000.00</u>	<u>54,000.00</u>	<u>1,854,000.00</u>
	<u>\$ 14,675,000.00</u>	<u>\$ 3,845,250.00</u>	<u>\$ 18,520,250.00</u>

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

**8. NONCURRENT DEBT (CONTINUED)**

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

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

GRAND TOTAL			
Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$ 790,000.00	\$ 425,875.00	\$ 1,215,875.00
2023	810,000.00	402,375.00	1,212,375.00
2024	825,000.00	381,937.50	1,206,937.50
2025	855,000.00	360,937.50	1,215,937.50
2026	875,000.00	337,125.00	1,212,125.00
	4,155,000.00	1,908,250.00	6,063,250.00
2027	900,000.00	310,500.00	1,210,500.00
2028	900,000.00	283,500.00	1,183,500.00
2029	900,000.00	256,500.00	1,156,500.00
2030	900,000.00	229,500.00	1,129,500.00
2031	900,000.00	202,500.00	1,102,500.00
	4,500,000.00	1,282,500.00	5,782,500.00
2032	900,000.00	175,500.00	1,075,500.00
2033	900,000.00	148,500.00	1,048,500.00
2034	900,000.00	121,500.00	1,021,500.00
2035	900,000.00	94,500.00	994,500.00
2036	900,000.00	67,500.00	967,500.00
	4,500,000.00	607,500.00	5,107,500.00
2037	900,000.00	40,500.00	940,500.00
2038	900,000.00	13,500.00	913,500.00
	1,800,000.00	54,000.00	1,854,000.00
	\$ 14,955,000.00	\$ 3,852,250.00	\$ 18,807,250.00

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

**8. NONCURRENT DEBT (CONTINUED)**

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

As of June 30, 2021 the District has no unissued debt authorizations but not issued.

**C. Defeasance**

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

Unamortized Loss on Defeasance

	<u>Loss</u>	<u>Beginning Balance</u>	<u>Amortization</u>	<u>Ending Balance</u>
2011 Series Refunding Bonds	\$ 138,952.00	\$ 24,173.14	\$ 12,086.58	\$ 12,086.56

**D. Compensated Absences**

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

**E. Operating Leases**

The District is leasing copiers and computers. The unit prices of all individual items lease purchased are less than the capitalization threshold for fixed assets or do not qualify as capital assets and as a result, are classified as operating leases. The following is a schedule of the future minimum lease payments under the operating leases and the present value of the net minimum lease payments at June 30, 2021.

<u>Year</u>	<u>Copiers</u>	<u>Computers</u>	<u>Total</u>
21-22	\$ 6,910.84	\$ 19,979.83	\$ 26,890.67
22-23	6,910.84	-	6,910.84
23-24	4,233.04	-	4,233.04
	<u>\$ 18,054.72</u>	<u>\$ 19,979.83</u>	<u>\$ 38,034.55</u>

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

**9. PENSION PLANS**

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

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

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

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

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

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

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

**9. PENSION PLANS (CONTINUED)**

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

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

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

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

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

**Funding Policy:** The contribution policy is set by New Jersey Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rate for TPAF and PERS is 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

**9. PENSION PLANS (CONTINUED)**

**Funding Policy (Continued)**

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

During the year ended June 30, 2021 for TPAF, which is a cost sharing plan with special funding situations, the annual pension costs equals annual required contribution. For PERS, which is a cost sharing multi-employer pension plan, the annual pension costs differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997.

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Three-Year Trend Information for PERS</u>		
	<u>Net Cost</u> <u>to District</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Employee</u> <u>Contribution</u>
2021	\$ 377,961	100%	\$ 202,433
2020	334,203	100%	197,673
2019	358,362	100%	186,426

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

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Pension Paid on-behalf of District</u>			
	<u>APC</u> <u>Contributed</u>	<u>Total</u> <u>On-Behalf of</u>	<u>Employee</u> <u>Contribution</u>	<u>TPAF</u> <u>FICA</u>
2021	100%	\$ 3,080,650	\$ 914,505	\$ 887,747
2020	100%	2,138,572	1,082,747	888,670
2019	100%	1,874,768	838,440	807,668

During the fiscal year ended June 30, 2021 the State of New Jersey contributed \$3,080,650 to the TPAF on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$887,747 during the year ended June 30, 2021 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the general-purpose financial statements, and the combining and individual fund statements and schedules as a revenue and expenditure in accordance with GASB 24.



**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

**9. PENSION PLANS (CONTINUED)**

**Public Employees Retirement System (PERS)**

The information for PERS was abstracted from State of New Jersey Public Employees' Retirement System Schedules of Employer Allocations and Schedules of Pension Amounts by Employer as of June 30, 2020 and June 30, 2019 Independent Auditor's Report dated June 4, 2021 and June 5, 2020, respectively.

The District reported a liability of \$5,630,183 and \$6,190,769 for its proportionate share of the net pension liability as of June 30, 2021 and June 30, 2020, respectively. The net pension liability was measured as of June 30, 2020 and June 30, 2019 (the *Measurement Date*), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined.

	June 30, [ <i>Measurement Date</i> ]	
	2020	2019
District Proportionate Share	0.0345253577 %	0.0343578834 %
Difference - (Increase)	0.0001674743	

For the year ended June 30, 2021, the District recognized pension benefit of \$156,467. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

The contribution policy for PERS is set by N.J.S.A. 43.15A and requires contributions by active members and contributing employers. Employee contributions for 2021 were seven and 50/100<sup>th</sup> percent (7.5%) for PERS. Employer's contributions are actuarially determined annually by the Division of Pensions.

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 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 any 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.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

**9. PENSION PLANS (CONTINUED)**

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 182,650	\$ 2,357,411
Difference between expected and actual experience	102,516	19,911
Net difference between projected and actual earnings on pension plan investments	192,444	
Changes in proportion	279,658	233,079
District contributions subsequent to the measurement date	<u>423,823</u>	
Total	<u>\$ 1,181,091</u>	<u>\$ 2,610,401</u>

The \$423,823 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2021, the plan measurement date is June 30, 2020) will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2021	\$ (706,485)
2022	(644,100)
2023	(368,086)
2024	(148,848)
2025	(31,847)

Collective balances (Local Group) are as follows:

	<u>June 30, [Measurement Date]</u>	
	<u>2020</u>	<u>2019</u>
Collective deferred outflows of resources	\$ 2,347,583,337	\$ 3,149,522,616
Collective deferred inflows of resources	7,849,949,467	7,645,087,574
Collective net pension liability	16,435,616,426	18,143,832,135
Collective total pension expense	407,705,399	974,471,686
District's proportion of Local Group	0.0345253577 %	0.0343578834 %

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

**9. PENSION PLANS (CONTINUED)**

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

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which rolled forward to June 30, 2020. 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	2.00-6.00% (based on year of service)
Thereafter	3.00-7.00% (based on year of service)
Investment Rate of Return	7.00%

Mortality Rates

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-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger impact on future financial statements.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

**9. PENSION PLANS (CONTINUED)**

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

Long-Term Rate of Return (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Equity	27.00 %	7.71 %
Non-U.S. Developed Market Equity	13.50	8.57
Emerging Market Equity	5.50	10.23
Private Equity	13.00	11.42
Real Assets	3.00	9.73
Real Estate	8.00	9.56
High Yield	2.00	5.95
Private Credit	8.00	7.59
Investment Grade Credit	8.00	2.67
Cash Equivalents	4.00	0.50
U.S. Treasuries	5.00	1.94
Risk Mitigation Strategies	3.00	3.40

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 and the nonemployer contributing entity will be based on 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

**9. PENSION PLANS (CONTINUED)**

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

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

The following presents the collective net pension liability of the participating employers as of June 30, 2020 (*measurement date*), calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2020 [ <i>Measurement Date</i> ]		
	1% Decrease	At Current	1% Increase
	<u>6.00%</u>	Discount Rate <u>7.00%</u>	<u>8.00%</u>
District's proportionate share of the pension liability	\$ 7,086,047	\$ 5,630,183	\$ 4,392,760

Pension Plan Fiduciary Net Position.

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

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

Data for the TPAF was abstracted from the State of New Jersey Teachers' Pension and Annuity Fund Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer and Nonemployer as of June 30, 2020 and June 30, 2019 Independent Auditor's Reports dated June 4, 2021 and June 5, 2020, respectively.

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

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2021 (*Measurement Date* June 30, 2020) was as follows:

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

**9. PENSION PLANS (CONTINUED)**

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

	<i>[Measurement Date]</i> <u>June 30, 2020</u>
Net Pension Liability:	
Districts proportionate share	None
State's proportionate share associated with the District	<u>\$ 63,072,785</u>
	<u><u>\$ 63,072,785</u></u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The proportion of the TPAF net pension liability associated with the District is as follows:

	<u>June 30, [Measurement Date]</u>	
	<u>2020</u>	<u>2019</u>
District Proportionate Share	0.0957842634 %	0.0933683124 %
Difference - Increase	0.0024159510	

For the year ended June 30, 2021, the District recognized on-behalf pension expense and revenue of \$3,922,134 for contributions provided by the State.

**Actuarial Assumptions**

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial 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 year of service)
Thereafter	2.75% - 5.65% (based on year of service)
Investment Rate of Return	7.00%

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

**9. PENSION PLANS (CONTINUED)**

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

Actuarial Assumptions (Continued)

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-2020.

The actuarial assumptions used in the July 1, 2019 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, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2020 are summarized in the table as follows:

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

**9. PENSION PLANS (CONTINUED)**

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

Long-Term Expected Rate of Return (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Equity	27.00 %	7.71 %
Non-U.S. Developed Market Equity	13.50	8.57
Emerging Market Equity	5.50	10.23
Private Equity	13.00	11.42
Real Assets	3.00	9.73
Real Estate	8.00	9.56
High Yield	2.00	5.95
Private Credit	8.00	7.59
Investment Grade Credit	8.00	2.67
Cash Equivalents	4.00	0.50
U.S. Treasuries	5.00	1.94
Risk Mitigation Strategies	3.00	3.40

Discount Rate

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. 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 2.21% as of June 30, 2020, 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 78% of the actuarial determined contribution for the state. The state contributed 50% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.



**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

**9. PENSION PLANS (CONTINUED)**

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

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

The following presents the proportionate share of the net pension liability associated with the District as of June 30, 2021 (*measurement date* June 30, 2020) calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease <u>4.40%</u>	At Current Discount Rate <u>5.40%</u>	At 1% Increase <u>6.40%</u>
State's proportionate share of the net pension liability associated with the District	\$ 74,026,429	\$ 63,072,785	\$ 53,884,216

Pension Plan Fiduciary Net Position

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

Additional Information

Collective balances of the Local Group are as follows:

	June 30,	
	<u>2020</u>	<u>2019</u>
Deferred outflows of resources	\$ 9,589,140,982	\$ 10,077,460,797
Deferred inflows of resources	14,409,361,877	17,525,379,167
Net pension liability	65,848,796,740	61,370,943,870
Total expenses - non-employer	4,114,319,534	3,642,191,152

**10. OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In fiscal year 2020 the State paid PRM benefits for 143,053 State and local retirees.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

**10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

Data for the TPAF was abstracted from the State of New Jersey Local Education Retired Employee Plan as of June 30, 2020 and June 30, 2019 Independent Auditor's Reports dated January 21, 2022 and December 8, 2020, respectively.

The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For fiscal year 2020 the State contributed \$1.578 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's pay-as-you-go contributions have remained consistent with fiscal year 2019 amounts. The State has appropriated \$1.775 billion in fiscal year 2021 as the State's contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. The new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, effective for fiscal year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. For fiscal year 2020 the total OPEB liability for the State is \$65.50 billion, a decrease of \$10.5 billion or 13.80 percent from the \$76 billion liability recorded in fiscal year 2019.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. Seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

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

At June 30, 2019 the following employees (*statewide*) were covered by the benefit terms:

Active Plan Members	216,804
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	149,304
Inactive Plan Members or Beneficiaries Not Yet Receiving Benefits	<u>0</u>
Total Plan Members	<u><u>366,108</u></u>

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

<u>Fiscal Year Ended June 30,</u>	<u>Post-Retirement Medical</u>
2021	\$ 965,428.00
2020	793,371.00
2019	850,392.00

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

**10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. The District is required to record in their financial statements, as an expense and corresponding revenue, their respective amount of total OPEB expense attributable to the State of New Jersey under the special funding situation. Accordingly, the following OPEB liability note information is derived from reports provided by the State of New Jersey Division of Pension and Benefits and is reported at the board of education level. Note that actual numbers are published in the NJ State's CAFR:

(<https://www.nj.gov/treasury/omb/publications/archives.shtml>).

The portion of the TPAF OPEB Liability that was associated with the District recognized at June 30, 2021 (*Measurement Date* June 30, 2020) was as follows:

Net OPEB Liability:

Districts proportionate share	None
State's proportionate share associated with the District	\$ 68,474,634.00
	<u>\$ 68,474,634.00</u>

The proportion of the PERS and TPAF Net OPEB Liability associated with the District's liability is as follows:

June 30, [Measurement Date]	
2020	2019
0.0101300000 %	0.0093200000 %

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	TPAF/ABP	PERS
	<i>(based on service years)</i>	<i>(based on service years)</i>
Salary increases: through 2026	1.55-4.45%	2.00-6.00%
Thereafter	1.55-4.45%	3.00-7.00%

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

**10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

Total Nonemployer OPEB Liability (Continued)

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-2020. 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-2020. 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-2020.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018 and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage, 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven (7) years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven (7) years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The discount rate utilized was 3.50% as of June 30, 2019 and 2.21% for June 30, 2020.

Discount Rate

The discount rate for June 30, 2020 was 2.21%. 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.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

**10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

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

The following represents the total nonemployer OPEB liability as of June 30, 2020 (*Measurement Date*), calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

June 30, 2020 [ <i>Measurement Date</i> ]		
At 1% Decrease (1.21%)	At Discount Rate (2.21%)	At 1% Increase (3.21%)
\$ 82,811,139	\$ 68,474,634	\$ 57,651,288

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Healthcare Trend Rate

The following represents the total nonemployer OPEB liability as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

June 30, 2020 [ <i>Measurement Date</i> ]		
1% Decrease	Healthcare Cost Trend Rate	1% Increase
\$ 55,450,089	\$ 68,474,634	\$ 83,483,570

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2019.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

**10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Healthcare Trend Rate  
(Continued)

Shown below are details regarding the Total OPEB Liability for the measurement period from June 30, 2019 to June 30, 2020:

	<u>Total OPEB Liability</u>
<i>Balance as of June 30, 2019 Measurement Date</i>	\$ 38,914,324
Changes Recognized for the Fiscal Year:	
Service Cost	\$ 1,942,870
Interest on the Total OPEB Liability	1,409,947
Changes of Assumptions	12,507,963
Difference between Expected and Actual Experience	14,855,485
Gross Benefit Payments	(1,192,087)
Contributions from the Members	<u>36,132</u>
 Net Changes	 \$ 29,560,310
 <i>Balance as of June 30, 2020 Measurement Date</i>	 \$ <u>68,474,634</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020.

The components of the Net OPEB Liability as of June 30, 2020 (*Measurement Date*) are as follows:

	<u>Measurement Date</u> <u>June 30, 2020</u>
Total OPEB Liability	\$ 68,474,634
Plan Fiduciary Net Position	None
Net OPEB Liability	\$ 68,474,634
Net Position as a Percentage of OPEB Liability	0.0%
OPEB Expense	\$ 4,171,699

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

**10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

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

For the year ended June 30, 2021, the board of education recognized OPEB expense of \$4,171,699 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 GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the District 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, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

The following table illustrates the Deferred Inflows and Outflows as of June 30, 2020 under GASB 75 prior to any reduction due to the Fiscal Year 2021 amortizations.

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Changes of Assumptions	11,647,310	\$ 7,813,344
Differences between Actual and Expected Experience	\$ 10,396,233	9,260,595
Changes in Proportion	<u>5,346,689</u>	<u>9,544</u>
Sub-total	27,390,232	17,083,483
Contributions made in Fiscal Year Ending 2021 After June 30, 2020 <i>Measurement Date</i>	<u>None</u>	<u>None</u>
Total	<u>\$ 27,390,232</u>	<u>\$ 17,083,483</u>

Amount recognized in the deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

Measurement Period Ending June 30,	
2021	\$ (43,866)
2022	(43,866)
2023	(43,866)
2024	(43,866)
2025	(43,866)
Total Thereafter	(4,750,264)

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

**10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

Pension Plan Fiduciary Net Position

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

Additional Information

Collective balances of the Local Education Group are as follows:

	June 30,	
	<u>2020</u>	<u>2019</u>
Deferred outflows of resources	\$ 24,023,298,802	\$ 1,921,145,183
Deferred inflows of resources	19,101,933,244	20,887,639,826
Net OPEB liability	67,809,962,608	41,729,081,045
Total expenses - non-employer	3,337,755,596	1,015,664,874

Other

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.

**11. COMPENSATED ABSENCES**

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

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

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2021 no liability existed for compensated absences in the proprietary fund types.



**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

**12. DEFERRED COMPENSATION**

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

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

**13. RISK MANAGEMENT**

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

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

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

**New Jersey Unemployment Compensation Insurance:** The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

**14. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet at June 30, 2021 which will be liquidated in the normal course of business in the ensuing year.

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Governmental Funds:		
Debt Service	\$ 36.11	
Capital Projects		\$ 36.11

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

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

The District has a deficit fund balance of \$111,545.32 in the Special Revenue Fund as of June 30, 2020 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two (2) state aid payments in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP funds statements of \$111,545.32 in the Special Revenue Fund is equal to the last state aid payment in the Special Revenue Fund.

**16. FUND BALANCE APPROPRIATED**

**General Fund** – Of the \$4,234,579.71 General Fund fund balance at June 30, 2021, \$331,474.02 is assigned – for other purposes (encumbrances); \$1,612,034.83 is Restricted for Capital Reserve account; \$455,459.00 is Restricted for Maintenance Reserve; \$887,805.18 assigned – excess surplus designated for subsequent years' expenditures, \$14,170.62 is FFCRA/SEMI funds assigned for designated for subsequent year expenditures, \$548,533.17 reserve for excess surplus and \$385,102.89 reserve for unemployment claims.

**Special Revenue Fund** – The deficit of \$89,954.74 at June 30, 2021 is a result of the net effect, of the \$21,010.78 restricted for student activities, \$579.80 restricted for scholarship and reduced by the deficit of \$111,545.32 related to grants (see Note 15).

