

SCHOOL DISTRICT
OF
FREEHOLD TOWNSHIP
OF MONMOUTH COUNTY

Freehold Township School District
Freehold, New Jersey

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2021

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Of the

Freehold Township School District
of Monmouth County

Freehold, New Jersey

For the Fiscal Year Ended June 30, 2021

Prepared by

Freehold Township School District
Finance Department

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Freehold Township Schools

Neal Dickstein, Superintendent of Schools

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

ndickstein@freeholdtwp.k12.nj.us

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

January 24, 2022

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

Dear Board Members:

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

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

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

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

Supervising district-wide goals is a Superintendent, School Business Administrator, an Assistant Superintendent of Human Resources, Technology and Support Services, a Director of Curriculum, a Director of Educational Services, a Supervisor of Educational Services and three district-wide curriculum supervisors. The Early Childhood Learning Center has its own principal who also supervises related student services for the district. Four of the five elementary schools has a principal and a supervisor of instruction. The fifth elementary school, the C. Richard Applegate School, has a principal, an assistant principal and a part-time supervisor of instruction as the building houses the majority of our self-contained programs. The two middle schools have a principal and assistant principal.

The Board of Education consists of nine members, each elected to three-year terms. During its meetings and budget workshops the Board determines district goals and priorities and conducts other business. Board meetings are open to the public and begin at 7:30 PM. Budget workshops are also open to the public and begin at 7 PM. For an updated list of dates and times of Board meetings, please see the district website at www.freeholdtwp.k12.nj.us. Due to the COVID-19 pandemic, all of our Board of Education meetings were held virtually until June.

2) ECONOMIC CONDITION AND OUTLOOK: The following reflects the changes in the student enrollment of the District for the current year and the previous five (5) years. The data is from the October 15 Application for State School Aid (ASSA):

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2017-18	3,747	-1.2%
2018-19	3,728	-0.5%
2019-20	3,687	-1.4%
2020-21	3,638	-1.8%
2021-22	3,530	-3.1%
2022-23	3,434	-2.7%

The Freehold Township School District continues to rely heavily on the local tax levy to provide new revenue to support the district's operations. In 2020 - 2021 the tax levy accounted for 91% of the total general fund revenue collected. State aid increased \$75,167 or 1.6%. Extraordinary aid, which supports local costs for the most severe special needs students, increased \$414,136 or 64% as the state funded a larger percentage of the eligible costs.

Other general fund revenues came in approximately \$325,916 lower than expected. \$228,000 was due to a delay in receiving Pay for Performance energy grants for the district's Energy Savings Improvement Plan. The remainder was due to lower enrollment and collections in pre-school revenue, facility rentals and transportation fees. Because of COVID-19 the district made the decision to not rent our facilities for the year and we reduced tuition rates for those typical pre-school students enrolled in our program.

Despite these losses of revenue, expenditures were approximately 7.9% or \$6.2 million less than the original 20-21 budget. \$1.2 million of the savings were from employee benefits, primarily health care. COVID-19 created a great deal of uncertainty for what would be required to bring students and staff back to school in person. The District operated in an atypical fashion with students virtual for part of the year or only in person for a half day. Sports and co-curricular activities were not held until the spring. This change in operations created significant savings in energy costs, transportation costs, salaries, tuition for out of district students, equipment purchases and instructional costs. Additional COVID-19 costs for PPE, protective barriers and additional technology were offset by federal funding through special revenue grants.

The positive financials as of June 30 allowed the district to increase its legal reserve accounts to provide financial assistance in future budgets. The Capital Reserve account was increased by \$3.7 million and the Maintenance Reserve account by \$150,000 million.

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

3) MAJOR INITIATIVES: The Board of Education spent a great amount of time and resources to providing an effective education to students during the COVID-19 pandemic. In person instruction was intermittent. The district spent both local and federal resources to purchased additional chrome books for students and staff. We also spent funds to provide internet services to students that did not have access to it in their homes. Each building was provided a health office assistant that worked with the nurses to manage COIVD positive students and assist with contract tracing. Funds were spent on PPE, hand sanitizer and extra cleaning supplies and equipment. With all families eligible for free breakfast and lunch, the district delivered meals to those families that requested it.

The district continued increasing support for social and emotional learning for all students. These supports were critical during the pandemic as more students suffered from emotional stress during an atypical school year.

The district also continued to improve school security by installing a new digital paging system at the Barkalow Middle School.

The district continues to allocate resources to maintain and improve our school facilities. In 2020 - 2021 the district began the final phase of its Energy Savings Improvement Plan (ESIP). This work will is expected to conclude early in the fall of 2021. The district completed several projects utilizing resources from the general fund. These projects include the following: replacement the wood gym floor at the Barkalow Middle School (\$301,000), replacement the shingle roofs on the kindergarten wings at all five elementary schools (\$378,000) and the installation of a generator at the Transportation Depot (\$122,000). The district also encumbered funds for the repaving and configuring the parking lot at the Errickson Elementary School (\$597,000). \$1.5 million was withdrawn from the capital reserve account for various projects across the district. These included HVAC upgrades, new gas water heaters and HVAC controls. At the end of the fiscal year the district was able to add \$3.7 million to the capital reserve fund, bringing the total to \$10.7 million and \$150,000 to the maintenance reserve, bringing the total to \$3.7 million. These reserve funds will provide funding for future maintenance and capital projects.

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

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

programs. This internal control structure is also subject to periodic evaluation by the District's management.

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

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

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

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

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

8) DEBT ADMINISTRATION: At June 30, 2021, the District's outstanding debt issues included \$31,300,000 of general obligation bonds (Note 9).