**Debt Service Fund** – All of the \$127,478.10 fund balance at June 30, 2021 is restricted for Debt Service.

**Capital Projects Fund** – The \$7,175,095.20 Capital Projects Fund fund balance at June 30, 2021, was created by the issuance of School District Bonds Series 2017 \$15,605,000.00, the award of grants in the amount \$25,388,020.00 plus a capital reserve transfer of \$685.00 less expenditures incurred to date of \$33,818,609.69. These funds are earmarked toward the court-ordered building expansion. It is anticipated that the project will be closed out in the 2021-2022 fiscal year.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

**17. CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004 c73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. There was excess surplus at June 30, 2021 on the budgetary basis of accounting (refer to Note 18) as a result of fiscal year 2018-2019 school year of \$717,216.51 and for fiscal year 2020-2021 school year of \$1,602,668.17.

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

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

	<u>Unassigned - Fund Balance</u>	<u>Reserve for Excess Surplus</u>
Balance on a budgetary basis as per general fund budgetary comparison (Schedule C-1)	\$ 525,035.00	\$ 1,602,668.17
Less: Allocation of State aid payment of \$1,579,170.00 not recognized on a GAAP basis	525,035.00	1,054,135.00
Balances on a GAAP basis on the governmental fund balance sheet (Schedule B-1)	None	\$ 548,533.17

**19. CONTINGENT LIABILITIES**

- A. **Grant Programs** – The school district participates in federally and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.
- B. **Pending Litigation** – As of the date of this report, the management has represented that there was no litigation pending which, in the event of an adverse or unfavorable outcome, would materially impair the financial position of the District.
- C. **Commitments** - The District has contractual commitments at June 30, 2021 to various vendors, which are recorded in the general fund as fund balance assigned for other purposes in the amount of \$331,474.02.

**20. ECONOMIC DEPENDENCY**

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

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

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

Net investment in capital assets, Governmental Activities, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. The net investment in capital assets of \$56,464,225.00 indicated as part of the Governmental Activities net position is calculated as follows:

	Amount
Capital assets, net of depreciation	\$ 41,541,895.00
Bonds payable (used to build or acquire capital assets)	(14,955,000.00)
Deferred loss on defeasance of debt	12,086.56
	\$ 26,598,981.56

**22. TAX ABATEMENTS**

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

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

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

The Borough of Freehold recognized revenue of \$416,769.00 from the annual service charge in lieu of payment of taxes in 2021 and taxes in 2021 that otherwise would have been due on these long-term tax exemptions amounted to \$1,451,581.00 based upon the assessed valuations of the long-term tax exemption properties. A portion of the \$1,034,812.00 abatement would have been allocated to the District.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

**23. COVID-19 CORONAVIRUS PANDEMIC**

The COVID-19 Coronavirus outbreak in the United States has caused the Governor of the State of New Jersey to mandate closures and a curfew for all nonessential citizens and businesses. The management of the District (which is essential) has evaluated the impact of the situation and has determined that overall there is no adverse impact on its June 30, 2021 financial statements (*audited*). Financial impact for the year ending June 30, 2022 is uncertain at this time. A significant portion of the revenue to support the District operations is state aid and taxation; however, the outcome is uncertain at this time.

**24. PRIOR PERIOD ADJUSTMENT – GASB No. 84**

The District implemented GASB No. 84 related to former Fiduciary Funds accounting being into reclassified into the Governmental Funds. The reasoning related to the fact that the District has control of the funds and as such, are more properly reflected in the Governmental Funds. The reclassification was reflected as a prior period adjustment to the Governmental Funds (basic financial statements B-2) and the Statement of Activities (A-2), effective July 1, 2020, and no retroactive restatement of financial was done since financial statements are not comparative. The reclassification involved liabilities and fund balance with no adverse impact on the financial position of the District.

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**BUDGETARY COMPARISON SCHEDULES**

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 10,138,841.00		\$ 10,138,841.00	\$ 10,138,841.00	
Miscellaneous-Restricted				51,390.62	
Miscellaneous-UnRestricted	<u>30,000.00</u>		<u>30,000.00</u>	<u>95,639.25</u>	\$ (65,639.25)
Total - local sources	<u>10,168,841.00</u>		<u>10,168,841.00</u>	<u>10,285,870.87</u>	<u>(65,639.25)</u>
State sources:					
Categorical Special Education Aid	1,438,457.00		1,438,457.00	1,438,457.00	
Categorical Transportation Aid	407,350.00		407,350.00	407,350.00	
Categorical Security Aid	739,721.00		739,721.00	739,721.00	
Equalization Aid	14,765,525.00	\$ (1,430,309.00)	13,335,216.00	13,335,216.00	
Extraordinary aid	275,000.00		275,000.00	474,877.00	(199,877.00)
Nonpublic transportation - cost reimbursement				3,480.00	(3,480.00)
On behalf - TPAF - pension contributions (nonbudgeted)				3,080,650.00	(3,080,650.00)
On behalf - TPAF - post retirement medical (nonbudgeted)				965,428.00	(965,428.00)
On behalf - TPAF - long-term disability insurance (nonbudgeted)				2,004.00	(2,004.00)
Reimbursed TPAF social security contributions (nonbudgeted)				887,747.22	(887,747.22)
Total - state sources	<u>17,626,053.00</u>	<u>(1,430,309.00)</u>	<u>16,195,744.00</u>	<u>21,334,930.22</u>	<u>(5,139,186.22)</u>
Federal sources:					
Medical assistance program FFCRA/SEMI	145,593.00		145,593.00	160,369.77	(14,776.77)
				14,170.62	(14,170.62)
Total - federal sources	<u>145,593.00</u>		<u>145,593.00</u>	<u>174,540.39</u>	<u>(28,947.39)</u>
Total revenues	\$ <u>27,940,487.00</u>	\$ <u>(1,430,309.00)</u>	\$ <u>26,510,178.00</u>	\$ <u>31,795,341.48</u>	\$ <u>(5,233,772.86)</u>



**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Regular programs - instruction:					
Salaries of teachers:					
Kindergarten	\$ 570,573.00	\$ (2,398.00)	\$ 568,175.00	\$ 568,174.50	\$ 0.50
Grades 1 - 5	3,330,055.00	2,045.00	3,332,100.00	3,228,311.57	103,788.43
Grades 6 - 8	1,784,213.00	16,861.00	1,801,074.00	1,737,983.10	63,090.90
	<u>5,684,841.00</u>	<u>16,508.00</u>	<u>5,701,349.00</u>	<u>5,534,469.17</u>	<u>166,879.83</u>
Home instruction:					
Salaries of teachers	7,400.00	(4,005.00)	3,395.00	3,395.00	
Purchased professional - educational services	3,600.00	9,005.00	12,605.00	12,542.57	62.43
Total home instruction	<u>11,000.00</u>	<u>5,000.00</u>	<u>16,000.00</u>	<u>15,937.57</u>	<u>62.43</u>
Regular programs - undistributed instruction:					
Other salaries for instruction	242,285.00		242,285.00	236,183.76	6,101.24
Purchased professional - educational services	175,310.00	30,184.00	205,494.00	197,224.25	8,269.75
Lease Purchase Equipment	145,000.00	(80,000.00)	65,000.00	64,751.73	248.27
Other purchased services (400-500 series)	89,810.00	400.00	90,210.00	78,249.58	11,960.42
Other purchased services (580 series)	2,600.00		2,600.00		2,600.00
General supplies	577,920.00	(92,155.15)	485,764.85	362,911.54	122,853.31
Textbooks	28,000.00		28,000.00	3,252.80	24,747.20
Other objects	8,158.00		8,158.00	1,546.00	6,612.00
Total regular programs - instruction	<u>1,269,083.00</u>	<u>(141,571.15)</u>	<u>1,127,511.85</u>	<u>944,119.66</u>	<u>183,392.19</u>
Total regular programs - instruction	<u>6,964,924.00</u>	<u>(120,063.15)</u>	<u>6,844,860.85</u>	<u>6,494,526.40</u>	<u>350,334.45</u>

**BOARD OF EDUCATION**  
**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Multiple disabilities:					
Salaries of teachers	\$ 600,169.00	\$ 8,964.00	\$ 609,133.00	\$ 597,702.60	\$ 11,430.40
Other salaries for instruction	443,950.00	29,636.00	473,586.00	424,441.70	49,144.30
Unused Sick Payment Received		304.00	304.00	303.32	0.68
Purchased Professional Education Service	225,525.00	(5,678.00)	219,847.00	126,139.20	93,707.80
General supplies	3,981.00		3,981.00	1,293.85	2,687.15
Textbooks	4,700.00		4,700.00	2,734.68	1,965.32
Other Objects	2,300.00		2,300.00		2,300.00
	<u>1,280,625.00</u>	<u>33,226.00</u>	<u>1,313,851.00</u>	<u>1,152,615.35</u>	<u>161,235.65</u>
Total multiple disabilities					
Special education instruction:					
Resource room/resource center:					
Salaries of teachers	1,868,354.00	(71,045.00)	1,797,309.00	1,738,545.36	58,763.64
Other salaries for instruction	172,714.00	27,641.00	200,355.00	187,489.00	12,866.00
Purchased Professional Educational Services	86,010.00		86,010.00		86,010.00
Other purchased services (400-500 series)	500.00	(400.00)	100.00		100.00
General supplies	3,750.00	465.00	4,215.00	4,134.32	80.68
Textbooks	2,500.00		2,500.00		2,500.00
	<u>2,133,828.00</u>	<u>(43,339.00)</u>	<u>2,090,489.00</u>	<u>1,930,168.68</u>	<u>160,320.32</u>
Total resource room/resource center					
Preschool disabilities - full-time:					
Salaries of teachers	147,155.00	100,146.00	247,301.00	224,949.36	22,351.64
Other salaries for instruction	103,467.00	278.00	103,745.00	103,739.36	5.64
Purchased Professional Educational Services	172,070.00	(28,280.00)	143,790.00	112,965.60	30,824.40
General supplies	2,500.00	(65.00)	2,435.00	966.08	1,468.92
	<u>425,192.00</u>	<u>72,079.00</u>	<u>497,271.00</u>	<u>442,620.40</u>	<u>54,650.60</u>
Total Preschool disabilities - full-time					

BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Home Instruction					
Early childhood:					
Salaries special ed. home instruction	\$ 8,000.00		\$ 8,000.00	\$ 1,405.81	\$ 6,594.19
Purchased Professional - Educational Services	13,000.00		13,000.00		13,000.00
Total early childhood	<u>21,000.00</u>		<u>21,000.00</u>	<u>1,405.81</u>	<u>19,594.19</u>
Total special education - instruction	<u>3,860,645.00</u>	\$ <u>61,966.00</u>	<u>3,922,611.00</u>	<u>3,526,810.24</u>	<u>395,800.76</u>
Other instructional programs:					
Basic skills/remedial - instruction:					
Salaries of teachers	319,311.00	(221,362.00)	97,949.00	84,103.20	13,845.80
General supplies	250.00		250.00		250.00
Total basic skills/remedial - instruction	<u>319,561.00</u>	<u>(221,362.00)</u>	<u>98,199.00</u>	<u>84,103.20</u>	<u>14,095.80</u>
Bilingual education - instruction:					
Salaries of teachers	893,288.00	(57,832.00)	835,456.00	803,001.78	32,454.22
Purchased professional - educational services	43,005.00		43,005.00	38,614.40	4,390.60
General supplies	5,625.00		5,625.00	4,047.94	1,577.06
Textbooks	4,000.00		4,000.00		4,000.00
Total bilingual education - instruction	<u>945,918.00</u>	<u>(57,832.00)</u>	<u>888,086.00</u>	<u>845,664.12</u>	<u>42,421.88</u>
School sponsored co/extracurricular activities - instruction:					
Salaries	55,000.00		55,000.00	34,920.00	20,080.00
Purchased services (300-500 series)	4,420.00		4,420.00		4,420.00
Supplies and materials	1,400.00	1,500.00	2,900.00	1,839.99	1,060.01
Other Objects	6,775.00	(1,500.00)	5,275.00	385.00	4,890.00
Total school sponsored co/extracurricular activities - inst.	<u>67,595.00</u>		<u>67,595.00</u>	<u>37,144.99</u>	<u>30,450.01</u>

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
School sponsored athletic - instruction:					
Salaries	\$ 57,000.00		\$ 57,000.00	\$ 46,544.00	\$ 10,456.00
Purchased services	250.00		250.00		250.00
Supplies and Materials	15,000.00		15,000.00		15,000.00
Other objects	8,125.00		8,125.00	62.00	8,063.00
Transfer to cover deficit	14,000.00		14,000.00		14,000.00
	<u>94,375.00</u>		<u>94,375.00</u>	<u>46,606.00</u>	<u>47,769.00</u>
Total school sponsored athletic - instruction	94,375.00		94,375.00	46,606.00	47,769.00
Total other instructional programs	1,427,449.00	\$ (279,194.00)	1,148,255.00	1,013,518.31	134,736.69
Total instructional programs	12,253,018.00	(337,291.15)	11,915,726.85	11,034,854.95	880,871.90
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within the state - regular	\$ 40,000.00		40,000.00	5,962.25	34,037.75
Tuition to other LEAs within the state - special	322,934.00	203,000.00	525,934.00	514,785.00	11,149.00
Tuition to private school for the disabled - state	901,949.00	(203,000.00)	698,949.00	565,817.39	133,131.61
	<u>1,264,883.00</u>		<u>1,264,883.00</u>	<u>1,086,564.64</u>	<u>178,318.36</u>
Total undistributed expenditures - instruction	1,264,883.00		1,264,883.00	1,086,564.64	178,318.36
Attendance and social work:					
Salaries	46,629.00	1,100.00	47,729.00	47,728.24	0.76
	<u>46,629.00</u>	<u>1,100.00</u>	<u>47,729.00</u>	<u>47,728.24</u>	<u>0.76</u>
Total attendance and social work	46,629.00	1,100.00	47,729.00	47,728.24	0.76
Health services:					
Salaries	238,986.00	1,387.50	240,373.50	231,203.45	9,170.05
Purchased professional - technical services	28,125.00	10,000.00	38,125.00	17,700.00	20,425.00
Other purchased services	500.00		500.00		500.00
Supplies and materials	9,000.00	22,145.00	31,145.00	28,831.52	2,313.48
Other objects	2,250.00		2,250.00	380.00	1,870.00
	<u>278,861.00</u>	<u>33,532.50</u>	<u>312,393.50</u>	<u>278,114.97</u>	<u>34,278.53</u>
Total health services	278,861.00	33,532.50	312,393.50	278,114.97	34,278.53

EXPENDITURES (CONTINUED):

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CURRENT EXPENSE (CONTINUED):</b>					
Other support services - students - related services:					
Salaries	\$ 459,390.00	\$ (97,112.50)	\$ 362,277.50	\$ 315,651.03	\$ 46,626.47
Purchased professional - educational services	174,700.00	85,875.00	260,575.00	252,056.00	8,519.00
Supplies and materials	3,700.00		3,700.00	537.99	3,162.01
<b>Total other support service - student - related services</b>	<b>637,790.00</b>	<b>(11,237.50)</b>	<b>626,552.50</b>	<b>568,245.02</b>	<b>58,307.48</b>
Undistributed expenditures (continued):					
Other support services - students - extraordinary services:					
Salaries - Other	26,951.00		26,951.00		26,951.00
Purchased professional - educational services	353,005.00	(16,100.00)	336,905.00	109,053.70	227,851.30
Supplies and materials	5,700.00		5,700.00	3,919.56	1,780.44
<b>Total other support service - student - extraordinary services</b>	<b>385,656.00</b>	<b>(16,100.00)</b>	<b>369,556.00</b>	<b>112,973.26</b>	<b>256,582.74</b>
Other support services - students - regular:					
Salaries of other professional staff	197,398.00	4,050.00	201,448.00	201,448.00	
Salaries of secretarial and clerical assistants	81,590.00	(3,218.00)	78,372.00	73,759.98	4,612.02
Other Purchased services (400-500 series)	71,100.00		71,100.00	41,420.17	29,679.83
Supplies and materials	7,550.00	(832.00)	6,718.00	1,434.76	5,283.24
Other objects	2,170.00		2,170.00	485.52	1,684.48
<b>Total other support services - students - regular</b>	<b>359,808.00</b>		<b>359,808.00</b>	<b>318,548.43</b>	<b>41,259.57</b>
Other support services - students - special:					
Salaries of other professional staff	482,546.00	2,023.00	484,569.00	484,446.07	122.93
Salaries of secretarial and clerical assistants	124,847.00	(8,303.00)	116,544.00	116,143.56	400.44
Salaries - other	5,000.00	2,881.00	7,881.00	7,880.59	0.41
Unused vacation payment		8,960.00	8,960.00	8,959.86	0.14
Purchased professional - educational services	53,900.00	22,969.00	76,869.00	57,818.72	19,050.28
Other purchased professional and technical services	22,300.00	(8,600.00)	13,700.00		13,700.00
Other purchased services	16,171.00	7,600.00	23,771.00	23,764.92	6.08
Misc. Purchased services (400-500 series)	2,000.00		2,000.00	103.66	1,896.34
General Supplies	3,628.00		3,628.00	478.99	3,149.01
Supplies and materials	15,000.00		15,000.00	13,626.43	1,373.57
Other objects	1,100.00		1,100.00	995.00	105.00
<b>Total other support services - students - special</b>	<b>726,492.00</b>	<b>27,530.00</b>	<b>754,022.00</b>	<b>714,217.80</b>	<b>39,804.20</b>