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

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

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

combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,

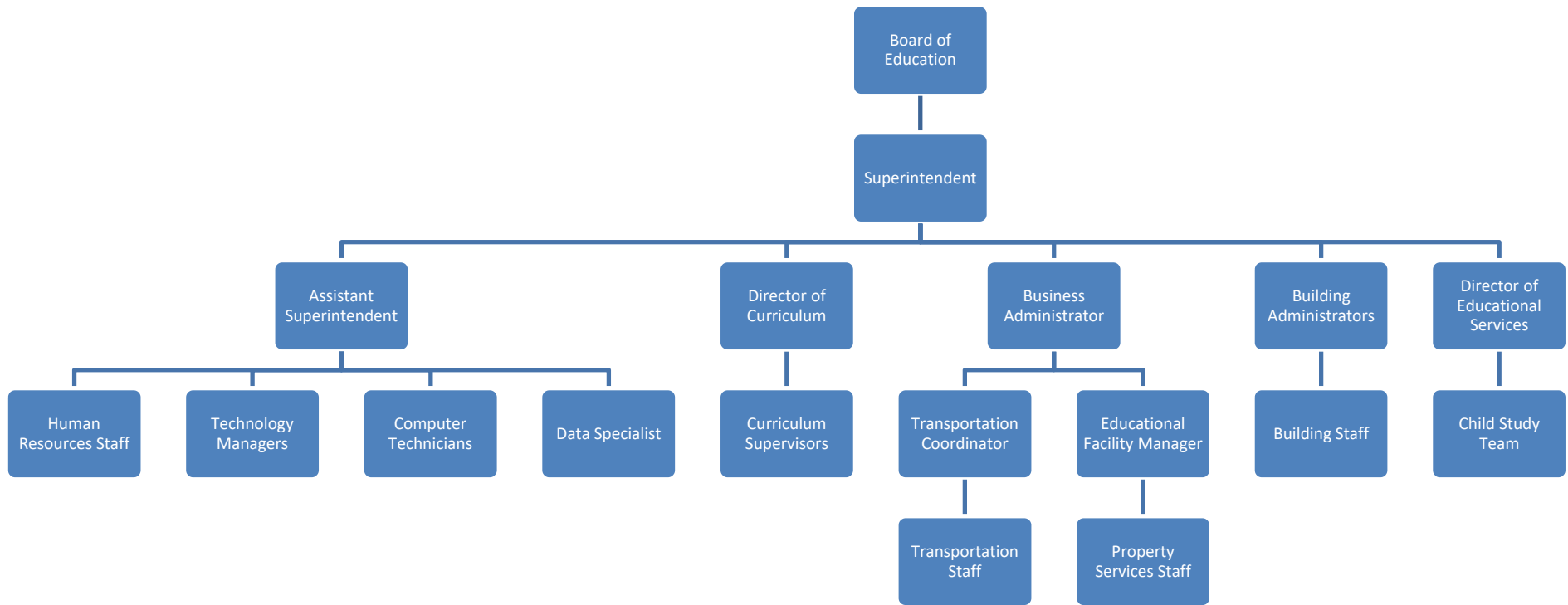


Neal Dickstein
Superintendent of Schools



Robert M. De Vita
Business Administrator/Board Secretary

Freehold Township Schools Organizational Chart 2020 - 2021



Freehold Township School District
Freehold, New Jersey

Roster of Officials
June 30, 2021

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Michelle Lambert, President	2024
Jennifer Patten, Vice President	2023
Kay Poklemba-Holtz	2022
Mary Cozzolino	2022
Meg Thomann	2024
Michael Amoroso	2024
Debra Costanza	2023
Kerry Vendittoli	2022
Elena O'Sullivan	2023

Other Officials

Neal Dickstein, Superintendent

Robert DeVita, Board Secretary/School Business Administrator

Michael Gross, Attorney

Freehold Township School District
Consultants and Advisors

Architect

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

Audit Firm

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

Attorney

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

Official Depositories

Provident Bank
4331 Route 9 North
Freehold, NJ 07728

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report of the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Freehold Township School District in the County of Monmouth, State of New Jersey as of June 30, 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's discussion and analysis and budgetary comparison information, and the schedules related to accounting and reporting for pensions and post-retirement benefits, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Other Information (continued)

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2022 on our consideration of the Freehold Township School District in the County of Monmouth, State of New Jersey internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Freehold Township School District in the County of Monmouth, State of New Jersey internal control over financial reporting and compliance.

Respectfully Submitted,

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



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

January 24, 2022

REQUIRED SUPPLEMENTARY INFORMATION - PART I

Freehold Township School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

The discussion and analysis of Freehold Township School District's financial performance provides an overall review of the School Board's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School Board's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School Board's financial performance.

Financial Highlights

Key financial highlights for June 30, 2021 are as follows:

Net position totaled \$1,259,824, which represents a 122.35 percent increase from June 30, 2020.

General revenues accounted for \$80,762,632 in revenue or 93.21 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$5,882,894 or 6.79 percent of total revenues of \$86,645,526.

Total assets increased by \$4,145,262 as current assets increased by \$3,298,268 and capital assets, net increased by \$846,994. The majority of this increase in current assets is due to an additional \$2,817,670 in cash. Due to the pandemic, the district collected the majority of expected revenues (taxes and state aid) while experiencing significant savings in the areas of transportation, utilities tuition costs, benefits and salaries. The increase in capital assets was due to the completion of several capital projects.

The School Board had \$80,257,304 in expenses; only \$5,882,894 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$80,762,632 were adequate to provide for these programs. The primary source of revenue came from property taxes which represent 91 percent of all revenue.

Among major funds, the General Fund had \$80,814,227 in revenues and \$77,512,046 in expenditures and transfers. The General Fund's balance increased \$3,302,181 over June 30, 2020. The General Fund's balance is \$21,423,041. The increase in fund balance is attributed to savings from our modified operations due to COVID-19. The district experienced significant savings in the areas of transportation, utilities, tuition costs, benefits and salaries.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

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

Reporting the School Board as a Whole

Statement of Net Position and the Statement of Activities

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

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

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

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

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

Reporting the School Board's Most Significant Funds

Fund Financial Statement

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

Governmental Funds

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

Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities.

The School Board as a Whole

The Statement of Net Position provides the financial perspective of the School Board as a whole. Table 1 provides a summary comparison of the School Board's net position for June 30, 2021 and 2020.

Table 1

Net Position as of June 30, 2021 and June 30, 2020

	June 30, 2021			June 30, 2020		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets:						
Current and other assets	\$ 24,501,425	\$ 246,661	\$ 24,748,086	\$ 21,229,056	\$ 220,762	\$ 21,449,818
Capital assets, net	56,008,708	142,611	56,151,319	55,196,825	107,500	55,304,325
Total assets	80,510,133	389,272	80,899,405	76,425,881	328,262	76,754,143
Deferred outflow of resources	4,752,903	-	4,752,903	6,761,210	-	6,761,210
Liabilities:						
Current liabilities	2,043,206	119,950	2,163,156	1,487,365	8,481	1,495,846
Long-term liabilities outstanding	64,127,588	-	64,127,588	70,920,759	-	70,920,759
Total liabilities	66,170,794	119,950	66,290,744	72,408,124	8,481	72,416,605
Deferred inflow of resources	18,101,740	-	18,101,740	16,734,795	-	16,734,795
Net position:						
Net investment in capital assets	10,900,543	142,611	11,043,154	7,560,035	107,500	7,667,535
Restricted	18,593,047	-	18,593,047	16,766,939	-	16,766,939
Unrestricted	(28,503,088)	126,711	(28,376,377)	(30,282,802)	212,281	(30,070,521)
Total Net Position	\$ 990,502	\$ 269,322	\$ 1,259,824	\$ (5,955,828)	\$ 319,781	\$ (5,636,047)

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

The School Board's combined net position was \$1,259,824 on June 30, 2021. This is a change of 122.35 percent from the previous year. As previously discussed, the increase in total net position was due to a significant increase in cash in the amount of \$2,817,670.

Table 2 provides a comparison analysis of School Board's changes in net position from fiscal years June 30, 2021 and 2020.