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures (continued):					
Improvement of instructional services:					
Salaries of supervisors of instruction	\$ 255,630.00		\$ 255,630.00	\$ 255,630.00	
Salaries of other professional staff	33,600.00		33,600.00	32,915.00	\$ 685.00
Salaries of secretarial and clerical assistants	61,140.00		61,140.00	58,640.00	2,500.00
Salaries of Facilitators, Math Coaches and Literacy Coaches	83,680.00	\$ (36,658.00)	47,022.00	44,431.00	2,591.00
Purchased professional - technical services	7,250.00		7,250.00	5,050.00	2,200.00
Purchased professional - educational services	5,900.00		5,900.00	149.00	5,751.00
Other Purchased Services	1,820.00		1,820.00	845.00	975.00
Supplies and materials	4,500.00		4,500.00	2,729.80	1,770.20
Other objects	3,650.00		3,650.00	2,191.00	1,459.00
<b>Total improvement of instructional services</b>	<b>457,170.00</b>	<b>(36,658.00)</b>	<b>420,512.00</b>	<b>402,580.80</b>	<b>17,931.20</b>
Educational media service/school library:					
Salaries of supervisors of instruction	67,826.00	1,886.00	69,712.00	69,712.00	
Salaries - Other	11,406.00	127.00	11,533.00	11,532.50	0.50
Purchased professional and educational services	3,000.00	1,000.00	4,000.00	3,771.00	229.00
Purchased professional technical services	43,005.00		43,005.00	38,878.40	4,126.60
Supplies and materials	15,900.00	(3,013.00)	12,887.00	7,468.42	5,418.58
<b>Total educational media service/school library</b>	<b>141,137.00</b>	<b>(3,013.00)</b>	<b>141,137.00</b>	<b>131,362.32</b>	<b>9,774.68</b>
Instructional staff training services:					
Salaries of supervisors of instruction	67,331.00		67,331.00	67,331.00	
Purchased Professional - Educational Services	2,000.00	120.00	2,120.00	1,890.00	230.00
Other purchased services (400-500)	4,300.00	1,760.00	6,060.00	5,756.72	303.28
Rental	1,500.00		1,500.00		1,500.00
Purchased professional - educational services	15,325.00	(660.00)	14,665.00	669.00	13,996.00
Other purchased services (400-500 series)	4,000.00		4,000.00	1,320.40	2,679.60
Supplies and materials	7,030.00		7,030.00	280.00	6,750.00
<b>Total instructional staff training services</b>	<b>101,486.00</b>	<b>1,220.00</b>	<b>102,706.00</b>	<b>77,247.12</b>	<b>25,458.88</b>

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures (continued):					
Support services - general administration:					
Salaries	\$ 299,492.00	\$ 767.00	\$ 300,259.00	\$ 299,469.94	\$ 789.06
Legal services	25,500.00	(9,750.00)	15,750.00	15,284.00	466.00
Audit fees	48,000.00		48,000.00	41,230.00	6,770.00
Architect fees	20,000.00		20,000.00	19,619.56	380.44
Other purchased professional services	9,850.00	(7.00)	9,843.00	7,705.00	2,138.00
Purchased Technical Services	1,000.00		1,000.00	898.91	101.09
Communications/telephone	93,525.00	10,000.00	103,525.00	91,792.76	11,732.24
BOE - other purchased services	4,000.00		4,000.00		4,000.00
Miscellaneous purchased services	11,415.00		11,415.00	900.00	10,515.00
BOE In-house training/meeting supplies	74,055.00		74,055.00	67,144.37	6,910.63
General Supplies	7,950.00		7,950.00	3,836.65	4,113.35
Inhouse Training/Meals	460.00		460.00		460.00
Miscellaneous expenditures	3,371.00		3,371.00		3,371.00
BOE membership dues and fees	17,000.00		17,000.00	16,018.84	981.16
	<u>615,618.00</u>	<u>1,010.00</u>	<u>616,628.00</u>	<u>563,900.03</u>	<u>52,727.97</u>
Total support services - general administration					
Support services - school administration:					
Salaries of principals/assistant principals	530,200.00	300.00	530,500.00	530,499.69	0.31
Salaries of secretarial and clerical assistants	209,542.00	(9,587.00)	199,955.00	199,684.25	270.75
Purchased professional & technical services	61,010.00	25,503.00	86,513.00	86,511.82	1.18
Other purchased services (400-500 series)	25,815.00	1,576.00	27,391.00	25,142.58	2,248.42
Other purchased services	5,000.00	(5,000.00)			
Supplies and materials	36,400.00	(12,362.00)	24,038.00	19,668.98	4,369.02
Other objects	5,800.00	(430.00)	5,370.00	3,854.00	1,516.00
	<u>873,767.00</u>	<u>(430.00)</u>	<u>873,767.00</u>	<u>865,361.32</u>	<u>8,405.68</u>
Total support services - school administration					

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures (continued):					
Central services:					
Salaries	\$ 439,779.00	\$ (4,503.00)	\$ 435,276.00	\$ 430,993.29	\$ 4,282.71
Unused vacation payment	7,500.00	5,250.00	12,750.00		12,750.00
Other purchased professional service	39,420.00	9,959.00	49,379.00	45,036.70	4,342.30
Purchased technical services	9,416.00		9,416.00	4,601.04	4,814.96
Miscellaneous purchased services (400-500 series)	18,260.00	(7,075.00)	11,185.00	9,852.93	1,332.07
Supplies and materials	9,100.00	1,619.00	10,719.00	10,204.28	514.72
	<u>523,475.00</u>	<u>5,250.00</u>	<u>528,725.00</u>	<u>500,688.24</u>	<u>28,036.76</u>
Total central services					
Admin. info. Technology:					
Salaries	276,743.00		276,743.00	274,122.74	2,620.26
Purchased technical services	26,540.00		26,540.00	15,667.07	10,872.93
Other purchased services (400-500 series)	1,000.00		1,000.00		1,000.00
Other objects	4,000.00		4,000.00		4,000.00
Supplies and materials	3,225.00		3,225.00	3,091.68	133.32
	<u>311,508.00</u>		<u>311,508.00</u>	<u>292,881.49</u>	<u>18,626.51</u>
Total admin. Info. Technology					
Required maintenance for school facilities:					
Salaries	199,583.00	(3,000.00)	196,583.00	184,508.50	12,074.50
Purchased technical services	272,691.00	227,046.82	499,737.82	470,493.59	29,244.23
General supplies	29,900.00	12,287.56	42,187.56	33,573.87	8,613.69
Other purchased services	2,500.00		2,500.00	1,311.00	1,189.00
Other objects	1,000.00		1,000.00	954.95	45.05
	<u>505,674.00</u>	<u>236,334.38</u>	<u>742,008.38</u>	<u>690,841.91</u>	<u>51,166.47</u>
Total required maintenance for school facilities					



**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures (continued):					
Other operation and maintenance of plant:					
Salaries	\$ 518,336.00	\$ 14,105.00	\$ 532,441.00	\$ 500,526.52	\$ 31,914.48
Purchased professional and technical services	7,570.00	(1,225.00)	6,345.00	4,075.00	2,270.00
Cleaning, repair and maintenance services	30,500.00	(12,511.00)	17,989.00	11,866.21	6,122.79
Insurance	117,877.00	18,836.00	136,713.00	136,712.40	0.60
Miscellaneous purchased services	2,610.00	(2,500.00)	110.00	86.14	23.86
General supplies	100,000.00	69,358.88	169,358.88	166,843.40	2,515.48
Energy (natural gas)	120,000.00	(27,000.00)	93,000.00	90,170.79	2,829.21
Energy (heat and electricity)	250,000.00	4,500.00	254,500.00	251,420.47	3,079.53
	<u>1,146,893.00</u>	<u>63,563.88</u>	<u>1,210,456.88</u>	<u>1,161,700.93</u>	<u>48,755.95</u>
Total other operation and maintenance of plant					
Care and upkeep of grounds:					
Salaries	43,717.00	2,540.00	46,257.00	46,254.63	2.37
Cleaning, repair and maintenance services	99,650.00	10,157.00	109,807.00	97,000.00	12,807.00
General supplies	16,000.00	(4,798.00)	11,202.00	8,623.73	2,578.27
	<u>159,367.00</u>	<u>7,899.00</u>	<u>167,266.00</u>	<u>151,878.36</u>	<u>15,387.64</u>
Total care and upkeep of grounds					
Security:					
Salaries	71,558.00	3,500.00	75,058.00	73,620.80	1,437.20
Purchased professional services	54,000.00	(25,957.00)	28,043.00	27,858.00	185.00
General supplies	10,000.00		10,000.00	7,740.36	2,259.64
	<u>135,558.00</u>	<u>(22,457.00)</u>	<u>113,101.00</u>	<u>109,219.16</u>	<u>3,881.84</u>
Total security					
Total operation and maintenance of plant					
	<u>1,947,492.00</u>	<u>285,340.26</u>	<u>2,232,832.26</u>	<u>2,113,640.36</u>	<u>119,191.90</u>

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures (continued):					
Student transportation:					
Contracted services - aid in lieu of payments - nonpublic schools	\$ 10,000.00	\$ 3,085.00	\$ 13,085.00	\$ 13,082.55	\$ 2.45
Contracted services - aid in lieu of payments - charter schools	1,000.00		1,000.00		1,000.00
Contracted services - Vendors (other than between home & school)	45,000.00	(3,085.00)	41,915.00	5,500.00	36,415.00
Contracted services - Special Education Students - vendors	11,000.00		11,000.00		11,000.00
Contracted services (special education students) - joint agreements	425,000.00	(508.00)	424,492.00	413,975.00	10,517.00
Contracted Services - Reg Ed - ESC & CTSA	60,000.00	(60,000.00)			
Contracted services (special education students) - ESC & CTSA	530,000.00	60,508.00	590,508.00	590,507.97	0.03
<b>Total student transportation</b>	<b>1,082,000.00</b>		<b>1,082,000.00</b>	<b>1,023,065.52</b>	<b>58,934.48</b>
Unallocated benefits:					
Group Insurance	40,000.00	2,704.00	42,704.00	42,703.29	0.71
Social security contribution	285,030.00	4,637.00	289,667.00	289,666.77	0.23
Other retirement contributions - regular	360,000.00	8,596.00	368,596.00	368,595.44	0.56
Unemployment compensation	30,000.00		30,000.00	538.50	29,461.50
Workmen's compensation	155,000.00	(3,217.00)	151,783.00	118,342.00	33,441.00
Health benefits	5,189,985.00	(425,120.00)	4,764,865.00	4,139,857.95	625,007.05
Tuition reimbursement	35,000.00	(4,208.00)	30,792.00	30,792.00	
Other employee benefits	33,000.00	8,109.00	41,109.00	38,707.75	2,401.25
<b>Total unallocated benefits</b>	<b>6,128,015.00</b>	<b>(408,499.00)</b>	<b>5,719,516.00</b>	<b>5,029,203.70</b>	<b>690,312.30</b>
<b>Total personal services - employee benefits</b>	<b>6,128,015.00</b>	<b>(408,499.00)</b>	<b>5,719,516.00</b>	<b>5,029,203.70</b>	<b>690,312.30</b>
On behalf - TPAF - pension contributions (non budgeted)				3,080,650.00	(3,080,650.00)
On behalf - TPAF - post retirement medical (non budgeted)				965,428.00	(965,428.00)
On behalf - TPAF - long-term disability (non budgeted)				2,004.00	(2,004.00)
Reimbursed TPAF social security contributions (non budgeted)				887,747.22	(887,747.22)
<b>Total on behalf - Contributions</b>				<b>4,935,829.22</b>	<b>(4,935,829.22)</b>
<b>Total undistributed expenditures</b>	<b>15,881,787.00</b>	<b>(117,511.74)</b>	<b>15,764,275.26</b>	<b>19,062,152.48</b>	<b>(3,297,877.22)</b>
<b>TOTAL EXPENDITURES - CURRENT EXPENSE</b>	<b>\$ 28,134,805.00</b>	<b>\$ (454,802.89)</b>	<b>\$ 27,680,002.11</b>	<b>\$ 30,097,007.43</b>	<b>\$ (2,417,005.32)</b>

**BOARD OF EDUCATION**  
**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONTINUED):					
CAPITAL OUTLAY:					
Equipment:					
Undistributed expenditures:					
Instruction					
Required Maintenance		\$ 185,379.45	\$ 185,379.45	\$ 167,148.35	\$ 18,231.10
Security		7,369.00	7,369.00	7,369.00	
Water Bottle Refill Station		20,000.00	20,000.00	20,000.00	
Total undistributed expenditure equipment		<u>212,748.45</u>	<u>212,748.45</u>	<u>194,517.35</u>	<u>18,231.10</u>
Facilities Acquisition and Construction Services:					
Construction Services	\$ 500,000.00	682,557.44	1,182,557.44	873,155.64	309,401.80
Architectural / Engineering Services		3,800.00	3,800.00		3,800.00
Assessment for Debt Service on SDA Funding	<u>22,899.00</u>		<u>22,899.00</u>	<u>22,899.00</u>	
Total facilities acquisition and construction services	<u>522,899.00</u>	<u>686,357.44</u>	<u>1,209,256.44</u>	<u>896,054.64</u>	<u>313,201.80</u>
TOTAL EXPENDITURES - CAPITAL OUTLAY	<u>522,899.00</u>	<u>899,105.89</u>	<u>1,422,004.89</u>	<u>1,090,571.99</u>	<u>331,432.90</u>
TOTAL GENERAL FUND EXPENDITURES	\$ <u>28,657,704.00</u>	\$ <u>444,303.00</u>	\$ <u>29,102,007.00</u>	\$ <u>31,187,579.42</u>	\$ <u>(2,085,572.42)</u>
Excess/(deficiency) of revenues and other financing sources over/(under) expenditures and other financing sources/(uses)	<u>(717,217.00)</u>	<u>(1,874,612.00)</u>	<u>(2,591,829.00)</u>	<u>607,762.06</u>	<u>(3,148,200.44)</u>
Fund balance, July 1	<u>4,872,275.38</u>		<u>4,872,275.38</u>	<u>4,872,275.38</u>	
Prior Period Adjustment	<u>333,712.27</u>		<u>333,712.27</u>	<u>333,712.27</u>	
Fund Balance, July 1 Restated	<u>5,205,987.65</u>		<u>5,205,987.65</u>	<u>5,205,987.65</u>	
Fund balance, June 30	\$ <u><u>4,488,770.65</u></u>	\$ <u><u>(1,874,612.00)</u></u>	\$ <u><u>2,614,158.65</u></u>	\$ <u><u>5,813,749.71</u></u>	\$ <u><u>(3,148,200.44)</u></u>

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Detail of:					
Fund balance appropriated	\$ <u>717,217.00</u>				
Detail of budget transfers:					
Reserve for prior year-end encumbrances		\$ 1,239,202.73			
Withdrawal from Maintenance Reserve		68,846.82			
Withdrawal from Capital Reserve		394,605.45			
Fund Balance Appropriated		171,958.00			
Less Reduction in State Aid		<u>(1,430,309.00)</u>			
		<u>\$ 444,304.00</u>			
Recapitulation of fund balance:					
Committed for year-end encumbrances				\$ 331,474.02	
Assigned - reserve for excess surplus - designated for subsequent year's expenditures				887,805.18	
Restricted:					
Unemployment				385,102.89	
Maintenance reserve				455,459.00	
Capital reserve				1,612,034.83	
Reserve for Excess Surplus				1,602,668.17	
FFCRA/SEMI				14,170.62	
Unassigned - Unreserved				<u>525,035.00</u>	
				\$ 5,813,749.71	
Reconciliation to governmental funds statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				<u>1,579,170.00</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 4,234,579.71</u>	

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR JUNE 30, 2021**

	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>			
State Sources	\$ 1,291,220.00	\$ 1,253,571.43	\$ 37,648.57
Federal Sources	3,820,088.54	3,090,818.21	729,270.33
Local Sources	<u>121,753.41</u>	<u>35,414.25</u>	<u>86,339.16</u>
Total Revenues	\$ 5,233,061.95	\$ 4,379,803.89	\$ 853,258.06
<b>EXPENDITURES:</b>			
Instruction:			
Salaries of Teachers	\$ 1,371,161.84	\$ 1,174,176.37	\$ 196,985.47
Other Salaries for Instruction	151,621.47	151,620.64	0.83
Purchased Professional and Technical Services	413,305.00	218,789.65	194,515.35
Other Purchased Professional and Technical Services 400-500 Series	408,530.00	396,073.76	12,456.24
Other Miscellaneous Purchases			
Purchased professional - educational Instructional Supplies	821,169.07	723,392.63	97,796.44
Purchased professional - educational			
General Supplies	19,943.38		19,943.38
Textbooks	12,279.00	12,262.98	16.02
Other Objects	<u>48,387.00</u>		<u>48,387.00</u>
Total Instruction	<u>3,246,416.76</u>	<u>2,676,316.03</u>	<u>570,100.73</u>
Support Services:			
Salaries of Other Professional Staff	90,297.50	70,237.69	20,059.81
Salaries of Principals/Assitant Principals/Program Directors	57,448.00	57,448.63	0.37
Salaries of Salaries of Other Professional Staff	135,271.82	135,271.82	-
Salaries of Secretarial and Clerical Assistants	27,340.00	27,340.00	-
Other Salaries	202,695.00	147,869.45	54,825.55
Salaries of Facilitators, Math Coaches, Literacy Coaches and Master Teachers	38,736.80	38,736.80	-
Personal Services-Employee Benefits	664,027.05	605,844.83	58,182.22
Purchased Professional and Technical services	133,058.95	81,211.05	51,847.90
Other Purchased Professional and Technical Services	15,251.32	11,751.92	3,499.40
Other Purchased Professional- Education Services Additional	122,475.00	122,475.00	-
Miscellaneous	38,000.00	36,000.00	2,000.00
Other Purchased Professional Services	44,149.30		44,149.30
Purchased Property Services	5,377.74		5,377.74
Other Purchased Services	1,645.00	1,045.00	600.00
Supplies and Material	<u>94,355.96</u>	<u>60,046.81</u>	<u>34,309.15</u>
Total Support Services	<u>1,670,130.44</u>	<u>1,395,279.00</u>	<u>274,851.44</u>
Facilities Acquisition and Construction Services:			
Non-instructional Equipment	315,716.00	315,716.00	-
Instructional Equipment	<u>798.75</u>	<u>798.75</u>	<u>-</u>
Total Facilities Acquisition and Construction Services	<u>316,514.75</u>	<u>316,514.75</u>	<u>-</u>
Total Expenditures	\$ 5,233,061.95	\$ 4,388,109.78	\$ 844,952.17
Excess (Deficiency) of Revenues Over/(Under) Expenditures		\$ (8,305.89)	\$ <u>8,305.89</u>
Fund Balance July 1, (Restated)		<u>29,896.47</u>	
Fund Balance, June 30		\$ <u>21,590.58</u>	
Recapitulation			
Restricted:			
Scholarships		\$ 579.80	
Student Activities		<u>21,010.78</u>	
Total Fund Balance		\$ <u>21,590.58</u>	

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**BOARD OF EDUCATION**  
**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/Inflows of Resources:</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1 \$ 31,795,341.48	C-2 \$ 4,379,803.89
<b>Difference - Budget to GAAP:</b>		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
June 30, 2020	None	None
June 30, 2021	None	None
State aid payments recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,519,838.80	68,443.24
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.	<u>(1,579,170.00)</u>	<u>(179,988.56)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	B-2 \$ <u>31,736,010.28</u>	B-2 \$ <u>4,268,258.57</u>
<b>Uses/Outflows of Resources:</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	C-1 \$ 31,187,579.42	C-2 \$ 4,388,109.78
<b>Difference - Budget to GAAP:</b>		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order are placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
June 30, 2020	None	None
June 30, 2021	<u>None</u>	<u>None</u>
Total expenditures as reported on the statement of revenues, expenditures, and change in fund balance - governmental funds.	B-2 \$ <u>31,187,579.42</u>	B-2 \$ <u>4,388,109.78</u>

**REQUIRED SUPPLEMENTARY INFORMATION – PART III**



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

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**  
**LAST EIGHT (8) FISCAL YEARS\***

<u>Year</u>	<u>District's proportion of the net pension liability (asset)</u>	<u>District's proportionate share of the net pension liability (asset)</u>	<u>District's covered-employee payroll</u>	<u>District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2021	0.034525357700 %	\$ 5,630,183	\$ 2,640,712	213%	58.32%
2020	0.034357883400	6,190,759	2,637,982	235%	56.27%
2019	0.036027990000	7,093,730	2,485,670	285%	46.40%
2018	0.034555413400	8,043,948	2,477,067	324%	48.10%
2017	0.033500426000	9,921,865	2,476,951	400%	40.14%
2016	0.031926584400	7,166,878	2,335,002	307%	47.92%
2015	0.033408153600	6,254,920	2,262,692	276%	48.72%
2014	0.031048884100	5,934,059	2,139,216	360%	52.08%

Note: Only the last eight (8) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) years schedule will be compiled.

**Notes to Required Supplementary Information:**

Benefit Changes - There were none.

Changes of Assumptions - The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**  
**LAST EIGHT (8) FISCAL YEARS\***

<u>Year</u>	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered- employee payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
2021	\$ 377,961	\$ 377,961	None	\$ 2,640,712	14.31%
2020	334,203	334,203	None	2,637,982	12.67%
2019	358,362	358,362	None	2,485,670	14.42%
2018	329,290	329,290	None	2,477,067	13.29%
2017	297,613	297,613	None	2,476,951	12.02%
2016	260,534	260,534	None	2,335,062	11.16%
2015	257,942	257,942	None	2,262,692	11.40%
2014	256,590	256,590	None	2,139,216	11.99%

Note: Only the last eight (8) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) years schedule will be compiled.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
TEACHERS PENSION AND ANNUITY FUND (TPAF)  
LAST EIGHT (8) FISCAL YEARS\***

Year	District's Proportion of Net Pension Liability	Proportionate Share of Net Pension Liability (Asset)			District's Covered-Employee Payroll	District's Proportionate Share of Net Pension Liability (asset) as Percentage of Covered-Employee Payroll	Plan Fiduciary Net Position as Percentage of Total Pension Liability
		District	State	Total			
2021	0.9578426340 %	\$ None	\$ 63,072,785	\$ 63,072,785	\$ 11,787,000	None	24.60%
2020	0.0933683124	None	57,301,075	57,301,075	14,436,609	None	26.95%
2019	0.0926271510	None	58,927,404	58,927,404	11,179,175	None	26.48%
2018	0.0895374944	None	60,369,407	60,369,407	10,127,412	None	25.41%
2017	0.0860139147	None	67,664,022	67,664,022	9,717,992	None	22.33%
2016	0.0807544290	None	51,040,248	51,040,248	9,409,200	None	28.71%
2015	0.0842835590	None	45,046,819	45,046,819	8,796,726	None	33.64%
2014	0.0880326060	None	44,490,987	44,490,987	8,463,685	None	33.76%

Note: Only the last five (6) years of information are presented as GASB 68

**Notes to Required Supplementary Information:**

Benefit Changes - There were none.

Changes of Assumptions - The discount rate changed from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING  
FOR OPEB (GASB 75)**

**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE DISTRICT'S**  
**TOTAL OPEB LIABILITY FOR PERS AND TPAF AND RELATED RATIOS**  
**LAST FOUR (4) FISCAL YEARS \***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>				
Service cost	\$ 1,942,870	\$ 1,917,672	\$ 2,131,476	\$ 2,566,278
Interest	1,409,947	1,676,314	1,805,471	1,553,031
Changes of assumptions	12,507,963	580,216	(4,816,496)	(6,659,090)
Differences between expected and actual experience	14,855,485	(6,072,727)	(4,902,608)	-
Benefit payments	(1,192,087)	(1,194,554)	(1,122,316)	(1,131,184)
Contributions from members	36,132	35,410	38,789	41,653
Net changes in total OPEB liability	29,560,310	(3,057,669)	(6,865,684)	(3,629,312)
Total OPEB liability - beginning	38,914,324	41,971,993	48,837,677	52,466,989
Total OPEB liability - ending	<u>\$ 68,474,634</u>	<u>\$ 38,914,324</u>	<u>\$ 41,971,993</u>	<u>\$ 48,837,677</u>
Covered-employee payroll (PERS and TPAF)	<u>\$ 14,427,712</u>	<u>\$ 17,074,891</u>	<u>\$ 13,664,845</u>	<u>\$ 12,604,479</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>

Note: Only last four (4) years of information is presented as GASB 75 was implemented during fiscal year ended June 30, 2018. Eventually a full ten (10) years schedule will be compiled.

**Notes to Required Supplementary Information:**

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven (7) years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal years 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to 1 4.5% long-term trend rate after seven (7) years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Changes of Assumptions - The discount rate utilized was 3.50% as of June 30, 2019 and 2.21% as of June 30, 2020.

**OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND**



**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
SPECIAL REVENUE FUND - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Exhibit E-1

	Total Brought Forward (Exh. E-1a)	Title III Part A	Title II Part A	Title I Part A	Title I Reallocated	Title IV Part A	Pandemic Relief Fund	Cares Act Relief	Cares Act Relief Ionization	Digital Divide	ESR Support Services	Totals 2020
<b>REVENUES:</b>												
State sources	\$ 1,253,571.43											\$ 1,253,571.43
Federal sources	832,529.46	\$ 70,002.91	\$ 78,569.45	\$ 1,023,000.87	\$ 30,949.80	\$ 11,864.38	\$ 24,000.00	\$ 779,348.19	\$ 208,066.00	\$ 7,970.32	\$ 26,516.83	3,060,818.21
Local sources	35,414.25											35,414.25
<b>Total revenues</b>	<b>\$ 2,121,515.14</b>	<b>\$ 70,002.91</b>	<b>\$ 78,569.45</b>	<b>\$ 1,023,000.87</b>	<b>\$ 30,949.80</b>	<b>\$ 11,864.38</b>	<b>\$ 24,000.00</b>	<b>\$ 779,348.19</b>	<b>\$ 208,066.00</b>	<b>\$ 7,970.32</b>	<b>\$ 26,516.83</b>	<b>\$ 4,379,803.89</b>
<b>EXPENDITURES:</b>												
<b>Instruction:</b>												
Salaries of teachers	\$ 493,043.87	\$ 36,105.00		\$ 518,947.00	\$ 21,457.50			\$ 104,623.00				\$ 1,174,176.37
Other salaries for instruction	151,620.64											151,620.64
Purchased professional and technical services	180,387.77	2,146.50		44,391.00		\$ 11,864.38						218,789.65
Other Purchased professional Services (Series 400-500)	395,073.76				1,000.00							396,073.76
General supplies (Instructional)	79,530.68	14,551.25		99,863.96	1,274.00			520,202.39		\$ 7,970.32		723,392.63
Textbooks	12,262.98											12,262.98
<b>Total instruction</b>	<b>1,291,919.70</b>	<b>52,802.75</b>		<b>663,201.96</b>	<b>23,731.50</b>	<b>11,864.38</b>		<b>624,825.39</b>		<b>7,970.32</b>		<b>2,678,316.03</b>
<b>Support services:</b>												
Salaries				25,334.69	1,000.00							26,334.69
Salaries of other professional staff		13,255.00	\$ 30,848.00									43,803.00
Salaries of Principals/Assistant Principals/Program Directors	57,448.63											57,448.63
Salaries of Salaries of other Professional Staff	135,271.62											135,271.62
Salaries of Secretarial and Clerical Assistants	27,340.00											27,340.00
Other salaries	147,869.45											147,869.45
Salaries of Facilitators, Math Coaches, Literary Coaches and Master Teachers	38,736.80											38,736.80
Personal services-employee benefits	227,005.97	3,945.13	2,313.48	325,889.15	1,718.30			44,872.80				605,844.83
Purchased professional and technical services	43,561.05		28,870.00	7,280.00	1,500.00							81,211.05
Other purchased professional services	122,475.00											122,475.00
Other purchased professional services	1,644.30				3,000.00							4,644.30
Other purchased services Professional	503.62		6,804.00									7,107.62
Miscellaneous Services Professional	12,000.00											12,000.00
Supplies and materials	22,200.84		10,133.97	1,195.07							\$ 26,516.83	60,046.81
Miscellaneous Services							24,000.00					24,000.00
Other Purchased Services	1,045.00											1,045.00
<b>Total support services</b>	<b>837,102.56</b>	<b>17,200.13</b>	<b>78,569.45</b>	<b>356,795.91</b>	<b>7,218.30</b>		<b>24,000.00</b>	<b>44,872.80</b>			<b>26,516.83</b>	<b>1,395,279.00</b>
<b>Facilities acquisition and construction services:</b>												
Non-Instructional equipment								109,650.00	\$ 208,066.00			315,716.00
Instructional equipment	798.75											798.75
<b>Total facilities acquisition and construction services</b>	<b>798.75</b>							<b>109,650.00</b>	<b>208,066.00</b>			<b>316,514.75</b>
<b>Total expenditures</b>	<b>\$ 2,129,621.03</b>	<b>\$ 70,002.91</b>	<b>\$ 78,569.45</b>	<b>\$ 1,023,000.87</b>	<b>\$ 30,949.80</b>	<b>\$ 11,864.38</b>	<b>\$ 24,000.00</b>	<b>\$ 779,348.19</b>	<b>\$ 208,066.00</b>	<b>\$ 7,970.32</b>	<b>\$ 26,516.83</b>	<b>\$ 4,388,109.76</b>
Excess/(deficiency of revenues over/ (under) expenditures	(8,305.89)											(8,305.89)
Fund balance, beginning of year (as Adjusted)	29,896.47											29,896.47
Fund balance, end of year	\$ 21,590.58											\$ 21,590.58

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
SPECIAL REVENUE FUND - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Exhibit E-1a

	Total Brought Forward (Exh. E-1b)	IDEA Part B				New Jersey Chapter 192 Auxiliary		Total Carried Forward (Exh. E-1)
		Part B Regular 2020-2021	IDEA PK Grant	21st Century CLC		Nonpublic Comp Education	Nonpublic ESL	
				2020-2021	Carryover			
<b>REVENUES:</b>								
State sources	\$ 1,229,109.74					\$ 7,942.69	\$ 16,519.00	\$ 1,253,571.43
Federal sources		\$ 438,634.81	\$ 19,333.92	\$ 296,095.77	\$ 78,464.96			832,529.46
Local sources	<u>35,414.25</u>							<u>35,414.25</u>
<b>Total revenues</b>	<b>\$ 1,264,523.99</b>	<b>\$ 438,634.81</b>	<b>\$ 19,333.92</b>	<b>\$ 296,095.77</b>	<b>\$ 78,464.96</b>	<b>\$ 7,942.69</b>	<b>\$ 16,519.00</b>	<b>\$ 2,121,515.14</b>
<b>EXPENDITURES:</b>								
<b>Instruction:</b>								
Salaries of teachers	\$ 363,012.62			\$ 98,201.25	\$ 31,830.00			\$ 493,043.87
Other salaries for instruction	132,286.72		\$ 19,333.92					151,620.64
Purchased professional and technical services	127,863.33			1,492.75	6,570.00	\$ 7,942.69	\$ 16,519.00	160,387.77
Other Purchased professional Services (Series 400-500)		\$ 395,073.78						395,073.76
General supplies (Instructional)	37,300.42			33,920.64	8,209.62			79,530.68
Textbooks	<u>12,262.98</u>							<u>12,262.98</u>
<b>Total instruction</b>	<b><u>672,726.07</u></b>	<b><u>395,073.78</u></b>	<b><u>\$ 19,333.92</u></b>	<b><u>133,614.64</u></b>	<b><u>46,709.62</u></b>	<b><u>7,942.69</u></b>	<b><u>16,519.00</u></b>	<b><u>1,291,919.70</u></b>
<b>Support services:</b>								
Salaries								
Salaries of other professional staff								
Salaries of Principals/Assistant Principals/Program Directors	57,448.63							57,448.63
Salaries of Salaries of other Professional Staff	135,271.82							135,271.82
Salaries of Secretarial and Clerical Assistants	27,340.00							27,340.00
Other salaries	3,645.00			118,930.01	\$ 25,294.44			147,869.45
Salaries of Facilitators, Math Coaches, Literary Coaches and Master Teachers	38,736.80							38,736.80
Personal services-employee benefits	192,444.54			30,191.11	4,370.32			227,005.97
Purchased professional and technical services		43,561.05						43,561.05
Other purchased professional services	122,475.00							122,475.00
Other purchased professional services	1,844.30							1,844.30
Other purchased services Professional				413.04	90.58			503.62
Miscellaneous Services				10,000.00	2,000.00			12,000.00
Supplies and materials	19,253.97			2,946.97				22,200.94
Miscellaneous Services								
Other Purchased Services	<u>1,045.00</u>							<u>1,045.00</u>
<b>Total support services</b>	<b><u>599,305.06</u></b>	<b><u>\$ 43,561.05</u></b>		<b><u>162,481.13</u></b>	<b><u>31,755.34</u></b>			<b><u>837,102.58</u></b>
<b>Facilities acquisition and construction services:</b>								
Non-Instructional equipment								
Instructional equipment	<u>798.75</u>							<u>798.75</u>
<b>Total facilities acquisition and construction services</b>	<b><u>798.75</u></b>							<b><u>798.75</u></b>
<b>Total expenditures</b>	<b>\$ 1,272,829.88</b>	<b>\$ 438,634.81</b>	<b>\$ 19,333.92</b>	<b>\$ 296,095.77</b>	<b>\$ 78,464.96</b>	<b>\$ 7,942.69</b>	<b>\$ 16,519.00</b>	<b>\$ 2,129,821.03</b>
Excess/(deficiency of revenues over/ (under) expenditures	<u>(\$ 305.89)</u>							<u>(\$ 305.89)</u>
Fund balance, beginning of year (as Adjusted)	<u>29,896.47</u>							<u>29,896.47</u>
Fund balance, end of year	<b>\$ 21,590.58</b>							<b>\$ 21,590.58</b>

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
SPECIAL REVENUE FUND - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Exhibit E-1b

	Total Brought Forward (Exh. E-1c)	Non-Public Security	New Jersey Chapter 183 Handicapped			Initial Evaluations	New Jersey Chapter 226		Preschool 2020-2021	Total Carried Forward (Exh. E-1a)
			Nonpublic Suppl. Inst.	Nonpublic Exam. and Class	Nonpublic Corrective Speech		Nonpublic Nursing Services	Nonpublic Textbooks		
<b>REVENUES:</b>										
State sources		\$ 29,555.00	\$ 16,238.09	\$ 6,703.00	\$ 17,425.60	\$ 7,200.02	\$ 19,800.82	\$ 12,262.98	\$ 1,119,924.23	\$ 1,229,109.74
Federal sources										
Local sources	\$ 35,414.25									35,414.25
<b>Total revenues</b>	<b>\$ 35,414.25</b>	<b>\$ 29,555.00</b>	<b>\$ 16,238.09</b>	<b>\$ 6,703.00</b>	<b>\$ 17,425.60</b>	<b>\$ 7,200.02</b>	<b>\$ 19,800.82</b>	<b>\$ 12,262.98</b>	<b>\$ 1,119,924.23</b>	<b>\$ 1,264,523.99</b>
<b>EXPENDITURES:</b>										
<b>Instruction:</b>										
Salaries of teachers									\$ 383,012.62	\$ 383,012.62
Other salaries for instruction									132,286.72	132,286.72
Purchased professional and technical services		\$ 29,555.00	\$ 16,238.09	\$ 6,703.00	\$ 17,425.60	\$ 7,200.02	\$ 19,800.82		30,940.80	\$ 127,663.33
Other Purchased professional Services (Series 400-500)										
General supplies (Instructional)	\$ 22,776.17								14,524.25	37,300.42
Textbooks								\$ 12,262.98		12,262.98
<b>Total instruction</b>	<b>22,776.17</b>	<b>29,555.00</b>	<b>16,238.09</b>	<b>6,703.00</b>	<b>17,425.60</b>	<b>7,200.02</b>	<b>19,800.82</b>	<b>12,262.98</b>	<b>540,764.39</b>	<b>672,726.07</b>
<b>Support services:</b>										
Salaries										
Salaries of other professional staff									57,448.63	57,448.63
Salaries of Principals/Assistant Principals/Program Directors									135,271.82	135,271.82
Salaries of Salaries of other Professional Staff									27,340.00	27,340.00
Salaries of Secretarial and Clerical Assistants									3,000.00	3,645.00
Other salaries	645.00									
Salaries of Facilitators, Math Coaches, Literary Coaches and Master Teachers									38,736.80	38,736.80
Personal services-employee benefits									192,444.54	192,444.54
Purchased professional and technical services										
Other purchased professional services									122,475.00	122,475.00
Other purchased professional services									1,644.30	1,644.30
Other purchased services Professional										
Miscellaneous Services										
Supplies and materials	19,253.97									19,253.97
Miscellaneous Services										
Other Purchased Services	1,045.00									1,045.00
<b>Total support services</b>	<b>20,943.97</b>								<b>578,361.09</b>	<b>599,305.06</b>
<b>Facilities acquisition and construction services:</b>										
Non-Instructional equipment									798.75	798.75
Instructional equipment										
<b>Total facilities acquisition and construction services</b>									<b>798.75</b>	<b>798.75</b>
<b>Total expenditures</b>	<b>\$ 43,720.14</b>	<b>\$ 29,555.00</b>	<b>\$ 16,238.09</b>	<b>\$ 6,703.00</b>	<b>\$ 17,425.60</b>	<b>\$ 7,200.02</b>	<b>\$ 19,800.82</b>	<b>\$ 12,262.98</b>	<b>1,119,924.23</b>	<b>\$ 1,272,829.88</b>
Excess/(deficiency of revenues over/ (under) expenditures	(8,305.89)									(8,305.89)
Fund balance, beginning of year (as Adjusted)	29,896.47									29,896.47
Fund balance, end of year	\$ 21,590.58									\$ 21,590.58

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
SPECIAL REVENUE FUND - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Exhibit E-1c