Table 2

Changes in Net Position

	June 30, 2021			June 30, 2020		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues						
Program revenues:						
Charges for services	\$ 505,609	\$ 2,252	\$ 507,861	\$ 833,678	\$ 481,985	\$ 1,315,663
Operating and capital grants and contributions	4,844,571	530,462	5,375,033	4,540,906	256,246	4,797,152
General revenues:						
Property taxes	72,866,706	-	72,866,706	71,438,228	-	71,438,228
Federal and state aid	7,541,112	-	7,541,112	6,724,283	-	6,724,283
Investment earnings	141,955	-	141,955	155,066	-	155,066
Miscellaneous	212,859	-	212,859	346,138	-	346,138
Total revenues	86,112,812	532,714	86,645,526	84,038,299	738,231	84,776,530
Expenses						
Instructional services	31,424,890	-	31,424,890	30,949,904	-	30,949,904
Support services	47,001,046	583,173	47,584,219	43,773,354	687,680	44,461,034
Interest on long-term liabilities	1,248,195	-	1,248,195	1,403,070	-	1,403,070
Total expenses	79,674,131	583,173	80,257,304	76,126,328	687,680	76,814,008
Change in net position	6,438,681	(50,459)	6,388,222	7,911,971	50,551	7,962,522
Net position(deficit) - beginning	(5,955,828)	319,781	(5,636,047)	(13,867,799)	269,230	(13,598,569)
Prior period adjustment	507,649	-	507,649	-	-	-
Net position - beginning restated	\$ (5,448,179)	\$ 319,781	\$ (5,128,398)	\$ (13,867,799)	\$ 269,230	\$ (13,598,569)
Net position (deficit) - ending	\$ 990,502	\$ 269,322	\$ 1,259,824	\$ (5,955,828)	\$ 319,781	\$ (5,636,047)

Total revenues increased by \$1,868,996 or 2.20 percent. \$1,428,478 or 76.43 percent of the total revenue increase was due to the tax levy increase. The tax levy increase was necessary to cover increased costs in salaries and benefits, utilities, the debt service and capital improvements. Property taxes are the majority of total revenues and account for 84.10 percent. Federal and State aid increased by \$816,829 due to increases in state aid, including extraordinary aid, and federal grants. Grants and contributions also increased by \$577,881 primarily due to an \$274,216 increase in food service reimbursements as the district joined the Seamless Summer Option that was offered due to Covid-19. These gains in revenue were offset to some degree by decreases in charges for services \$807,802 and miscellaneous revenue \$133,279.

Total expenses increased \$3,443,296 or 4.48 percent. The majority of this was due to an increase in support services of \$3,031,706.

The combination of the increase in total revenues and in expenses lead to an increase of the net position by \$6,388,222 or 122.35 percent.

Expenses for Fiscal Year June 30, 2021

Business-Type Activities

Revenues for the District's business-type activities (food service program) were comprised of charges for services and reimbursement from the State and Federal government for participation in the National School Lunch Program. For the year, total Enterprise Fund expenses exceeded revenues by \$50,459.

Charges for services represent \$2,252 of revenue. This represents the amount paid by patrons for daily food service. Operating revenue decreased by \$479,733 or 99.53 percent from June 30, 2020. Operating expenses decreased by \$104,507 or 15 percent. Because of the COVID-19 pandemic, the district delivered breakfast and lunch to all families that qualified for free and reduced meals. All other families could opt to pick up the free lunch and breakfast several times a week. The lack of in person and ala carte sales led to reduced revenues despite receiving more federal and state reimbursements for participating in the Seamless Summer Option (SSO). The reduction in meals served led to a reduction in expenses, particularly in the area of food service salaries.

Federal and state reimbursements for meals, including interest, payments for free and reduced lunches and donated commodities was \$530,462. These reimbursements decreased by \$(274,216) or (107.01) percent from June 30, 2020. As less meals were served during the shutdown, the District qualified for less federal and state reimbursements.

Governmental Activities

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

Table 3

Governmental Activities

	2021		2020	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$ 31,424,890	\$ 30,920,496	\$ 30,949,904	\$ 30,165,825
Support Services:				
Pupils and Instructional Staff	14,375,477	9,530,906	13,790,392	9,249,486
General Administration, School Administration, Business Operation and Maintenance of Facilities	28,972,075	28,972,075	26,506,534	26,506,534
Pupil Transportation	3,653,494	3,652,279	3,476,428	3,426,829
Interest and Fiscal Charges	<u>1,248,195</u>	<u>1,248,195</u>	<u>1,403,070</u>	<u>1,403,070</u>
Total Expenses	<u>\$ 79,674,131</u>	<u>\$ 74,323,951</u>	<u>\$ 76,126,328</u>	<u>\$ 70,751,744</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities. The District was able to offset those costs by \$504,394 in 2021 which was a 35.67 percent decrease from the prior year. The revenues to offset the expenses come from tuition charged to other LEAs for special education programs, residents for the half-day preschool program and staff that live outside of the Township for tuition to bring their children to school in the District. The lack of full day, in person learning for the year caused the district to offer pre-school at a reduced rate. Enrollment decreased as well due to the pandemic.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development. The District was able to offset those expenses by \$4,844,571 in 2021 which was a 6.69 percent increase from the prior year. The revenues to offset the expenses represent money that the State pays on behalf of the District for FICA and pension costs for employees enrolled in the TPAF pension system.

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

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

Pupil transportation includes activities involved with the conveyance of students to and from school, to school curricular and athletic activities and field trips as provided by state law. The District was able to offset these costs by \$1,215 in 2021 which was a 97.55 percent decrease from the prior year. The revenues to offset the expenses decreased significantly as the district no longer provides transportation services to the Freehold Borough Board of Education and very few parents paid for transportation to the pre-school.

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

The School Board's Funds

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

As the School Board completed the fiscal year ended June 30, 2021, it reported a combined fund balance of \$22,458,219, which is an increase of \$2,716,528. The increase is due to annual revenues being greater than actual expenditures in 2020 - 2021. The Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds, Exhibit B2, presents the reader with a detailed explanation of the increase in fund balance for the fiscal year.

The following schedule presents a summary of General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund revenues for the fiscal year ended June 30, 2021. The increase in Local Sources is due primarily to the tax levy increase of \$1,428,478. The increase in funding from State Sources is due primarily to an increase in Extraordinary Aid and other reimbursements.. Federal Sources increased due to additional funding for Federal Grants.

<u>Revenue</u>	<u>2021 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2020</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 73,727,129	85.62 %	\$ 954,019	1.31 %
State Sources	10,593,479	12.30	697,147	7.04
Federal Sources	1,792,204	2.08	423,347	30.93
Total	<u>\$ 86,112,812</u>	<u>100.00 %</u>	<u>\$ 2,074,513</u>	<u>2.47 %</u>

The following schedule presents a summary of General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2021. Undistributed expenditures increased primarily due to a \$2,032,441 increase in unallocated benefits. Capital outlay decreased due to fewer equipment purchases and capital improvement funded through the general fund budget.

<u>Expenditures</u>	<u>2021 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2020</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expenditures:				
Instruction	\$ 31,424,890	37.46 %	\$ 474,986	1.53 %
Undistributed Expenditures	45,484,903	54.21	2,864,399	6.72
Capital Outlay	3,423,815	4.08	(3,244,899)	(48.66)
Debt Service:				
Principal	2,000,000	2.38	155,000	8.40
Interest	<u>1,570,325</u>	<u>1.87</u>	<u>(85,875)</u>	<u>(5.19)</u>
Total	<u>\$ 83,903,933</u>	<u>100.00 %</u>	<u>\$ 163,611</u>	<u>0.20 %</u>

General Fund Budgeting Highlights

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

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

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

The General Fund finished the fiscal year approximately \$9,309,439 better than had been budgeted in terms of expenditures. The COVID19 pandemic did not allow the district to run a typical full-day schedule. This, and other factors, allowed the district to achieve savings in energy, transportation, tuition costs, health care and salaries. Revenuewise, the General Fund fared about \$116,117 less than expected. The decrease was primarily caused by changes to our operations due to COVID-19. The district did not rent its facilities and thus did not collect an expected \$91,170. \$145,013 was due to enrolling less tuition students for pre-school than expected. Miscellaneous revenue was also \$280,159 less than expected due to a \$192,000 delay in receiving Pay for Performance energy grants for the district's Energy Savings Improvement Plan. These decreases in revenue were offset by increases in Extraordinary Aid, tuition from other LEAs and interest income.

Both revenues and expenditures amounts have been adjusted for the non-budgeted amounts reflected in the comparison schedule for reimbursed TPAF social security contributions and on behalf TPAF postretirement medical contributions

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

Excess Surplus - Designated for Subsequent Year	
Expenditures	\$ 22,156
Capital Reserve	10,689,194
Maintenance Reserve	3,781,388
Emergency Reserve	798,590
Unemployment Claims	500,394

These restricted reserves are regulated as to their use by the State of New Jersey. Therefore, the Board places funds in the reserves in combination with the future financial needs of the District.

Capital Assets and Debt Administration

Capital Assets. At the end of the fiscal year June 30, 2021, the School Board had \$56,151,319 invested in land, buildings, and machinery and equipment.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2021 and June 30, 2020

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 2,117,793	\$ 2,117,793	\$ -	\$ -	\$ 2,117,793	\$ 2,117,793
Construction in Progress	2,755,948	3,844,437	-	-	2,755,948	3,844,437
Building and Improvements	47,276,516	45,597,497	-	-	47,276,516	45,597,497
Machinery and Equipment	3,858,451	3,637,098	142,611	107,500	4,001,062	3,744,598
Total	\$ 56,008,708	\$ 55,196,825	\$ 142,611	\$ 107,500	\$ 56,151,319	\$ 55,304,325

During the current fiscal year, \$7,075,131 of capital assets were capitalized as additions. Increases in capital assets were offset by depreciation expense for the year.

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

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Bonds Payable (net)	\$ 31,300,000	\$ 33,300,000
Capital Leases payable	8,067,566	8,274,061
Pension Liability-PERS	22,709,334	27,355,024
Compensated Absences payable	<u>2,050,688</u>	<u>1,991,674</u>
Total long-term liabilities	\$ <u>64,127,588</u>	\$ <u>70,920,759</u>

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

Economic Factors and Next Year's Budget

For the 2020-2021 school year, the School Board was able to sustain its budget through the local tax levy, state education aid and local revenue sources. Approximately 14.38% of the School Board's revenue is from federal, state and other aid (restricted and not restricted), while 85.62% of total revenue is from local sources.

The \$(28,503,088) in unrestricted net position for all governmental activities represents the accumulated results of all past years' operations. It means that if the School Board had to pay off all bills today, including all of the School Board's non-capital liabilities (compensated absences, etc.), the School Board would owe this value to debtors.

The 2020-2021 budget was, as discussed previously, impacted by the COVID-19 pandemic. Total expenditures were less than expected for health care, energy, transportation and substitute salaries due to the District going all virtual from March 13 through June 30. The District also received less revenue for SEMI, tuition and facility use due to the shut down and inability to provide the services that would generate revenue.

The 2021-2022 budget was adopted in April of 2021, only a month into the pandemic. By May the Board of Education recognized that they would have to alter planned expenditures to account for the new reality and requirements of operating a school during the pandemic. This included not filling budgeted positions that were not required to deliver instruction, lease purchasing buses versus buying them outright and using savings from not providing budgeted services in the summer (hiring painters, summer custodians and providing transportation for the ESY program) for PPE and other staff to safely operate schools in September.

Contacting the School Board's Financial Management

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

BASIC FINANCIAL STATEMENTS

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
June 30, 2021

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 22,560,543	\$ 142,039	\$ 22,702,582
Receivables - other	27,340	-	27,340
Receivables - state	1,207,306	3,786	1,211,092
Receivables - federal	328,343	81,213	409,556
Inventory	-	19,623	19,623
Due from other funds	15	-	15
Prepaid expenses	377,878	-	377,878
Capital assets, non-depreciable	4,873,741	-	4,873,741
Capital assets, depreciable, net:	51,134,967	142,611	51,277,578
Total assets	<u>80,510,133</u>	<u>389,272</u>	<u>80,899,405</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - PERS	4,360,479	-	4,360,479
Deferred charge on refunding	392,424	-	392,424
Total deferred outflows of resources	<u>4,752,903</u>	<u>-</u>	<u>4,752,903</u>
LIABILITIES			
Accounts payable	314,684	119,935	434,619
Other liabilities	1,529,625	-	1,529,625
Due to other funds	-	15	15
Unearned revenue	198,897	-	198,897
Noncurrent liabilities:			
Due within one year	-	-	-
Due beyond one year	64,127,588	-	64,127,588
Total liabilities	<u>66,170,794</u>	<u>119,950</u>	<u>66,290,744</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - PERS	11,968,717	-	11,968,717
Deferred premium on refunding	6,133,023	-	6,133,023
Total deferred inflows of resources	<u>18,101,740</u>	<u>-</u>	<u>18,101,740</u>
NET POSITION			
Net investment in capital assets	10,900,543	142,611	11,043,154
Restricted for:			
Debt service	-	-	-
Capital projects	11,712,933	-	11,712,933
Other purposes	6,880,114	-	6,880,114
Unrestricted	(28,503,088)	126,711	(28,376,377)
Total net position	<u>\$ 990,502</u>	<u>\$ 269,322</u>	<u>\$ 1,259,824</u>