	Local							Student Activities	Scholarships	Total Carried Forward (Exh. E-1b)
	Freehold Education Grants 2020-2021	Freehold Education Grants 2018-2019	21st Century 2020-2021	NJSG Safety Grants	Gratitude Grant	Bob's Discount furniture Grant	Count Baize Grant			
<b>REVENUES:</b>										
State sources										
Federal sources										
Local sources	\$ 10,276.45	\$ 4,279.72	\$ 2,895.00	\$ 3,931.00	\$ 4,325.00	\$ 1,000.00	\$ 1,890.00	\$ 6,457.72	\$ 559.36	\$ 35,414.25
<b>Total revenues</b>	<b>\$ 10,276.45</b>	<b>\$ 4,279.72</b>	<b>\$ 2,895.00</b>	<b>\$ 3,931.00</b>	<b>\$ 4,325.00</b>	<b>\$ 1,000.00</b>	<b>\$ 1,890.00</b>	<b>\$ 6,457.72</b>	<b>\$ 559.36</b>	<b>\$ 35,414.25</b>
<b>EXPENDITURES:</b>										
<b>Instruction:</b>										
Salaries of teachers										
Other salaries for instruction										
Purchased professional and technical services										
Other Purchased professional Services (Series 400-500)										
General supplies (Instructional)	\$ 10,276.45	\$ 4,279.72	\$ 2,895.00		\$ 4,325.00	\$ 1,000.00				\$ 22,776.17
Textbooks										
<b>Total Instruction</b>	<b>10,276.45</b>	<b>4,279.72</b>	<b>2,895.00</b>		<b>4,325.00</b>	<b>1,000.00</b>				<b>22,776.17</b>
<b>Support services:</b>										
Salaries										
Salaries of other professional staff										
Salaries of Principals/Assistant Principals/Program Directors										
Salaries of other Professional Staff										
Salaries of Secretarial and Clerical Assistants										
Other salaries							\$ 645.00			645.00
Salaries of Facilitators, Math Coaches, Literary Coaches and Master Teachers										
Personal services-employee benefits										
Purchased professional and technical services										
Other purchased professional services										
Other purchased professional services										
Other purchased services Professional										
Miscellaneous Services										
Supplies and materials				\$ 3,931.00				\$ 15,172.97	\$ 150.00	19,253.97
Miscellaneous Services										
Other Purchased Services							1,045.00			1,045.00
<b>Total support services</b>				<b>3,931.00</b>			<b>1,890.00</b>	<b>15,172.97</b>	<b>150.00</b>	<b>20,943.97</b>
<b>Facilities acquisition and construction services:</b>										
Non-instructional equipment										
Instructional equipment										
<b>Total facilities acquisition and construction services</b>										
<b>Total expenditures</b>	<b>\$ 10,276.45</b>	<b>\$ 4,279.72</b>	<b>\$ 2,895.00</b>	<b>3,931.00</b>	<b>\$ 4,325.00</b>	<b>1,000.00</b>	<b>1,890.00</b>	<b>15,172.97</b>	<b>150.00</b>	<b>\$ 43,720.14</b>
Excess/(deficiency of revenues over/ (under) expenditures								(8,715.25)	409.36	(8,305.89)
Fund balance, beginning of year (as Adjusted)								29,726.03	170.44	29,896.47
Fund balance, end of year								\$ 21,010.78	\$ 579.80	\$ 21,590.58

**FREEHOLD BORO BOARD OF EDUCATION SCHOOL DISTRICT**  
**SPECIAL REVENUE FUND**  
**SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES**  
**PRESCHOOL - ALL PROGRAMS**  
**BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual	Variance
REVENUES:				
State sources	\$ 1,172,005.96	\$ 1,172,005.96	\$ 1,119,924.00	\$ 52,081.96
Total revenues	<u>\$ 1,172,005.96</u>	<u>\$ 1,172,005.96</u>	<u>\$ 1,119,924.00</u>	<u>\$ 52,081.96</u>
EXPENDITURES:				
Instruction:				
Salaries of teachers	\$ 387,086.00	\$ 363,012.62	\$ 363,012.62	\$ -
Other salaries for instructors	160,889.00	132,287.47	132,286.72	0.75
Purchased professional and technical services	-	32,500.00	30,940.80	1,559.20
General supplies	69,620.96	65,044.96	14,524.25	50,520.71
Total instruction	<u>\$ 617,595.96</u>	<u>\$ 592,845.05</u>	<u>\$ 540,764.39</u>	<u>\$ 52,080.66</u>
Support services:				
Salaries of Principals/Assistant Principals/Program Directors	\$ 57,448.00	\$ 57,449.00	\$ 57,448.63	\$ 0.37
Salaries of other professional staff	135,854.00	135,271.82	135,271.82	-
Salaries of Secretarial and Clerical Assistants	27,269.00	27,340.00	27,340.00	-
Other salaries	3,000.00	3,000.00	3,000.00	-
Salaries of Facilitators, Math Coaches, Literary Coaches	89,952.00	38,736.80	38,736.80	-
Personal services-employee benefits	118,412.00	192,444.54	192,444.54	-
Other Purchased educational services	122,475.00	122,475.00	122,475.00	-
Other Purchased Professional/technical services	-	1,645.00	1,644.30	0.70
Total support services	<u>\$ 554,410.00</u>	<u>\$ 578,362.16</u>	<u>\$ 578,361.09</u>	<u>\$ 1.07</u>
Facilities acquisition and construction services:				
Non-Instructional equipment				
Instructional Equipment	\$ -	\$ 798.75	\$ 798.75	\$ -
Total Facilities acquisition and construction services	<u>\$ -</u>	<u>\$ 798.75</u>	<u>\$ 798.75</u>	<u>\$ -</u>
Total expenditures	<u>\$ 1,172,005.96</u>	<u>\$ 1,172,005.96</u>	<u>\$ 1,119,924.23</u>	<u>\$ 52,081.73</u>

**CALCULATION OF BUDGET & CARRYOVER**

Total 2020 - 2021 PreK Aid Allocation	\$ 1,127,385.00
Add: Actual PreK Aid Carryover June 30, 2020	<u>44,620.96</u>
Total Funds Available for 2020 - 2021 Budget	\$ 1,172,005.96
Less: 2020 - 2021 Budgeted PreK (Including prior year budgeted carryover)	<u>1,119,924.23</u>
Available & Unbudgeted Funds as of June 30, 2021	<u>\$ 52,081.73</u>

**CAPITAL PROJECTS FUND**

**BOARD OF EDUCATION**  
**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**CAPITAL PROJECTS FUND**  
**SUMMARY STATEMENT OF PROJECT EXPENDITURES**  
**FISCAL YEAR ENDED JUNE 30, 2021**

<u>Number</u>	<u>Issue/Project Title</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2021</u>
				<u>Prior Years</u>	<u>Current Year</u>	
1640-070-17-2000	Additions/Rehab. - PAE & FIS	01/11/17	\$ 28,920,395.00	\$ 22,130,085.07	\$ 31,844.00	\$ 6,758,465.93
1640-040-17-1000	Additions/Rehab. - FLC	01/11/17	<u>12,073,310.00</u>	<u>11,649,530.23</u>	<u>7,186.50</u>	<u>416,593.27</u>
			<u>\$ 40,993,705.00</u>	<u>\$ 33,779,615.30</u>	<u>\$ 39,030.50</u>	<u>\$ 7,175,059.20</u>

**BOARD OF EDUCATION**  
**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGE IN FUND BALANCE - BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<b>Revenues</b>	
Bond Sale Proceeds	
Transfer from capital reserve	
Contributions from SDA	
	<hr/>
Total revenues	<hr/>
<b>Expenditures</b>	
Purchased professional and technical services	\$ <u>39,030.50</u>
Total expenditures	<u>39,030.50</u>
Excess(deficiency) of revenues over/(under) expenditures	\$ (39,030.50)
Other financing sources/(uses):	
Interest Earned	965.41
Transfer in/(out) - Debt Service Fund	<u>(965.41)</u>
Net change in fund balance	\$ (39,030.50)
Fund balance, beginning	<u>7,214,089.70</u>
Fund balance, ending	\$ <u><u>7,175,059.20</u></u>



**BOARD OF EDUCATION**  
**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE**  
**AND PROJECT STATUS - BUDGETARY BASIS**  
**ADDITIONS & REHABILITATION TO PARK AVENUE ELEMENTARY AND FREEHOLD INTERMEDIATE SCHOOLS**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources</b>				
State sources - SDA Grant	\$ 14,794,980.00		\$ 14,794,980.00	\$ 14,794,980.00
Transfer from Capital Reserve	685.00		685.00	685.00
Bond Sale Proceeds	14,124,730.00		14,124,730.00	14,124,730.00
<b>Total revenues</b>	<b>\$ 28,920,395.00</b>		<b>\$ 28,920,395.00</b>	<b>\$ 28,920,395.00</b>
<b>Expenditures and Other Financing Uses</b>				
Salaries	\$ 42,302.00		\$ 42,302.00	\$ 42,302.00
Purchased professional and technical services	2,642,511.57	\$ 31,844.00	2,674,355.57	2,674,355.57
Construction services	18,855,203.46		18,855,203.46	18,855,203.46
Equipment	418,306.34		418,306.34	418,306.34
Other purchased services	67,761.89		67,761.89	67,761.89
Supplies	102,469.81		102,469.81	102,469.81
Other objects	1,530.00		1,530.00	1,530.00
<b>Total expenditures</b>	<b>\$ 22,130,085.07</b>	<b>\$ 31,844.00</b>	<b>\$ 22,161,929.07</b>	<b>\$ 22,161,929.07</b>
<b>Excess (deficiency) or revenues over/(under) expenditures</b>	<b>\$ 6,790,309.93</b>	<b>\$ (31,844.00)</b>	<b>\$ 6,758,465.93</b>	<b>\$ 6,758,465.93</b>

## Additional project information:

DOE Project Number	1640-070-17-2000
SDA Project Number	1640-070-17-G3LT
Grant Number	G5-6403
Grant Date	1/11/2017
Bond Authorization Date	6/19/2017
Bonds Authorized	\$ 14,124,730.00
Bonds Issued	\$ 14,124,730.00
Original Authorized Cost	\$ 27,835,015.00
Additional Authorized Cost (Cancelled)	\$ 1,085,380.00
Revised Authorized Cost	\$ 28,920,395.00

Percentage Increase over Original Authorized Cost

Percentage completion	76.63%
Original target completion date	12/31/2020
Revised target completion date	

## Allocation:

	Prior Periods	Current Year	Total
Grants	\$ 10,899,752.93	\$ 15,684.16	\$ 10,915,437.09
Local	11,230,332.14	16,159.84	11,246,491.98
	<b>\$ 22,130,085.07</b>	<b>\$ 31,844.00</b>	<b>\$ 22,161,929.07</b>

## Expenditures allocation:

Grants	49.2531 %
Local	50.7469
	<u>100.0000</u>

**BOARD OF EDUCATION**  
**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE**  
**AND PROJECT STATUS - BUDGETARY BASIS**  
**ADDITIONS & REHABILITATION TO FREEHOLD LEARNING CENTER**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State sources - SDA Grant	\$ 10,593,040.00		\$ 10,593,040.00	\$ 10,593,040.00
Transfer from Capital Reserve				
Bond Sale Proceeds	<u>1,480,270.00</u>		<u>1,480,270.00</u>	<u>1,480,270.00</u>
Total revenues	<u>\$ 12,073,310.00</u>		<u>\$ 12,073,310.00</u>	<u>\$ 12,073,310.00</u>
Expenditures and Other Financing Uses				
Salaries	\$ 39,717.00		\$ 39,717.00	\$ 39,717.00
Legal	659.30		659.30	659.30
Purchased professional and technical services	1,485,593.99	\$ 7,186.50	1,492,780.49	1,492,780.49
Construction services	9,474,260.64		9,474,260.64	9,474,260.64
Equipment	558,460.82		558,460.82	558,460.82
Other purchased services	48,203.54		48,203.54	48,203.54
Supplies	41,476.13		41,476.13	41,476.13
Other objects	<u>1,158.81</u>		<u>1,158.81</u>	<u>1,158.81</u>
Total expenditures	<u>\$ 11,649,530.23</u>	<u>\$ 7,186.50</u>	<u>\$ 11,656,716.73</u>	<u>\$ 11,656,716.73</u>
Excess (deficiency) or revenues over/(under) expenditures	<u>\$ 423,779.77</u>	<u>\$ (7,186.50)</u>	<u>\$ 416,593.27</u>	<u>\$ 416,593.27</u>
Additional project information:				
DOE Project Number	1640-040-17-1000			
SDA Project Number	1640-040-17-G3LS			
Grant Number	G5-6402			
Grant Date	1/11/2017			
Bond Authorization Date	6/19/2017			
Bonds Authorized	\$ 1,480,270.00			
Bonds Issued	\$ 1,480,270.00			
Original Authorized Cost	\$ 13,416,520.00			
Additional Authorized Cost (Cancelled)	\$ (1,343,210.00)			
Revised Authorized Cost	\$ 12,073,310.00			
Percentage Increase over Original Authorized Cost				
Percentage completion	96.54%			
Original target completion date	12/31/2020			
Revised target completion date				
Allocation:	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	
Grants	\$ 10,614,459.06	\$ 6,395.21	\$ 10,620,854.27	
Local	<u>1,035,071.17</u>	<u>791.29</u>	<u>1,035,862.46</u>	
	<u>\$ 11,649,530.23</u>	<u>\$ 7,186.50</u>	<u>\$ 11,656,716.73</u>	
Expenditures allocation:				
Grants	88.9892 %			
Local	<u>11.0108</u>			
	<u>100.0000</u>			

**NONCURRENT DEBT**

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
NONCURRENT DEBT  
SCHEDULE OF SERIAL BONDS  
JUNE 30, 2021**

Issue	Original		Annual Maturities		Interest Rate	Balance July 1, 2020	Issued	Retired	Balance June 30, 2021
	Date of Original Issue	Amount of Issue	Date	Amount					
2011 Refunding Bonds	7/7/2011	\$ 2,485,000.00	8/15/2021	280,000.00	5.00%	\$ 570,000.00		\$ 290,000.00	\$ 280,000.00
2017 School Bonds	8/13/2017	15,605,000.00	8/15/2021	510,000.00	2.50%				
			8/15/2022	810,000.00	2.50%				
			8/15/2023	825,000.00	2.50%				
			8/15/2024	855,000.00	2.50%				
			8/15/2025	875,000.00	3.00%				
			8/15/2026	900,000.00	3.00%				
			8/15/2027	900,000.00	3.00%				
			8/15/2028	900,000.00	3.00%				
			8/15/2029	900,000.00	3.00%				
			8/15/2030	900,000.00	3.00%				
			8/15/2031	900,000.00	3.00%				
			8/15/2032	900,000.00	3.00%				
			8/15/2033	900,000.00	3.00%				
			8/15/2034	900,000.00	3.00%				
			8/15/2035	900,000.00	3.00%				
8/15/2036	900,000.00	3.00%							
8/15/2037	900,000.00	3.00%							
						15,155,000.00		480,000.00	14,675,000.00
						\$ 15,725,000.00		\$ 770,000.00	\$ 14,955,000.00

Total

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 636,331.00	_____	\$ 636,331.00	\$ 636,331.00	_____
State Sources:					
Debt Service Aid	\$ 518,066.00	_____	\$ 518,066.00	\$ 518,066.00	_____
Total Revenues	\$ 1,154,397.00	_____	\$ 1,154,397.00	\$ 1,154,397.00	_____
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	\$ 451,050.00	_____	\$ 451,050.00	\$ 451,050.00	\$ _____
Redemption of Principal	770,000.00	_____	770,000.00	770,000.00	_____
Total Regular Debt Service	\$ 1,221,050.00	_____	\$ 1,221,050.00	\$ 1,221,050.00	\$ _____
Total Expenditures	\$ 1,221,050.00	_____	\$ 1,221,050.00	\$ 1,221,050.00	\$ _____
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(66,653.00)		(66,653.00)	\$ (66,653.00)	
<b>Other Financing Sources:</b>					
Operating Transfer In:					
Capital Projects Fund	_____	_____	_____	\$ 965.41	\$ 965.41
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	(66,653.00)		(66,653.00)	\$ (65,687.59)	\$ 965.41
Fund Balance, July 1	\$ 193,165.69	_____	\$ 193,165.69	193,165.69	_____
Fund Balance, June 30	\$ 126,512.69	_____	\$ 126,512.69	\$ 127,478.10	\$ 965.41

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

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

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

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

## FINANCIAL TRENDS



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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Governmental activities</b>										
Invested in capital assets	\$ 3,321,268	\$ 4,132,408	\$ 4,762,647	\$ 5,498,976	\$ 6,392,287	\$ 8,862,920	\$ 8,322,052	\$ 24,025,271	\$ 25,298,663	\$ 26,598,982
Restricted	1,740,095	880,248	864,913	1,250,488	1,332,286	1,808,155	13,115,479	7,777,904	5,405,478	4,394,098
Unrestricted		795,716	1,187,662	(5,220,455)	(5,474,726)	(6,011,289)	(7,429,966)	(6,607,840)	(6,059,534)	(4,141,929)
<b>Total governmental activities net assets</b>	<u>\$ 5,061,363</u>	<u>\$ 5,808,372</u>	<u>\$ 6,815,222</u>	<u>\$ 1,529,009</u>	<u>\$ 2,249,847</u>	<u>\$ 4,659,786</u>	<u>\$ 14,007,565</u>	<u>\$ 25,195,335</u>	<u>\$ 24,644,607</u>	<u>\$ 26,851,150</u>
<b>Business-type activities</b>										
Invested in capital assets	\$ 37,925	\$ 45,656	\$ 54,700	\$ 56,563	\$ 66,413	\$ 91,771	\$ 83,250	\$ 112,965	\$ 97,155	\$ 82,360
Unrestricted	175,782	232,487	258,674	284,237	362,224	426,235	526,882	512,263	321,346	106,164
<b>Total business-type activities net assets</b>	<u>\$ 213,707</u>	<u>\$ 278,143</u>	<u>\$ 313,374</u>	<u>\$ 340,800</u>	<u>\$ 428,637</u>	<u>\$ 518,006</u>	<u>\$ 610,132</u>	<u>\$ 625,228</u>	<u>\$ 418,501</u>	<u>\$ 188,524</u>
<b>District-wide</b>										
Invested in capital assets	\$ 3,359,193	\$ 4,178,064	\$ 4,817,347	\$ 5,555,539	\$ 6,458,700	\$ 8,954,691	\$ 8,405,302	\$ 24,138,236	\$ 25,395,817	\$ 26,681,342
Restricted	1,740,095	880,248	864,913	1,250,488	1,332,286	1,808,155	13,115,479	7,777,904	5,405,478	4,394,098
Unrestricted	175,782	1,028,203	1,446,336	(4,936,218)	(5,112,502)	(5,585,054)	(6,903,084)	(6,095,577)	(5,738,188)	(4,035,765)
<b>Total district net position</b>	<u>\$ 5,275,070</u>	<u>\$ 6,086,515</u>	<u>\$ 7,128,596</u>	<u>\$ 1,869,809</u>	<u>\$ 2,678,484</u>	<u>\$ 5,177,792</u>	<u>\$ 14,617,697</u>	<u>\$ 25,820,564</u>	<u>\$ 25,063,107</u>	<u>\$ 27,039,674</u>

Note: In 2015 the effective date of GASB No. 68 related to pension liabilities (TPAF & PERS) an adjustment was made for the provision of the net pension liability for PERS. Amounts from years prior to 2015 are not available.

In 2018, the effective date of GASB No. 75 related to post-employment benefits (health benefits) adjustment was made for the provision of the liability - amounts for years prior to 2017 are not available.

In 2021 GASB No.84 related to fiduciary accounting was implemented.

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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses</b>										
<b>Governmental activities</b>										
<b>Instruction</b>										
Regular	\$ 8,554,496	\$ 8,840,598	\$ 9,016,413	\$ 10,228,333	\$ 11,489,638	\$ 12,721,154	\$ 9,992,268	\$ 9,869,747	\$ 10,276,640	\$ 11,083,663
Special education	2,345,285	2,660,173	3,026,315	3,237,427	3,804,410	4,431,357	8,663,747	9,018,138	8,948,180	10,586,374
Other special education	1,032,112	1,056,890	846,143	942,388	1,055,485	3,857	160,309	1,856,713	1,917,595	1,586,759
Other instruction	138,483	129,790	123,514	162,765	176,171	1,436,137	1,576,131	187,266	190,040	142,931
<b>Support Services:</b>										
Tuition	814,041	920,169	924,247	1,033,465	808,801	925,634	1,123,214	978,195	798,341	1,086,565
Student & instruction related services	3,392,310	3,527,885	3,375,872	1,047,754	4,509,672	5,342,679	5,724,636	5,431,348	5,328,011	5,871,542
School Administrative service	857,476	1,023,196	973,088	3,299,923	855,257	1,379,214	1,436,866	1,423,057	1,359,671	1,476,842
General administration	1,605,784	1,622,290	1,630,102	3,023,706	2,290,224	2,122,881	2,266,900	2,403,517	2,170,217	2,316,684
Central Services										
Plant operations and maintenance	1,764,088	1,668,166	1,677,194	2,114,376	2,220,136	2,326,561	2,511,295	3,016,125	3,095,091	3,607,179
Pupil transportation	537,046	765,072	658,820	779,883	1,006,637	1,051,525	1,637,561	1,521,543	1,436,719	1,745,983
Other support services	170,076									
Interest on long-term debt		189,826	160,571	134,624	105,749	81,298	438,363	528,483	449,353	449,505
<b>Total governmental activities expenses</b>	<b>21,211,199</b>	<b>22,404,054</b>	<b>22,410,277</b>	<b>26,004,644</b>	<b>28,322,180</b>	<b>31,822,297</b>	<b>35,551,268</b>	<b>36,234,134</b>	<b>35,971,859</b>	<b>39,954,047</b>
<b>Business-type activities:</b>										
Food service	782,883	765,615	845,112	919,418	985,409	1,016,129	1,012,411	1,075,748	1,200,008	849,551
<b>Total business-type activities expense</b>	<b>782,883</b>	<b>765,615</b>	<b>845,112</b>	<b>919,418</b>	<b>985,409</b>	<b>1,016,129</b>	<b>1,012,411</b>	<b>1,075,748</b>	<b>1,200,008</b>	<b>849,551</b>
<b>Total district expenses</b>	<b>\$ 21,994,082</b>	<b>\$ 23,169,669</b>	<b>\$ 23,256,389</b>	<b>\$ 26,924,062</b>	<b>\$ 29,307,589</b>	<b>\$ 32,838,426</b>	<b>\$ 36,563,699</b>	<b>\$ 37,309,882</b>	<b>\$ 37,171,867</b>	<b>\$ 40,803,598</b>

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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
Instruction (tuition)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pupil transportation										
Central and other support services										
Special schools										
Operating grants and contributions	2,726,840	2,373,943	2,438,157	2,520,098	3,038,795	3,173,672	3,609,872	3,465,132	3,280,809	4,263,214
Capital grants and contributions										
<b>Total governmental activities program revenues</b>	<u>2,726,840</u>	<u>2,373,943</u>	<u>2,438,157</u>	<u>2,520,098</u>	<u>3,038,795</u>	<u>3,173,672</u>	<u>3,609,872</u>	<u>3,465,132</u>	<u>3,280,809</u>	<u>4,263,214</u>
<b>Business-type activities:</b>										
Charges for services										
Food service	\$ 155,093	\$ 142,253	\$ 145,086	\$ 143,804	\$ 163,247	\$ 164,614	\$ 163,435	\$ 178,408	\$ 113,170	\$ 6,634
Operating grants and contributions	661,347	687,798	736,257	803,040	908,925	940,885	941,103	912,438	879,961	612,940
<b>Total business type activities program revenues</b>	<u>816,440</u>	<u>830,051</u>	<u>881,343</u>	<u>946,844</u>	<u>1,072,172</u>	<u>1,105,499</u>	<u>1,104,537</u>	<u>1,090,844</u>	<u>993,131</u>	<u>619,574</u>
<b>Total district program revenues</b>	<u>\$ 3,543,280</u>	<u>\$ 3,203,995</u>	<u>\$ 3,319,500</u>	<u>\$ 3,466,942</u>	<u>\$ 4,110,967</u>	<u>\$ 4,279,171</u>	<u>\$ 4,714,409</u>	<u>\$ 4,555,975</u>	<u>\$ 4,273,940</u>	<u>\$ 4,882,788</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (18,484,359)	\$ (20,030,111)	\$ (19,972,120)	\$ (23,484,546)	\$ (25,283,385)	\$ (28,648,625)	\$ (31,941,416)	\$ (32,769,002)	\$ (32,681,050)	\$ (35,690,833)
Business-type activities	33,557	64,437	35,231	27,426	65,763	89,370	92,126	15,086	(206,877)	(229,977)
<b>Total district-wide net expense</b>	<u>\$ (18,450,802)</u>	<u>\$ (19,965,674)</u>	<u>\$ (19,936,889)</u>	<u>\$ (23,457,120)</u>	<u>\$ (25,196,622)</u>	<u>\$ (28,559,255)</u>	<u>\$ (31,849,290)</u>	<u>\$ (32,753,906)</u>	<u>\$ (32,897,927)</u>	<u>\$ (35,920,810)</u>
<b>General Revenues and Other Change in Net Position</b>										
<b>Governmental activities:</b>										
Property taxes levied for general purposes, net	\$ 8,268,967	\$ 8,434,346	\$ 8,911,720	\$ 9,725,469	\$ 10,566,139	\$ 11,054,967	\$ 11,235,266	\$ 10,235,266	\$ 10,119,336	\$ 10,138,841
Taxes levied for debt service	636,987	667,928	556,871	545,380	556,881	524,928	353,320	590,351	655,836	836,331
Unrestricted grants and contributions	10,568,136	11,502,743	11,311,988	13,749,934	14,848,687	17,171,566	19,405,432	21,110,444	21,687,495	26,030,019
Restricted grants						2,015,788				
Tuition Received										
Investment earnings						991				
Miscellaneous income	159,791	157,116	95,383	147,490	124,974	299,771	190,932	265,476	168,790	136,982
Transfers	(211,088)	13,437	103,008	15,983		685				
Special and Extraordinary Items					(92,457)	(10,133)	10,104,251	11,755,229	(491,136)	589,596
<b>Total governmental activities</b>	<u>\$ 19,440,795</u>	<u>\$ 20,775,569</u>	<u>\$ 20,978,970</u>	<u>\$ 24,184,256</u>	<u>\$ 26,004,224</u>	<u>\$ 31,058,563</u>	<u>\$ 41,289,201</u>	<u>\$ 43,956,766</u>	<u>\$ 32,140,321</u>	<u>\$ 37,533,769</u>

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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General Revenues and Other Change in Net Position (Continued)</b>										
Business-type activities:										
Investment earnings										
Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special and Extraordinary Items					1,074	-				
Total business-type activities	-	-	-	-	1,074	-	-	-	-	-
Total district-wide	<u>\$ 19,440,795</u>	<u>\$ 20,775,569</u>	<u>\$ 20,978,970</u>	<u>\$ 24,184,256</u>	<u>\$ 26,005,298</u>	<u>\$ 31,058,563</u>	<u>\$ 41,289,201</u>	<u>\$ 43,956,766</u>	<u>\$ 32,140,321</u>	<u>\$ 37,533,769</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 956,436	\$ 745,459	\$ 1,006,850	\$ 699,710	\$ 720,839	\$ 2,409,938	\$ 9,347,785	\$ 11,187,764	\$ (550,729)	\$ 1,842,936
Business-type activities	33,557	64,437	35,231	27,426	87,637	89,370	92,126	15,096	(206,677)	(229,977)
Total district	<u>\$ 989,993</u>	<u>\$ 809,895</u>	<u>\$ 1,042,081</u>	<u>\$ 727,136</u>	<u>\$ 808,676</u>	<u>\$ 2,499,308</u>	<u>\$ 9,439,911</u>	<u>\$ 11,202,860</u>	<u>\$ (757,606)</u>	<u>\$ 1,612,959</u>

Note: In 2015 the effective date of GASB No. 68 related to pension liabilities (TPAF & PERS) an adjustment was made for the provision of the net pension liability for PERS. Amounts from years prior to 2015 are not available.

In 2018, the effective date of GASB No. 75 related to post-employment benefits (health benefits) adjustment was made for the provision of the liability - amounts for years prior to 2017 are not available.

In 2021 GASB No. 84 related to fiduciary accounting was implemented.

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Reserved										
Unreserved										
Restricted	\$ 1,797,396	\$ 1,787,608	\$ 1,731,217	\$ 2,361,604	\$ 2,482,537	\$ 3,410,733	\$ 2,588,884	\$ 2,173,570	\$ 1,006,640	\$ 4,220,409
Assigned	121,933	34,988	97,351	138,473	175,669	23,535	902,785	1,684,316	2,021,490	14,171
Unassigned	17,073									
<b>Total general fund</b>	<b>\$ 1,936,402</b>	<b>\$ 1,822,596</b>	<b>\$ 1,828,568</b>	<b>\$ 2,500,077</b>	<b>\$ 2,658,206</b>	<b>\$ 3,434,268</b>	<b>\$ 3,491,670</b>	<b>\$ 3,857,886</b>	<b>\$ 3,028,130</b>	<b>\$ 4,234,580</b>
All Other Governmental Funds										
Reserved										
Unreserved (deficit), reported in:										
Special revenue fund	\$ (26,456)	\$ (14,598)	\$ (17,391)	\$ (15,020)	\$ (18,181)	\$ (18,181)	\$ (21,343)	\$ (21,343)	\$ (68,443)	\$ (89,955)
Capital projects fund	359,602	359,602	179,802	179,801	89,571	39,235,747	21,787,764	7,612,167	7,214,090	7,175,059
Debt service fund	10,486	10,507	89,923	348	360	1,003	95,920	174,440	193,166	127,478
<b>Total all other governmental funds</b>	<b>\$ 343,632</b>	<b>\$ 355,511</b>	<b>\$ 252,334</b>	<b>\$ 165,130</b>	<b>\$ 71,750</b>	<b>\$39,218,569</b>	<b>\$21,862,341</b>	<b>\$ 7,765,264</b>	<b>\$ 7,338,813</b>	<b>\$ 7,212,582</b>

Note: GASB 54 was implemented in the 2011 fiscal year, which required the presentation of fund balances to be reported in different classifications from those presented in prior years (See Notes to financial statements - Note 2G 15(a-c). Prior years have not been restated above and are not required to be.

In 2021 GASB No.84 related to fiduciary accounting was implemented.

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
Tax levy	\$ 8,905,954	\$ 9,102,274	\$ 9,468,591	\$ 10,270,849	\$ 11,123,020	\$ 11,579,895	\$ 11,588,586	\$ 10,825,617	\$ 10,775,172	\$ 10,775,172
Bonds Proceeds						15,605,000				
Miscellaneous	176,722	157,116	153,285	208,051	158,037	348,172	225,052	265,477	168,790	182,949
State sources	10,748,331	11,571,783	11,688,720	12,100,225	12,409,447	38,557,060	14,200,513	18,161,020	20,937,558	22,936,151
Federal sources	2,547,718	2,290,535	2,003,523	2,129,142	3,017,166	3,310,413	3,443,579	3,425,108	2,173,364	3,265,359
<b>Total revenue</b>	<b>22,378,725</b>	<b>23,121,708</b>	<b>23,314,119</b>	<b>24,708,267</b>	<b>26,707,670</b>	<b>69,400,540</b>	<b>29,457,730</b>	<b>32,677,222</b>	<b>34,054,884</b>	<b>37,159,631</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	6,316,553	6,415,514	6,691,137	6,863,550	7,538,855	7,480,927	5,699,285	6,123,649	6,414,820	6,494,526
Special education instruction	1,652,998	1,827,625	2,124,971	2,060,345	2,397,490	2,476,351	4,744,879	5,145,846	5,584,316	6,203,126
Other special instruction	727,450	726,233	594,131	599,749	665,153	2,155	98,750	1,059,460	1,196,719	929,767
Other instruction	97,606	89,178	86,727	103,586	111,021	802,548	863,200	106,857	118,599	83,751
<b>Support Services:</b>										
Tuition	814,041	920,169	924,247	1,033,465	808,801	925,634	1,123,214	978,195	798,341	1,086,565
Student & inst. related services	2,505,789	2,568,857	2,501,284	2,810,741	2,954,040	3,157,622	3,275,749	3,392,976	3,325,067	3,440,452
General administration	522,781	469,794	477,322	522,965	1,443,270	770,738	786,929	1,371,472	1,354,373	1,357,470
School administrative services	606,326	707,602	685,221	740,856	538,972	1,186,318	1,246,102	812,011	848,534	865,361
Central services	385,073	414,271	412,805	416,507						
Admin. information technology	226,816	237,624	256,628	244,004						
Plant operations and maintenance	1,243,360	1,150,508	1,177,666	1,345,619	1,399,101	1,300,139	1,375,362	1,721,033	1,931,562	2,113,640
Pupil transportation	378,519	527,658	461,196	496,329	634,370	587,618	896,844	868,209	896,617	1,023,066
Employee benefits	5,017,859	5,680,303	5,512,353	5,874,573	6,585,190	7,709,836	8,708,269	9,382,292	9,604,192	10,570,878
Capital outlay	70,076	744,540	706,168	240,771	683,046	2,337,192	17,326,815	14,434,673	1,694,469	1,446,117
<b>Debt service:</b>										
Principal	580,000	630,000	650,000	650,000	690,000	675,000	305,000	300,000	745,000	770,000
Interest and other charges	179,238	179,200	149,169	121,231	93,612	65,581	48,331	711,408	474,375	451,050
<b>Total expenditures</b>	<b>21,324,485</b>	<b>23,289,076</b>	<b>23,411,025</b>	<b>24,124,291</b>	<b>26,542,921</b>	<b>29,477,659</b>	<b>46,498,729</b>	<b>46,408,082</b>	<b>34,986,785</b>	<b>36,835,769</b>
<b>Excess (Deficiency) of revenues over (under) expenditures</b>	<b>1,054,240</b>	<b>(167,368)</b>	<b>(96,906)</b>	<b>583,976</b>	<b>164,749</b>	<b>39,922,881</b>	<b>(17,040,999)</b>	<b>(13,730,860)</b>	<b>(931,900)</b>	<b>323,862</b>

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Other Financing sources (uses)</b>										
Capital leases (non-budgeted)		\$ 65,477								
Cancellation of Grant Receivable	\$ (807,898)						\$ (257,830)			
Transfers out		(6)			\$ (100,000)					
<b>Total other financing sources (uses)</b>	<b>(807,898)</b>	<b>65,471</b>	<b>-</b>	<b>-</b>	<b>(100,000)</b>	<b>-</b>	<b>(257,830)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 246,342</b>	<b>\$ (101,897)</b>	<b>\$ (96,906)</b>	<b>\$ 583,976</b>	<b>\$ 64,749</b>	<b>\$ 39,922,881</b>	<b>\$ (17,298,829)</b>	<b>\$ (13,730,860)</b>	<b>\$ (931,900)</b>	<b>\$ 323,862</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>3.57%</b>	<b>3.59%</b>	<b>3.52%</b>	<b>3.23%</b>	<b>3.03%</b>	<b>2.73%</b>	<b>1.21%</b>	<b>3.16%</b>	<b>3.66%</b>	<b>3.45%</b>

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ending June 30,	<u>Interest on Investments</u>	<u>E-Rate</u>	<u>Miscellaneous</u>	<u>Tuition</u>	<u>Refund of Prior Year Expenditures</u>	<u>Use of Building</u>	<u>Annual Totals</u>
2012	\$ 3	\$ 125,193	\$ 20,957	\$ 8,957	\$ 4,681	-	\$ 159,791
2013	-	25,939	68,734	9,709	32,570	\$ 5,770	142,721
2014	-	27,639	44,350	4,928	14,666	3,771	95,354
2015	-	65,541	59,654	8,148	11,328	2,800	147,471
2016	-	40,119	31,465	12,470	39,229	1,680	124,963
2017	45	40,055	223,835	25,655	8,606	1,575	299,771
2018	237	42,198	30,086	15,701	6,841	940	96,003
2019	3,187	33,649	29,124	-	19,004	2,205	87,169
2020	3,334	28,409	402	9,445	1,819	1,645	45,054
2021	26,157	107,152	6,027	7,694	-	-	147,030

Source: District records



REVENUE CAPACITY

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities *	Tax-Exempt Property	Net Valuation	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>b</sup>
2012	10,244,400	767,610,400	-	-	241,264,600	25,345,900	22,388,400	1,066,853,700	-	206,799,500	1,273,653,200	1,136,846,368	0.842
2013	10,236,400	764,565,800	-	-	239,840,300	25,345,900	22,388,400	1,062,376,800	-	207,086,800	1,269,463,600	1,029,563,181	0.862
2014	10,235,100	755,357,200	-	-	237,225,100	25,345,900	22,388,400	1,050,551,700	-	208,299,500	1,258,851,200	971,249,860	0.934
2015	10,120,100	741,225,500	-	-	230,456,500	25,345,900	22,065,400	1,029,213,400	-	209,864,800	1,239,078,200	939,635,035	1.032
2016	10,627,200	739,568,800	-	-	229,822,500	25,353,000	22,454,100	1,027,825,600	-	205,667,600	1,233,493,200	989,718,062	1.098
2017	9,632,800	746,201,020	-	-	231,066,700	25,373,900	32,137,100	1,044,411,520	-	253,199,400	1,297,610,920	1,040,633,490	1.093
2018	9,600,100	754,455,000	-	-	233,786,500	25,411,800	32,216,500	1,055,469,900	-	253,652,800	1,309,122,700	1,058,122,769	1.057
2019	10,783,000	771,996,400	-	-	234,733,200	25,450,200	40,897,000	1,083,859,800	-	258,960,100	1,342,819,900	1,100,411,030	0.990
2020	8,676,000	790,539,300	-	-	239,787,500	25,327,700	41,548,500	1,105,879,000	-	264,134,000	1,370,013,000	1,120,266,531	0.967
2021	9,459,200	817,015,000	-	-	243,698,000	25,570,200	42,155,600	1,137,898,000	-	267,684,900	1,405,582,900	1,162,916,666	0.941

Source: Municipal Tax Assessor

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

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

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

b Tax rates are per \$100 of Assessed Valuation

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

Fiscal Year Ended June 30,	Borough of Freehold School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	(From J-6) Total Direct School Tax Rate <sup>c</sup>	Municipality of Freehold	Freehold Regional High School	County of Monmouth	
2012	0.779	0.063	0.842	0.850	0.341	0.293	2.326
2013	0.810	0.052	0.862	0.883	0.321	0.277	2.343
2014	0.884	0.050	0.933	0.906	0.311	0.269	2.419
2015	0.978	0.054	1.032	0.944	0.295	0.263	2.534
2016	1.043	0.055	1.098	0.976	0.320	0.261	2.655
2017	1.075	0.032	1.093	1.007	0.343	0.269	2.712
2018	1.004	0.053	1.057	1.026	0.342	0.276	2.701
2019	0.940	0.050	0.990	1.026	0.364	0.270	2.650
2020	0.910	0.057	0.967	1.054	0.374	0.267	2.662
2021	0.854	0.058	0.941	1.056	0.364	0.262	2.623

Source: Municipal Tax Collector

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

- a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.
- b** Rates for debt service are based on each year's requirements.
- c** Tax rates are per \$100 of assessed valuation.