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Current:							
Regular instruction	\$ 20,856,881	\$ 504,394	-	\$ -	\$ (20,352,487)	\$ -	\$ (20,352,487)
Special schools instruction	9,229,947	-	-	-	(9,229,947)	-	(9,229,947)
Other special instruction	1,338,062	-	-	-	(1,338,062)	-	(1,338,062)
Support services and undistributed costs:							
Instruction	722,318	-	-	-	(722,318)	-	(722,318)
Health services	809,960	-	-	-	(809,960)	-	(809,960)
Other support services	7,273,228	-	-	-	(7,273,228)	-	(7,273,228)
Educational media services	557,722	-	-	-	(557,722)	-	(557,722)
Instruction staff training	167,678	-	-	-	(167,678)	-	(167,678)
General administrative services	1,088,885	-	-	-	(1,088,885)	-	(1,088,885)
School administrative services	2,577,420	-	-	-	(2,577,420)	-	(2,577,420)
Central services	831,640	-	-	-	(831,640)	-	(831,640)
Admin info technology	923,401	-	-	-	(923,401)	-	(923,401)
Allowed maintenance for school facilities	1,153,665	-	-	-	(1,153,665)	-	(1,153,665)
Other operation & maintenance of plant	6,307,454	-	-	-	(6,307,454)	-	(6,307,454)
Care and upkeep of grounds	263,275	-	-	-	(263,275)	-	(263,275)
Security	140,084	-	-	-	(140,084)	-	(140,084)
Student transportation services	3,653,494	1,215	-	-	(3,652,279)	-	(3,652,279)
Allocated employee benefits	141,367	-	-	-	(141,367)	-	(141,367)
Unallocated employee benefits	15,472,723	-	-	-	(15,472,723)	-	(15,472,723)
Non-budgeted expenses	4,844,571	-	4,844,571	-	-	-	-
Transfer to Charter school	72,161	-	-	-	(72,161)	-	(72,161)
Interest expense	1,248,195	-	-	-	(1,248,195)	-	(1,248,195)
Total governmental activities	<u>79,674,131</u>	<u>505,609</u>	<u>4,844,571</u>	<u>-</u>	<u>(74,323,951)</u>	<u>-</u>	<u>(74,323,951)</u>
Business-type activities:							
Food service	583,173	2,252	530,462	-	-	(50,459)	(50,459)
Total business-type activities	<u>583,173</u>	<u>2,252</u>	<u>530,462</u>	<u>-</u>	<u>-</u>	<u>(50,459)</u>	<u>(50,459)</u>
Total primary government	<u>\$ 80,257,304</u>	<u>\$ 507,861</u>	<u>5,375,033</u>	<u>\$ -</u>	<u>\$ (74,323,951)</u>	<u>\$ (50,459)</u>	<u>\$ (74,374,410)</u>
General revenues:							
Taxes:							
Property taxes levied for general purpose					69,334,846	-	69,334,846
Taxes levied for debt service					3,531,860	-	3,531,860
Federal and state aid - not restricted					5,703,656	-	5,703,656
Federal and state aid -restricted					131,650	-	131,650
State aid - restricted					1,705,806	-	1,705,806
Miscellaneous income					212,859	-	212,859
Investment earnings - restricted					141,955	-	141,955
Total general revenues					<u>80,762,632</u>	<u>-</u>	<u>80,762,632</u>
Change in net position					6,438,681	(50,459)	6,388,222
Net position, July 1					(5,955,828)	319,781	(5,636,047)
Prior Period Adjustments					507,649	-	507,649
Net position, July 1 (Restated)					(5,448,179)	319,781	(5,128,398)
Net position—ending					<u>\$ 990,502</u>	<u>\$ 269,322</u>	<u>\$ 1,259,824</u>

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
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>
ASSETS					
Cash and cash equivalents	\$ 10,978,770	\$ (131,160)	\$ 1,023,739	\$ -	\$ 11,871,349
Capital reserve	10,689,194	-	-	-	10,689,194
Receivables, net	27,293	47	-	-	27,340
Due from other funds	15	-	-	-	15
Receivables - State	1,207,306	-	-	-	1,207,306
Receivables - Federal	-	328,343	-	-	328,343
Prepaid expenses	377,878	-	-	-	377,878
Total assets	<u>\$ 23,280,456</u>	<u>\$ 197,230</u>	<u>\$ 1,023,739</u>	<u>\$ -</u>	<u>\$ 24,501,425</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 306,204	\$ 8,480	\$ -	\$ -	\$ 314,684
Payroll deductions and withholdings payable	446,578	-	-	-	446,578
Other liabilities	1,083,000	-	-	-	1,083,000
Unearned revenue	21,633	177,264	-	-	198,897
Due to grantor	-	47	-	-	47
Total liabilities	<u>1,857,415</u>	<u>185,791</u>	<u>-</u>	<u>-</u>	<u>2,043,206</u>
Fund Balances:					
Restricted for:					
Capital reserve account	10,689,194	-	-	-	10,689,194
Maintenance reserve account	3,781,388	-	-	-	3,781,388
Emergency reserve account	798,590	-	-	-	798,590
Unemployment compensation	500,394	-	-	-	500,394
Student activities	-	11,439	-	-	11,439
Excess surplus	-	-	-	-	-
Excess surplus -- designated for subsequent year's expenditures	22,156	-	-	-	22,156
Committed to:					
Other purposes	-	-	-	-	-
Debt service fund	-	-	-	-	-
Capital projects fund	-	-	1,023,739	-	1,023,739
Assigned to:					
Other purposes	2,277,980	-	-	-	2,277,980
Designated by the BOE for subsequent year's expenditures	2,000,000	-	-	-	2,000,000
Unassigned to:					
General fund	1,353,339	-	-	-	1,353,339
Total Fund balances	<u>21,423,041</u>	<u>11,439</u>	<u>1,023,739</u>	<u>-</u>	<u>22,458,219</u>
Total liabilities and fund balances	<u>\$ 23,280,456</u>	<u>\$ 197,230</u>	<u>\$ 1,023,739</u>	<u>\$ -</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets are \$118,897,301, and the accumulated depreciation is \$62,888,593.	56,008,708
Deferred outflows related to the PERS pension plan	4,360,479
Deferred inflows related to the PERS pension plan	(11,968,717)
Bond issuance costs are being amortized over the life of the related bonds. The amortization is not recorded in the funds. The original costs were \$888,390.	392,424
Bond premium is being amortized over the life of the related bonds. The amortization is not recorded in the funds. The original costs were \$7,618,957.	(6,133,023)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(64,127,588)
Net position of governmental activities	<u>\$ 990,502</u>