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

	2021				2012		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value		Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Nestle USA	\$ 25,004,000	1	2.20%	Freehold Racing Association	\$ 29,225,300	1	2.74%
Freehold Racing Association	22,040,600	2	1.94%	Nestle	23,674,400	2	2.22%
Bridge-Brookside LLC	18,062,000	3	1.59%	AEW Brookside	14,269,000	3	1.34%
East Coast Post & Coach	12,284,300	4	1.08%	East Coast Post & Coach	6,495,700	4	0.61%
Freeferm Associates	9,578,700	5	0.84%	Park Plaza Shopping Center	5,560,900	5	0.52%
Tower Spring Terrace LLC	7,605,800	6	0.67%	Freeferm Associates	4,565,000	6	0.43%
Monmouth Apartments LLC	5,203,200	7	0.46%	E. Main Street LLC	3,191,000	7	0.30%
18-20 E. Main St. LLC	4,557,000	8	0.40%	Delli Santi, Nicholas	3,000,000	8	0.28%
Bio Investment Group	4,327,100	9	0.38%	Bell Atlantic	3,000,000	9	0.28%
Park Avenue LLC	2,132,300	10	0.19%	Chius Property	2,650,000	10	0.25%
<b>Total</b>	<b>\$ 110,795,000</b>		<b>9.74%</b>		<b>\$ 95,631,300</b>		<b>8.96%</b>
<b>Total Assessed Value</b>	<b>\$ 1,137,898,000</b>				<b>\$ 1,066,853,700</b>		

Source: Municipal Tax Assessor

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

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Fiscal Tax Levy<sup>a</sup></u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2012	25,088,345	24,363,083	97.11%	529,942
2013	25,187,171	24,415,921	96.94%	529,992
2014	25,699,245	25,076,603	97.58%	624,398
2015	26,373,750	25,797,936	97.81%	588,736
2016	27,564,905	26,750,029	97.04%	494,461
2017	28,319,712	27,974,412	96.80%	711,118
2018	29,030,066	28,204,529	97.97%	615,965
2019	28,789,706	28,500,571	98.17%	545,753
2020	29,744,824	29,044,902	97.65%	567,867
2021	29,837,689	N/A	96.80% <i>(anticipated)</i>	643,000 <i>(anticipated)</i>

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

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

**DEBT CAPACITY**

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2012	4,765,000	-	59,299	-	-	4,824,299	1.88%	400
2013	4,135,000	-	93,007	-	-	4,228,007	1.71%	351
2014	3,485,000	-	61,406	-	-	3,546,406	1.48%	294
2015	2,835,000	-	40,189	-	-	2,875,189	1.26%	239
2016	2,145,000	-	22,773	-	-	2,167,773	1.02%	180
2017	1,470,000	-	8,577	-	-	1,478,577	0.77%	123
2018	16,770,000	-	-	-	-	16,770,000	0.53%	1,391
2019	16,470,000	-	-	-	-	16,470,000	5.97%	1,367
2020	15,725,000	-	-	-	-	15,725,000	5.86%	1,305
2021	14,955,000	-	-	-	-	14,955,000	5.59%	1,193

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

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

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

General Bonded Debt Outstanding					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
2012	4,765,000	-	4,765,000	0.37%	395
2013	4,135,000	-	4,135,000	0.32%	343
2014	3,485,000	-	3,485,000	0.27%	289
2015	2,835,000	-	2,835,000	0.23%	235
2016	2,145,000	-	2,145,000	0.22%	178
2017	1,470,000	-	1,470,000	0.14%	122
2018	16,770,000	-	16,770,000	1.59%	1,391
2019	16,470,000	-	16,470,000	1.52%	1,367
2020	15,725,000	-	15,725,000	1.42%	1,305
2021	14,955,000	-	14,955,000	1.06%	1,193

**Notes:**

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

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

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



**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF JUNE 30, 2021**  
**UNAUDITED**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Freehold	\$ 15,684,638	100.000%	\$ 15,684,638
County of Monmouth	456,517,569	0.853836%	3,897,911
Other debt			
Freehold Regional High School District	<i>pending</i>	None	
Regional Sewerage Authority	\$ 3,190,000	19.1744%	<u>611,663</u>
Subtotal, overlapping debt			\$ 20,194,213
<b>Borough of Freehold District Direct Debt:</b>			
Issued and Outstanding	\$ 14,955,000		
Authorized but not Issued	<u>None</u>		<u>14,955,000</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 35,149,213</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2021

	Equalized valuation basis	
	2021	\$ 1,226,447,510
	2020	1,153,639,883
	2019	<u>1,110,626,704</u>
		<u>\$ 3,490,713,897</u>
	Average equalized valuation of taxable property	\$ 1,163,571,299
	Debt limit (3 % of average equalization value)	34,907,139 <sup>a</sup>
	Total Net Debt Applicable to Limit	<u>14,955,000</u>
	Legal debt margin	<u>\$ 19,952,139</u>

	Fiscal Year									
	<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>	<u>2021</u>
Debt limit	\$ 35,162,509	\$ 33,494,756	\$ 27,805,160	\$ 29,515,627	\$ 29,125,398	\$ 29,702,514	\$ 30,683,381	\$ 31,738,615	\$ 32,518,871	\$ 34,907,139
Total net debt applicable to limit	<u>4,765,000</u>	<u>4,135,000</u>	<u>3,485,000</u>	<u>2,835,000</u>	<u>2,145,000</u>	<u>17,075,000</u>	<u>16,770,000</u>	<u>16,470,000</u>	<u>15,725,000</u>	<u>14,955,000</u>
Legal debt margin	<u>\$ 30,397,509</u>	<u>\$ 29,359,756</u>	<u>\$ 24,320,160</u>	<u>\$ 26,680,627</u>	<u>\$ 26,980,398</u>	<u>\$ 12,627,514</u>	<u>\$ 13,913,381</u>	<u>\$ 15,268,615</u>	<u>\$ 16,793,871</u>	<u>\$ 19,952,139</u>
Total net debt applicable to the limit as a percentage of debt limit	13.55%	12.35%	12.53%	9.61%	7.36%	57.49%	54.65%	51.89%	48.36%	42.84%

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

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

## DEMOGRAPHIC AND ECONOMIC INFORMATION

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

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2012	12,052	281,185,212	23,331	12.10%
2013	12,052	281,185,212	23,331	12.60%
2014	12,052	281,185,212	23,331	5.80%
2015	12,052	281,185,212	23,331	6.70%
2016	12,052	281,185,212	23,331	5.00%
2017	12,052	281,185,212	23,331	4.10%
2018	12,052	281,185,212	23,331	3.80%
2019	12,052	281,185,212	23,331	3.30%
2020	12,052	281,185,212	23,331	2.80%
2021	12,538	364,467,122	29,069	7.80%

**Source:**

<sup>a</sup> Population information provided by the 2010 census for 2012 through 2020 and the 2020 census for 2021.

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

<sup>c</sup> Per capita personal income by municipality estimated based upon the 2010 census for 2012 through 2020 and 2020 census for 2021 published by the New Jersey Department of Labor.

<sup>d</sup> Unemployment data provided by the New Jersey Department of Labor and Workforce Development - previous year benchmark.

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

<u>Employer</u>	<u>2021</u>			<u>2012</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
County of Monmouth (Est)	350	1	a	300	1	a
Freehold Borough Board of Education	262	2	a	218	2	a
Nestle-Hills Coffee Company	223	3	a	200	3	a
Freehold Regional High School (Est)	155	4	a	150	4	a
Freehold Racing Association (Est) (*)	140	5	a	125	5	a
Freehold Borough - Municipality	99	6	a	99	6	a
	<u>1,229</u>		<u>a</u>	<u>1,092</u>		<u>a</u>

(\*) 90 in season, 50 out of season

Source: Borough of Freehold

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

## OPERATING INFORMATION

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

<u>Function/Program</u>	<u>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>	<u>2021</u>
Instruction										
Regular	102.1	96.9	86.8	84.8	95.0	97.0	106.79	122.00	122.00	129.00
Special education	30.6	27.5	54.5	57.0	63.0	57.0	62.25	64.00	64.00	40.00
Other instruction	20.0	40.1	9.5	10.0	10.0	12.0	12.0	5.0	5.0	7.0
Support Services:										
Student & instruction related services	22.0	22.8	26.0	27.0	28.0	31.0	31.0	31.0	31.0	53.0
General administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administrative services	16.3	11.0	11.0	11.0	11.0	12.0	12.0	12.0	12.0	10.0
Central services	7.0	8.8	8.8	8.8	8.8	9.0	9.0	9.0	9.0	27.0
Plant operations and maintenance	12.0	11.0	11.0	11.0	11.0	12.0	13.0	13.0	13.0	13.0
Pupil transportation	3.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>215.0</b>	<b>223.1</b>	<b>209.6</b>	<b>211.6</b>	<b>228.8</b>	<b>232.0</b>	<b>248.0</b>	<b>258.0</b>	<b>258.0</b>	<b>281.0</b>

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2012	1,496	20,495,171	13,700	-10.12%	67.00	1:22	1:23	1475.2	1,411	4.88%	95.65%
2013	1,538	21,735,337	14,132	3.15%	76.00	1:22	1:23	1515.3	1,443	2.72%	95.23%
2014	1,573	21,905,887	13,926	1.65%	72.00	1:22	1:23	1567.9	1,511	6.28%	96.37%
2015	1,633	23,112,288	14,153	0.15%	75.00	1:24	1:18	1633.4	1,586	7.79%	97.09%
2016	1,677	25,076,263	14,953	7.37%	84.00	1:23	1:18	1692.0	1,630	3.59%	96.33%
2017	1,680	26,399,886	15,714	11.03%	88.00	1:25	1:21	1704.0	1,631	0.71%	96.33%
2018	1,684	28,955,243	17,194	14.99%	93.74	1:21	1:19	1678.0	1,611	-1.53%	96.01%
2019	1,668	30,962,001	18,585	8.85%	96.00	1:18	1:19	1683.0	1,611	0.30%	95.72%
2020	1,690	26,257,368	15,537	-17.73%	96.00	1:18	1:19	1663.0	1,614	-1.19%	97.05%
2021	1,657	31,187,579	18,822	17.67%	124.00	1:12	1:18	1633.0	1,657	-1.80%	101.47%

Sources: District records

Note: Enrollment based on annual October district count.

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



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

	<u>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>	<u>2021</u>
<b>District Building</b>										
<b>Elementary School</b>										
Freehold Learning Center (1972, 1996 and 2001)										
Square Footage	49,239	49,239	49,239	49,239	49,329	49,329	68,819	69,179	69,179	69,179
Functional Capacity	460	460	394*	394	394	394	551	553	553	553
Enrollment	525	552	552	596	593	593	638	605	617	607
<b>Elementary/Intermediate School</b>										
Park Avenue Complex (1957, 1962, 1969, 1996, 2001 and 2006)										
Square Footage	97,810	97,810	97,810	97,810	97,810	97,810	121,124	121,124	121,124	121,124
Functional Capacity	660	660	754*	754	754	754	934	934	934	934
Enrollment	953	949	949	1046	1,084	1,084	1,043	1,043	1,055	1,025
<b>Other</b>										
Central Administration										
Square Feet	1,164	1,164	1,164	1,164	1,164	1,164	1,164	1,164	1,164	1,164

Number of Schools at June 30, 2021  
 Elementary = 1  
 Elementary/Intermediate = 1

Source: District Facilities Office

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

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

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

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

	* School Facilities Project # (s)	Freehold Learning Center	Park Avenue Complex	Total
2012	N/A	56,584	113,850	170,434
2013	N/A	46,493	92,293	138,786
2014	N/A	29,440	84,574	114,014
2015	N/A	71,374	144,937	216,311
2016	N/A	158,306	318,274	476,580
2017	N/A	102,124	252,316	354,440
2018	N/A	105,251	282,851	388,102
2019	N/A	109,309	219,935	329,244
2020	N/A	226,717	456,166	682,883
2021	N/A	167,785	337,591	505,376
Total School Facilities		<u>\$ 1,073,383</u>	<u>\$ 2,302,787</u>	<u>\$ 3,376,170</u>

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

Source: District records

BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
INSURANCE SCHEDULE  
JUNE 30, 2021  
UNAUDITED

<u>Type of Policy</u>	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - SAIF:		
Property - Blanket Building and Contents	\$ 41,667,208.00	\$ 2,500.00
Boller & Machinery - Limited for Accident	\$ 41,667,208.00	\$ 2,500.00
Employee Benefits Coverage	5,000,000.00	1,000.00
General Liability Coverage:		
Limit of Liability - Aggregate	10,000,000.00	
Products - Completed Operations	10,000,000.00	
Personal and Advertising Liability	10,000,000.00	
Fire Damage	2,500,000.00	
Premises Medical Payments	10,000.00	
Inland Marine		
Misc. Articles Floater:		
Valuable Papers and Records	100,000.00	2,500.00
Electronic Data Processing	1,500,000.00	2,500.00
Kitchen/Gym Equip., New Library Desks/Chairs	1,500,000.00	2,500.00
Mobile Equipment - Haulmark Trailer	4,300.00	2,500.00
Automobile Coverage:		
Liability	10,000,000.00	
Physical Damage		1,000.00
Medical Payments	10,000.00	
Uninsured/Underinsured Motorist	15/30/5	
Commercial Crime:		
Employee Dishonesty Blanket	500,000.00	1,000.00
Money and Securities	50,000.00	1,000.00
Environmental Impairment Liability:		
Limit of Liability - Per Occurance	1,000,000.00	50,000.00
Group Aggregate	25,000,000.00	
Commercial Umbrella Policy	10,000,000.00	
Educators Legal Liability Policy	20,000,000.00	5,000.00
Excess Liability (Fireman's Fund)	25,000,000.00	

BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
INSURANCE SCHEDULE  
JUNE 30, 2021  
UNAUDITED

(CONTINUED)

<u>Type of Policy</u>	<u>Coverage</u>	<u>Deductible</u>
Workers Compensation and Employers Liability Insurance Policy - SAIF:		
Section "A"	Statutory	
Section "B"		
Each accident	\$ 5,000,000.00	
Each employee	\$ 5,000,000.00	
Aggregate	\$ 5,000,000.00	
Site Pollution Policy - Ironshore Specialty Insurance Company		
Limit of Liability - Each Incident	\$ 1,000,000.00	\$ 25,000.00
Aggregate Limit	\$ 1,000,000.00	
Business Interruption Aggregate	\$ 1,000,000.00 / 365	5 Days
Excess Environmental Policy - Lloyd's Syndicate 2623/623(Beazley)		
Limit of Liability - Each Incident	\$ 500,000.00	\$ 25,000.00
Microbial Matter		\$ 100,000.00
Volunteer Accident Policy - Zurich American/Bollinger	\$ 50,000.00	
Student Accident for All Students Including Interscholastic Athletics Except Football	\$ 1,000,000.00	
Public Official Bonds - Selective Insurance Company of America:		
Bruce Rodman - Treasurer	\$ 210,000.00	
Joseph Howe - School Business Administrator/Board Secretary	\$ 200,000.00	
Patricia Saxton - Assistant Business Administrator	\$ 25,000.00	

Source: District records.

**SINGLE AUDIT SECTION**

550 BROAD STREET, 11TH FLOOR  
NEWARK, N.J. 07102-9969  
PHONE (973) 624-6100  
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303  
FREEHOLD, N.J. 07728-2291  
PHONE (732) 780-2600  
FAX (732) 780-1030

Exhibit K-1  
Sheet 1 of 2

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance Department, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Freehold Board of Education, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Borough of Freehold Board of Education's basic financial statements, and have issued our report thereon dated February 25, 2022.

Internal Control Over Financial Reporting

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

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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



Gerard Stankiewicz  
Certified Public Accountant  
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey  
February 25, 2022

# SAMUEL KLEIN AND COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

550 BROAD STREET, 11TH FLOOR  
NEWARK, N.J. 07102-9969  
PHONE (973) 624-6100  
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303  
FREEHOLD, N.J. 07728-2291  
PHONE (732) 780-2600  
FAX (732) 780-1030

Exhibit K-2  
Sheet 1 of 3

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

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

### Report on Compliance for Each Major Federal and State Program

We have audited the Borough of Freehold Board of Education's compliance with the types of compliance requirements described in *the OMB Compliance Supplement and New Jersey State Aid/Grant Compliance supplement* that could have a direct and material effect on each of District's major federal and state programs for the year ended June 30, 2021. The Borough of Freehold School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal and state programs.