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	GAAP Total Governmental Funds
REVENUES					
Local sources:					
Local tax levy	\$ 69,334,846	\$ -	\$ -	\$ 3,531,860	\$ 72,866,706
Tuition charges	504,394	-	-	-	504,394
Interest on investments	88,819	-	394	-	89,213
Interest earned on capital reserve funds	51,745	-	-	-	51,745
Interest earned on unemployment	997 *	-	-	-	997
Transportation fees	1,215	-	-	-	1,215
Rents and royalties	-	-	-	-	-
Miscellaneous	152,334	60,525 **	-	-	212,859
Total - Local Sources	<u>70,134,350</u>	<u>60,525</u>	<u>394</u>	<u>3,531,860</u>	<u>73,727,129</u>
State sources	10,548,227	6,786	-	38,466	10,593,479
Federal sources	131,650	1,660,554	-	-	1,792,204
Total revenues	<u>\$ 80,814,227</u>	<u>\$ 1,727,865</u>	<u>\$ 394</u>	<u>\$ 3,570,326</u>	<u>\$ 86,112,812</u>
EXPENDITURES					
Current:					
Regular instruction	\$ 19,623,787	\$ 1,233,094	\$ -	\$ -	\$ 20,856,881
Special education instruction	9,229,947	-	-	-	9,229,947
Other special instruction	1,338,062	-	-	-	1,338,062
Undistributed - current:					
Instruction	722,318	-	-	-	722,318
Health services	809,960	-	-	-	809,960
Other support services	6,776,604	496,624	-	-	7,273,228
Educational media services	557,722	-	-	-	557,722
Instruction staff training	167,678	-	-	-	167,678
General administrative services	1,088,885	-	-	-	1,088,885
School administrative services	2,577,420	-	-	-	2,577,420
Allowed maintenance for school facilities	1,153,665	-	-	-	1,153,665
Other operation & maintenance of plant	3,902,017	-	-	-	3,902,017
Care and upkeep of grounds	263,275	-	-	-	263,275
Security	140,084	-	-	-	140,084
Student transportation services	3,653,494	-	-	-	3,653,494
Central services	831,640	-	-	-	831,640
Admin info technology	923,401	-	-	-	923,401
Allocated employee benefits	141,367	-	-	-	141,367
Unallocated employee benefits	16,362,017	-	-	-	16,362,017
Non-budgeted expenditures	4,844,571	-	-	-	4,844,571
Transfer to charter school	72,161	-	-	-	72,161
Debt service:					
Principal	-	-	-	2,000,000	2,000,000
Interest and other charges	-	-	-	1,570,325	1,570,325
Capital outlay	2,331,971	-	1,091,844	-	3,423,815
Total expenditures	<u>77,512,046</u>	<u>1,729,718</u>	<u>1,091,844</u>	<u>3,570,325</u>	<u>83,903,933</u>
Excess (Deficiency) of revenues over expenditures	<u>3,302,181</u>	<u>(1,853)</u>	<u>(1,091,450)</u>	<u>1</u>	<u>2,208,879</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	3,302,181	(1,853)	(1,091,450)	1	2,208,879
Fund balance—July 1	17,626,503	-	2,115,189	(1)	19,741,691
Prior period adjustments	494,357 ****	13,292 *****	-	-	507,649
Fund balance—July 1, restated	<u>18,120,860</u>	<u>13,292</u>	<u>2,115,189</u>	<u>(1)</u>	<u>20,249,340</u>
Fund balance—June 30	<u>\$ 21,423,041</u>	<u>\$ 11,439</u>	<u>\$ 1,023,739</u>	<u>\$ -</u>	<u>\$ 22,458,219</u>

* Includes interest earnings on the unemployment compensation bank account.
 ** Special revenue fund now includes revenues from student activities.
 *** Special revenue fund now includes expenditures from student activities.
 **** Unemployment fund net position as of June 30, 2020.
 ***** Student activity fund net position as of June 30, 2020.

**FREEHOLD TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2021**

Total net change in fund balances - governmental funds (from B-2) \$ 2,208,879

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

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

	Depreciation expense	(3,203,665)	
	Capital outlays	<u>4,017,927</u>	814,262

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

	Accumulated depreciation on capital assets sold or retired during the fiscal year ended June 30, 2021	694,285	
	Cost basis of capital assets sold or retired during the fiscal year ended June 30, 2021	<u>(696,664)</u>	(2,379)

In the Statement of Activities, the PERS pension expense is the amount paid plus net change in the Deferred Outflows, Deferred Inflows and pension liability as reported by the State of New Jersey 948,308

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 2,000,000

In the Statement of Activities, the amortization of bond issuance costs is recorded as interest expense . In the governmental funds, the amortization is not recorded. (64,045)

Capital leases are an other financing source in the Governmental Funds; however, the acquisition increases long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities. (860,000)

In the Statement of Activities, the amortization of bond premium is recorded as a reduction to interest expense . In the governmental funds, the amortization is not recorded. 386,175

In the Statement of Activities, the principal payments on capital leases are recorded as a reduction in the long-term liability. In the governmental funds, the payments are an expenditure. (Amount is net of payments included in capital outlay) 1,066,495

In the statement of activities, certain operating expenses, e.g., compensated absences (sick leave) and special termination benefits (early retirement incentive) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used, essentially, the amounts actually paid. (59,014)

Change in net position of governmental activities \$ 6,438,681

Freehold Township School District
Statement of Net Position
Proprietary Funds
June 30, 2021

		Business-type Activities - Enterprise Funds
		Food Service
ASSETS		
Current assets:		
Cash and cash equivalents	\$	142,039
Accounts receivable - State		3,786
Account receivable - Federal		81,213
Inventories		19,623
Total current assets		246,661
Noncurrent assets:		
Furniture, machinery & equipment		636,771
Less accumulated depreciation		(494,160)
Total noncurrent assets		142,611
Total assets	\$	389,272
LIABILITIES		
Current liabilities:		
Accounts payable	\$	119,935
Interfund payable		15
Total current liabilities		119,950
NET POSITION		
Investment in capital assets		142,611
Unrestricted		126,711
Total net position		269,322
Total liabilities and net position	\$	389,272

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	Business-type Activities - Enterprise Fund	
	Fixed Price Contract (B)	Food Service
Operating revenues:		
Charges for services:		
Daily sales - reimbursable programs	\$ 2,252	\$ 2,252
Daily sales - non-reimbursable programs	-	-
Miscellaneous	-	-
Total operating revenues	2,252	2,252
Operating expenses:		
Cost of sales-Non-Program (non-reimbursable program) Meals	526,068	526,068
Salaries	12,953	12,953
Purchased property service	-	-
Purchased Services (Including Fixed Price Contract)	-	-
General supplies	30,653	30,653
Depreciation	13,499	13,499
Total Operating Expenses	583,173	583,173
Operating income (loss)	(580,921)	(580,921)
Nonoperating revenues (expenses):		
State sources:		
State school lunch program	18,434	18,434
State school breakfast program	2	2
Federal sources:		
National school lunch program	6,325	6,325
National school breakfast program	172	172
Summer food service program for children	451,782	451,782
Food distribution program	53,747	53,747
Total nonoperating revenues (expenses)	530,462	530,462
Change in net position	(50,459)	(50,459)
Total net position—beginning	319,781	319,781
Total net position—ending	\$ 269,322	\$ 269,322

See accompanying notes to financial statements.