### Auditor's Responsibility

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



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

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

**Opinion on Each Major Federal and State Program**

In our opinion, the Borough of Freehold Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2021.

**Report on Internal Control over Compliance**

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

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

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

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

Purpose of Report

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



Gerard Stankiewicz  
Certified Public Accountant  
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey  
February 25, 2022

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Federal Grantor / Pass - Through Grantor / Program Title	Federal CFDA Number	Federal FAIN Number	Grant Period		Award Amount	Balance, June 30, 2020			Adjustment	Balance, June 30, 2021			
			From	To		Deferred Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received		Budgetary (Expenditures)	Deferred Revenue	(Accounts Receivable)	Due to Grantor
General Fund:													
Medical Assistance Program	93.778	2105NJ5MAP	7/1/2019	6/30/2020	\$ 160,369.77			\$ 160,369.77	\$ (160,369.77)				
FFCRA/SEMI	93.778	2105NJ5MAP	7/1/2020	6/30/2021	14,170.62			14,170.62			14,170.62		
								\$ 174,540.39	\$ (160,369.77)		14,170.62		
Enterprise Fund:													
U.S. Department of Agriculture													
Passed - Through NJS Department of Education:													
Food Distribution Program	10.565	201NJ304N1099	7/1/2019	6/30/2020	\$ 46,690.00	\$ 7,696.76			\$ (7,696.76)				
Food Distribution Program	10.565	211NJ304N1099	7/1/2020	6/30/2021	48,480.75			\$ 48,480.75	(41,628.47)		\$ 6,852.28		
School Breakfast Program	10.553	201NJ304N1099	7/1/2019	6/30/2020	137,426.54	(11,709.14)		11,709.14					
School Breakfast Program	10.553	211NJ304N1099	7/1/2020	6/30/2021	181,201.10			162,759.44	(181,201.10)		\$ (18,441.66)		
National School Lunch Program	10.555	201NJ304N1099	7/1/2019	6/30/2020	407,023.79	(26,291.08)		26,291.08					
National School Lunch Program	10.555	211NJ304N1099	7/1/2020	6/30/2021	325,042.47			293,636.97	(325,042.47)		(31,405.50)		
Healthy Hunger Free Kids Program	10.555	201NJ304N1099	7/1/2019	6/30/2020	12,372.75	(621.11)		621.11					
After School Snack Program	10.555	201NJ304N1099	7/1/2019	6/30/2020	18,014.16	(1,130.82)		1,130.82					
After School Snack Program	10.555	211NJ304N1099	7/1/2020	6/30/2021	1,366.08			1,299.84	(1,366.08)		(66.24)		
Summer Food Service Program	10.559	201NJ304N1099	7/1/2019	8/30/2020	250,969.01	(50,377.38)		50,377.38					
Summer Food Service Program	10.559	211NJ304N1099	7/1/2020	8/30/2021	53,786.60			53,786.60	(53,786.60)				
P-EBT Administrative Cost	10.649	202121S900941	7/1/2020	6/30/2021	3,063.00				(3,063.00)		(3,063.00)		
Total Enterprise Fund								\$ (82,432.77)	\$ 650,093.13	\$ (613,784.48)	\$ 6,852.28	\$ (52,976.40)	

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Federal Grantor / Pass - Through Grantor / Program Title	Federal CFDA Number	Federal FAIN Number	Grant Period		Award Amount	Balance, June 30, 2020		Cash Received	Budgetary (Expenditures)	Adjustment	Balance, June 30, 2021		
			From	To		Deferred Revenue/ (Accounts Receivable)	Due to Grantor				Deferred Revenue	(Accounts Receivable)	Due to Grantor
<b>Special Revenue Fund</b>													
<b>U.S. Department of Education</b>													
Passed - Through NJS Department of Education:													
Title I	84.010A	S010A200030	7/1/2019	- 6/30/2020	\$ 959,243.00	\$ (193,347.17)		\$ 193,347.00		\$ 0.17		\$ (0.00)	
Title I	84.010A	S010A210030	7/1/2020	- 6/30/2021	923,790.00			684,192.00	\$ (1,023,000.87)			(336,808.87)	
Title I Reallocated	84.010A	S010A200030	7/1/2019	- 6/30/2020	24,632.00	(7,026.70)		7,027.00		(0.30)		0.00	
Title I Reallocated	84.010A	S010A210030	7/1/2020	- 9/30/2021	45,539.00			21,785.00	(30,949.80)			(9,164.80)	
Title II, Part A	84.367A	S367A200029	7/1/2019	- 6/30/2020	71,842.00	(2,046.34)		2,046.00		0.34		0.00	
Title II, Part A	84.367A	S367A210029	7/1/2020	- 9/30/2021	75,483.00			66,588.00	(78,569.45)			(11,981.45)	
Title III, Part A	84.365A	S365A200030	7/1/2019	- 6/30/2020	49,079.00	(29.80)		30.00		(0.20)		(0.00)	
Title III, Part A	84.365A	S365A210030	7/1/2020	- 9/30/2021	54,755.00			29,784.00	(70,002.91)	0.20		(40,218.71)	
Title IV	84.369	S369A210031	7/1/2020	- 9/30/2021	67,863.00			11,000.00	(11,864.38)			(864.38)	
I.D.E.A. Part B	84.027A	H027A200100	7/1/2019	- 6/30/2020	450,403.00	(23,287.73)		23,288.00		(0.27)		0.00	
I.D.E.A. Part B	84.027A	H027A210100	7/1/2020	- 9/30/2021	474,163.00			382,492.00	(438,634.61)			(56,142.61)	
I.D.E.A. Preschool	84.173	H173A210114	7/1/2020	- 9/30/2021	19,334.00			19,334.00	(19,333.92)	(0.08)		0.00	
21st Century CLC Program	84.287C	S287C200030	7/1/2019	- 6/30/2020	535,000.00	(20,637.46)		99,302.00	(78,464.96)	0.42		0.00	
21st Century CLC Program	84.287C	S287C210030	9/1/2020	- 8/30/2021	535,000.00			271,276.00	(296,095.77)			(24,819.77)	
ESSER II	84.425D	S425D210027	3/13/2020	- 9/30/2022	26,517.00				(26,516.83)			(26,516.83)	
Pandemic Fund	84.425	S425D200027	7/1/2020	- 6/30/2021	24,000.00			12,000.00	(24,000.00)			(12,000.00)	
CARES ESSER I - Grant	84.425D	S425D200027	3/13/2020	- 9/30/2022	739,074.00			694,751.00	(779,345.39)			(84,594.39)	
<b>U.S. Department of Education</b>													
Passed Through State Department of Education													
Non-Public Digital Divide	21.019		7/16/2020	- 10/31/2020	8,728.00			8,728.00	(7,970.32)		\$ 757.68		
Corona Virus Relief Fund	21.019	S425D210027	3/13/2020	- 9/30/2022	206,066.00			206,066.00	(206,066.00)				
<b>Total Special Revenue Fund</b>						\$ (246,575.20)		\$ 2,733,036.00	\$ (3,090,815.41)	\$ 0.28	757.68	\$ (605,112.01)	
<b>Total Federal Financial Assistance</b>						\$ (329,007.97)		\$ 3,557,669.52	\$ (3,664,969.66)	\$ 0.28	\$ 21,780.58	\$ (658,088.41)	

Note 1 amounts rounded up \$1 to complete audsum

**BOARD OF EDUCATION  
BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

State Grantor/ Program Title	Grant or State Project Number	Grant Period		Award Amount	June 30, 2020		Cash Received	Budgetary (Expenditures)	Repayment of Prior Year's Balance	Balance, June 30, 2021		MEMO	
		From	To		Deferred Revenue/ (Accounts Receivable)	Due to Grantor				Deferred Revenue (Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:													
General Fund:													
Categorical Special Education Aid	21-495-034-5120-089	7/1/2020	6/30/2021	\$ 1,438,457.00			\$ 1,438,457.00	\$ (1,438,457.00)			\$ (142,355.00)	\$ (1,438,457.00)	
Equalization Aid	21-495-034-5120-078	7/1/2020	6/30/2021	13,335,216.00			13,335,216.00	(13,335,216.00)			(1,323,240.00)	(13,335,216.00)	
Categorical Security Aid	21-495-034-5120-084	7/1/2020	6/30/2021	739,721.00			739,721.00	(739,721.00)			(73,242.00)	(739,721.00)	
Categorical Transportation Aid	21-495-034-5120-014	7/1/2020	6/30/2021	407,350.00			407,350.00	(407,350.00)			(40,333.00)	(407,350.00)	
Extraordinary Aid	20-100-034-5120-044	7/1/2019	6/30/2020	307,303.00	\$ (307,303.00)		307,303.00						
Extraordinary Aid	21-100-034-5120-044	7/1/2020	6/30/2021	474,877.00				(474,877.00)		\$ (474,877.00)		(474,877.00)	
Non-Public Transportation - Cost Reimbursement	21-495-034-5120-014	7/1/2020	6/30/2021	3,480.00				(3,480.00)		(3,480.00)		(3,480.00)	
Reimbursed T.P.A.F. Social Security													
Contributions (Non Budgeted)	20-495-034-5095-034	7/1/2019	6/30/2020	888,669.78	(44,364.86)		44,364.86						
Contributions (Non Budgeted)	21-495-034-5095-034	7/1/2020	6/30/2021	887,747.00			887,747.00	(887,747.00)				(887,747.00)	
On-Behalf Teacher's Pension and Annuity Fund	21-495-034-5094-002	7/1/2020	6/30/2021	3,080,650.00			3,080,650.00	(3,080,650.00)				(3,080,650.00)	
On-Behalf TPAF - Post Retirement Medical	21-495-034-5094-001	7/1/2020	6/30/2021	965,428.00			965,428.00	(965,428.00)				(965,428.00)	
On-Behalf TPAF - Non-Contributory Insurance	21-495-034-5094-004	7/1/2020	6/30/2021	2,004.00			2,004.00	(2,004.00)				(2,004.00)	
<b>Total General Fund</b>							<b>\$ 21,208,240.86</b>	<b>\$ (21,334,930.00)</b>		<b>\$ (478,357.00)</b>		<b>\$ (1,579,170.00)</b>	<b>\$ (21,334,930.00)</b>

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See Accompanying Notes to Schedules of Financial Assistance.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

State Grantor/ Program Title	Grant or State Project Number	Grant Period		Award Amount	June 30, 2020			Budgetary (Expenditures)	Repayment of Prior Year's Balance	Balance, June 30, 2021		MEMO	
		From	To		Deferred Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received			Deferred Revenue (Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education (Continued):													
Special Revenue Fund:													
N.J. Nonpublic Aid:													
Textbook Aid	20-100-034-5120-064	7/1/2019	6/30/2020	\$ 11,965.00		12.44	\$		(12.44)	\$	-	\$	
Textbook Aid	21-100-034-5120-064	7/1/2020	6/30/2021	12,279.00									(12,262.96)
Nursing Services	20-100-034-5120-070	7/1/2019	6/30/2020	22,019.00		734.12			(734.12)		-		
Nursing Services	21-100-034-5120-070	7/1/2020	6/30/2021	20,502.00									(19,800.82)
Technology	20-100-034-5120-373	7/1/2019	6/30/2020	8,172.00		163.50			(163.50)		-		
Security	20-100-034-5120-509	7/1/2019	6/30/2020	34,050.00		7,344.45			(7,344.45)		-		
Security	21-100-034-5120-509	7/1/2020	6/30/2021	35,175.00									(29,555.00)
Auxiliary Services:													
Compensatory Education	20-100-034-5120-067	7/1/2019	6/30/2020	20,280.00	(2,028.00)	10,675.39	2,028.00		(10,675.39)				
Compensatory Education	21-100-034-5120-067	7/1/2020	6/30/2021	9,580.00			9,580.00						(7,942.69)
English as a Second Language	20-100-034-5120-067	7/1/2019	6/30/2020	16,048.00	(1,734.00)		1,734.00						
English as a Second Language	21-100-034-5120-067	7/1/2020	6/30/2021	16,519.00			16,519.00						(16,519.00)
Handicapped Services:													
Supplemental Instruction	20-100-034-5120-066	7/1/2019	6/30/2020	15,380.00	(1,590.00)		1,580.00						
Supplemental Instruction	21-100-034-5120-066	7/1/2020	6/30/2021	16,999.00			16,999.00						(16,238.09)
Initial Evaluations	20-100-034-5120-066	7/1/2019	6/30/2020	11,697.00	(1,657.00)		1,657.00						
Initial Evaluations	21-100-034-5120-066	7/1/2020	6/30/2021	18,195.00			18,195.00						(7,200.02)
Examination and Classification	20-100-034-5120-066	7/1/2019	6/30/2020	5,958.00	(845.00)		845.00						
Examination and Classification	21-100-034-5120-066	7/1/2020	6/30/2021	6,703.00			6,703.00						(6,703.00)
Corrective Speech	20-100-034-5120-066	7/1/2019	6/30/2020	20,051.00	(2,005.00)		2,005.00						
Corrective Speech	21-100-034-5120-066	7/1/2020	6/30/2021	19,139.00			19,139.00						(17,425.60)
Special Revenue Fund													
N.J. Nonpublic Aid													
Other:													
Preschool Expansion Grant	20-495-034-5120-086	7/1/2019	6/30/2020	1,130,642.00									
Preschool Expansion Grant	21-495-034-5120-086	7/1/2020	6/30/2021	1,127,385.00			1,015,082.00		(1,119,924.23)				(112,303.00) (1,119,924.23)
<b>Total Special Revenue Fund</b>					<b>\$ (9,860.00)</b>	<b>\$ 18,929.90</b>	<b>\$ 1,180,023.00</b>	<b>\$ (1,253,571.43)</b>	<b>\$ (18,929.90)</b>	<b>\$ (21,443.80)</b>	<b>\$</b>	<b>(1,691,473.00)</b>	<b>\$ (1,253,571.43)</b>

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See Accompanying Notes to Schedules of Financial Assistance.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT  
COUNTY OF MONMOUTH  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

State Grantor/ Program Title	Grant or State Project Number	Grant Period		Award Amount	June 30, 2020		Cash Received	Budgetary (Expenditures)	Repayment of Prior Year's Balance	Balance, June 30, 2021		MEMO	
		From	To		Deferred Revenue/ (Accounts Receivable)	Due to Grantor				Deferred Revenue (Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
<b>Enterprise Fund:</b>													
<b>National School Lunch Program</b>													
(State Share)	20-100-010-3350-023	7/1/2019	6/30/2020	\$ 9,972.30	\$ (2,989.56)		\$ 2,989.56	\$	\$			\$	
<b>Total Enterprise Fund</b>					\$ (2,989.56)		\$ 2,989.56	\$	\$			\$	
<b>Capital Projects Fund:</b>													
<b>Expansion of Schools</b>													
PAE/FIS	16-40-070-17-2000	1/1/2017	12/31/2020	\$ 14,797,980.00	\$ (492,191.89)		\$ (15,684.16)		\$ (507,875.85)			\$ (10,915,437.09)	
FLC	16-40-040-17-1000	1/1/2017	12/31/2020	10,593,040.00	(302,527.74)		(6,935.21)		(309,462.95)			(10,466,395.27)	
<b>Total Capital Projects Fund</b>					\$ (5,626,026.38)		\$ (22,619.37)		\$ (817,338.80)			\$ (21,381,832.36)	
<b>Total State Financial Assistance</b>					\$ (5,990,543.60)	\$ 18,929.90	\$ 22,391,253.42	\$ (22,611,120.80)	\$ (18,929.90)	\$ (1,317,139.60)	\$ -	\$ (1,691,473.00)	\$ (43,970,333.79)
<b>Total Budgetary (Expenditures)</b>							\$ (22,611,120.80)						
Less: TPAF on-Behalf													
Pension	21-495-034-5064-002						3,080,650.00						
Medical	21-495-034-5094-001						965,428.00						
Insurance	21-495-034-5094-004						2,004.00						
							\$ (18,563,038.80)						

**BOARD OF EDUCATION**  
**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED JUNE 30, 2021**

**1. GENERAL**

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

**2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this Schedule is presented in accordance with the requirements of Title 2, *US Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and NJOMB 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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



**BOARD OF EDUCATION  
 BOROUGH OF FREEHOLD SCHOOL DISTRICT  
 NOTES TO THE SCHEDULES OF EXPENDITURES OF  
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (CONTINUED)  
 YEAR ENDED JUNE 30, 2021**

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$59,331.20 for the General Fund and a decrease of \$111,545.32 in the Special Revenue Fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following:

	Federal	State	Total
General Fund	\$ 174,540.39	\$ 21,275,599.02	\$ 21,450,139.41
Special Revenue Fund	3,090,818.21	1,142,026.01	4,232,844.22
Debt Service Fund		518,066.00	518,066.00
Food Service Fund	612,940.00		612,940.00
	\$ 3,878,298.60	\$ 22,935,691.03	\$ 26,813,989.63

**4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**5. FEDERAL AND STATE LOANS OUTSTANDING**

The District had no loans outstanding payable to federal or state entities at June 30, 2021.

**6. OTHER**

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

The amount reported as TPAF Pension Contribution and Post Retirement Medical Contributions represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2021. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2021.

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

**7. INDIRECT COSTS**

The District did not use the 10% di minimus indirect cost rate.

**BOARD OF EDUCATION**  
**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

**Financial Statements**

Type of auditor's report issued: Unmodified, dated  
February 25, 2022

Internal control over financial reporting:

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

**Federal Awards**

Internal control over major programs:

1. Material weakness(es) identified? \_\_\_\_\_ yes      x   no
2. Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      x   none reported

Type of auditor's report issued on compliance for major programs: Unmodified, dated  
February 25, 2022

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.010A	Title I Cluster: Title I, Part A, Title I Reallocated
10.553, 10.555 & 10559	National School Lunch Cluster: National School Lunch and Breakfast
84,027A & 84.173	IDEA Cluster: IDEA Regular & IDEA Preschool
84.425D	COVID Cluster: CARES ESSER I, CARES ESSER II

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

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes      X   no



**BOARD OF EDUCATION**  
**BOROUGH OF FREEHOLD SCHOOL DISTRICT**  
**COUNTY OF MONMOUTH**  
**SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS**  
**YEAR ENDED JUNE 30, 2021**

**FOR THE YEAR ENDED JUNE 30, 2020:**

There were no findings for the year ended June 30, 2020.