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Food Service
Cash Flows from Operating Activities:	
Receipts from customers and other funds	\$ 2,252
Payments to employees	(12,953)
Payments to management company	(360,822)
Payments to suppliers	(30,683)
Net cash provided by (used in) operating activities	(402,206)
Cash Flows from Noncapital Financing Activities	
State sources	14,781
Federal sources	385,334
Net cash provided by (used in) noncapital financing activities	400,115
Cash Flows from Capital and Related Financing Activities	
Purchases of capital assets	(48,610)
Net cash provided by (used in) capital and related financing activities	(48,610)
Net increase (decrease) in cash and cash equivalents	(50,701)
Balances-beginning of the year	192,740
Balances-end of the year	\$ 142,039
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (580,921)
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:	
Depreciation	13,499
Federal commodities	53,747
Change in assets and liabilities:	
(Increase) decrease in interfund receivable	(30)
(Increase) decrease in accounts receivable	-
(Increase) decrease in inventory	-
Increase (decrease) in accounts payable	111,499
Total adjustments	178,715
Net cash provided by (used in) operating activities	\$ (402,206)

See accompanying notes to financial statements.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

1. Summary of Significant Accounting Policies

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

A. Reporting Entity:

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

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

B. Basis of Presentation

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

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

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

B. Basis of Presentation(Cont'd)

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

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

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

The District reports the following governmental funds:

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

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

B. Basis of Presentation (Cont'd)

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

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

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

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

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

The District reports the following proprietary fund:

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

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

B. Basis of Presentation (Cont'd)

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

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

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

Additionally, the District reports the following fund type:

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

Basis of Accounting

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

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

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

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

B. Basis of Presentation (Cont'd)

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

C. Property Taxes

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

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office and are not voted upon in the annual school election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C 6A:23:23-16.2(f).

All budget amendments/transfers must be approved by School Board resolution. Budget amendments during the year ended June 30, 2021 were insignificant.

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

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

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

E. Encumbrances

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

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

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

F. Cash, Cash Equivalents and Investments

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

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

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

G. Tuition Receivable

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

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

H. Tuition Payable

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

I. Inventories and Prepaid Expenses

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

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

J. Short-Term Interfund Receivables/Payables

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

K. Capital Assets

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

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

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

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

K. Capital Assets (Cont'd)

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

L. Compensated Absences

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

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

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

M. Unearned Revenue

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

N. Accrued Liabilities and Long-Term Obligations

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

O. Deferred Outflows/Inflows of Resources

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

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

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

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

P. Net Position

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

Q. Fund Balance Reserves

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

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

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

R. Revenues - Exchange and Non-exchange Transactions

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

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

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

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

S. Operating Revenues and Expenses

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

T. Management Estimates

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

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

U. GASB Pronouncements

Recently Issued Accounting Pronouncements to be implemented in future years

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

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

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

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

U. GASB Pronouncements (Cont'd)

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

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

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

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

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

U. GASB Pronouncements (Cont'd)

Statement No. 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. Objectives 1 and 2 above are effective immediately. Objective 3 is effective for reporting periods beginning after June 15, 2021. Management has not yet determined the potential impact on the School District's financial statements.

2. Cash and Cash Equivalents and Investments

Operating cash, in the form of Negotiable Order of Withdrawal ("NOW") accounts, is held in the District's name by a commercial banking institution. At June 30, 2021, the carrying amount of the District's deposits was \$22,702,582 and the bank balance was \$23,190,520. Of the bank balance, \$500,000 was insured with Federal Deposit Insurance.

Pursuant to Government Accounting Standards, the District's NOW accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2021, all of the District's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The District does not have a policy for custodial credit risk.

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

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

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

3. Investments

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

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

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

In order to maximize liquidity, the District utilized the New Jersey Cash Management Fund ("NJCMF") as its sole investment. The NJCMF is administered by the New Jersey Department of Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments. These investments include: Treasuries, short-term Commercial Paper, U.S. Agency Bonds, Corporate Bonds, and investment rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty. At June 30, 2021, the District's balance was \$-.

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

3. Investments (Cont'd)

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

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

4. Capital Reserve Account

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

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

The activity of the Capital Reserve for the July 01, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance	\$ 7,927,561
Interest Earned	51,745
Deposits	
Approved at June 2021 Meeting	3,700,000
Budgeted	561,609
Withdrawals	<u>(1,551,721)</u>
Ending Balance	<u>\$ 10,689,194</u>

The June 30, 2021 LRFP balance of local support costs of uncompleted capital projects is \$14,812,359.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

5. Maintenance Reserve Account

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

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

The balance in the maintenance reserve does not exceed four percent of the replacement cost of the school district's school facilities for the current year at June 30, 2021.

The activity of the Maintenance Reserve for the June 30, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance	\$ 3,757,707
Add:	
Interest Earned	23,681
Deposits	
Approved at June 2021 Meeting	150,000
Less:	
Budgeted transfer out	(150,000)
Ending Balance	<u>\$ 3,781,388</u>

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

6. Emergency Reserve Account

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

The activity of the Emergency Reserve for the June 30, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance	\$ 791,578
Add:	
Interest Earned	7,012
Deposits	
Approved at June 2021 Meeting	-
Ending Balance	<u><u>\$ 798,590</u></u>

7. Receivables

Receivables at June 30, 2021, consisted of accounts (rent and tuition), accrued interest, interfund, intergovernmental, and property taxes. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	District-Wide Financial Statements
State Aid	\$ 1,207,306	\$ 1,211,092
Federal Aid	328,343	409,556
Interfunds	15	15
Other	<u>27,340</u>	<u>27,340</u>
Gross Receivables	1,563,004	1,648,003
Allowance for Uncollectible	-	-
Total Receivables, Net	<u><u>\$ 1,563,004</u></u>	<u><u>\$ 1,648,003</u></u>

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

8. Capital Assets

Capital Assets consisted of the following at June 30, 2021.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 2,117,793	\$ -	\$ -	\$ 2,117,793
Construction in Progress	<u>3,844,437</u>	<u>1,920,105</u>	<u>(3,008,594)</u>	<u>2,755,948</u>
Total Capital Assets Not Being Depreciated	<u>5,962,230</u>	<u>1,920,105</u>	<u>(3,008,594)</u>	<u>4,873,741</u>
Capital Assets Being Depreciated				
Site Improvements	-	-	-	-
Building and Building Improvements	96,940,638	4,098,357	-	101,038,995
Machinery and Equipment	<u>12,673,170</u>	<u>1,008,059</u>	<u>(696,664)</u>	<u>12,984,565</u>
Totals at Historical Cost	<u>109,613,808</u>	<u>5,106,416</u>	<u>(696,664)</u>	<u>114,023,560</u>
Less Accumulated Depreciation for:				
Site Improvements	-	-	-	-
Building and Building Improvements	(51,343,141)	(2,419,338)	-	(53,762,479)
Machinery and Equipment	<u>(9,036,072)</u>	<u>(784,327)</u>	<u>694,285</u>	<u>(9,126,114)</u>
Total Accumulated Depreciation	<u>(60,379,213)</u>	<u>(3,203,665)</u>	<u>694,285</u>	<u>(62,888,593)</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>49,234,595</u>	<u>1,902,751</u>	<u>(2,379)</u>	<u>51,134,967</u>
Government Activity Capital Assets, Net	<u>\$ 55,196,825</u>	<u>\$ 3,822,856</u>	<u>\$ (3,010,973)</u>	<u>\$ 56,008,708</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Equipment	\$ 588,161	48,610	-	\$ 636,771
Less: Accumulated Depreciation	<u>(480,661)</u>	<u>(13,499)</u>	<u>-</u>	<u>(494,160)</u>
Business-Type Capital Assets, Net	<u>\$ 107,500</u>	<u>\$ 35,111</u>	<u>-</u>	<u>\$ 142,611</u>

Depreciation expense was charged to governmental functions as follows:

Operations and maintenance	\$ <u>3,203,665</u>
Total depreciation expense	\$ <u><u>3,203,665</u></u>

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

9. Non-current Liabilities

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

	Balance <u>June 30, 2020</u>	Increase/ <u>(Decrease)</u>	Balance <u>June 30, 2021</u>	Due within <u>one year</u>
Bonds payable	\$ 33,300,000	(2,000,000)	31,300,000	\$ 2,165,000
Obligations under capital leases	8,274,061	(206,495)	8,067,566	1,033,068
Compensated absences payable	1,991,674	59,014	2,050,688	-
Pension liability - PERS	<u>27,355,024</u>	<u>(4,645,690)</u>	<u>22,709,334</u>	-
	<u>\$ 70,920,759</u>	<u>(6,793,171)</u>	<u>64,127,588</u>	<u>\$ 3,198,068</u>

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

A. Bonds Payable

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

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

Year ended June 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 2,165,000	\$ 973,450	\$ 3,138,450
2023	2,345,000	1,361,825	3,706,825
2024	2,545,000	1,243,075	3,788,075
2025	2,755,000	1,113,950	3,868,950
2026	3,155,000	977,900	4,132,900
2027-2031	15,755,000	2,645,950	18,400,950
2032	<u>2,580,000</u>	<u>129,000</u>	<u>2,709,000</u>
	<u>\$ 31,300,000</u>	<u>\$ 8,445,150</u>	<u>\$ 39,745,150</u>

B. Bonds Authorized But Not Issued

As of June 30, 2021 the District had no authorized but not issued bonds.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

9. Non-current Liabilities (Con'td)

C. Capital Leases

The District is leasing equipment under various capital leases. The following is a schedule of the remaining future minimum lease payments under the capital lease and the present value of the net minimum lease payments at June 30, 2021:

Year ended June 30,	
2022	\$ 1,254,324
2023	1,134,626
2024	948,050
2025	620,446
2026	455,471
2027-2031	2,477,996
2032-2036	<u>2,852,508</u>
Total minimum lease payments	9,743,421
Less: amounts representing interest	<u>(1,675,855)</u>
Present value of lease payments	<u>\$ 8,067,566</u>

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

10. Pension Plans

A. Public Employees' Retirement System (PERS)

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

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

10. Pension Plans (cont'd)

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

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

Contributions - The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

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

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2020, the School District reported a liability of \$22,709,334 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined using update procedure to roll forward the total pension liability from an actuarial valuation as of July 1, 2019, to the measurement date of June 30, 2020. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2020. The School District's proportion measured as of June 30, 2020, was .1392579742%, which was an decrease of .01255849% from its proportion measured as of June 30, 2019.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

10. Pension Plans (cont'd)

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

For the year ended June 30, 2021, the School District recognized full accrual pension expense of \$2,137,998 in the government-wide financial statements consisting of employer contributions of \$1,523,412 and non-employer contributions of \$614,586. This pension expense was based on the pension plans June 30, 2020 measurement date. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 413,500	\$ 80,310
Changes of assumptions	736,716	9,508,613
Net difference between projected and actual earnings on pension plan investments	776,223	-
Changes in proportion and differences between District contributions and proportionate share of contributions	878,461	2,379,794
District contributions subsequent to the measurement date	-	-
Total	<u>\$ 2,804,900</u>	<u>\$ 11,968,717</u>

\$- reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2020-2021 total salaries for PERS employees multiplied by an employer contribution rate. The payable is due on April 1, 2022 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$ (3,407,938)
2022	(3,107,003)
2023	(1,775,572)
2024	(718,012)
2025	(155,292)
Thereafter	-
Total	<u>\$ (9,163,817)</u>

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

10. Pension Plans (cont'd)

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	5.16	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
Net Difference between projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	5.00	5.00
June 30, 2015	5.00	5.00
June 30, 2016	5.00	5.00
June 30, 2017	5.00	5.00
June 30, 2018	5.00	5.00
June 30, 2019	5.00	5.00
June 30, 2020	5.00	5.00

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for the 2020, 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

10. Pension Plans (cont'd)

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

Actuarial Assumptions - The collective 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 assumptions:

Inflation Rate

Price	2.75%
Wage	3.25%

Salary Increases:

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

Investment Rate of Return	7.00%
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Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-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, 2014 to June 30, 2018.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

10. Pension Plans (cont'd)

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

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

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00 %	7.71 %
Non-U.S. Developed Markets Equity	13.50 %	8.57 %
Emerging Markets 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 %

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

10. Pension Plans (cont'd)

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

Discount Rate

The discount rate used to measure the total pension liability was 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 will be based on 78% of the actuarially determined contributions for the State employer and 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 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.

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 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	28,812,056	22,709,334	17,861,104

Additional Information - The following is a summary of the collective balances of the local group:

	<u>6/30/21</u>	<u>6/30/20</u>
Collective Deferred Outflows of Resources	2,374,583,337	3,149,522,616
Collective Deferred Inflows of Resources	7,849,949,467	7,646,087,574
Collective Net Pension Liability	16,435,616,426	18,143,832,135
School District's Portion	.1392579742%	.15181646427%

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

10. Pension Plans (cont'd)

B. Teachers' Pension and Annuity (TPAF)

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

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

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62, and tier 5 age 65 with 30 or more years of service credit before. 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. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

10. Pension Plans (cont'd)

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

Contributions - The contribution policy for TPAF is set by *N.J.S.A. 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

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

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2020 was \$186,890,420. The School District's proportionate share was \$0.

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 July 1, 2019, which was rolled forward to June 30, 2020. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2020, the State proportionate share of the TPAF net pension liability attributable to the School District was .2838175176%, which was an increase of .0023296826% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2020, the State of New Jersey recognized a pension expense in the amount of \$8,212,217 for the State's proportionate share of the TPAF pension expense attributable to the School District. This pension expense was based on the pension plans June 30, 2020 measurement date.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

10. Pension Plans (cont'd)

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

Actuarial Assumptions - The collective 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 assumptions, applied to all periods in the measurement:

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

Pre-retirement, post-retirement 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 following table:

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

10. Pension Plans (cont'd)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00 %	7.71 %
Non-U.S. Developed Markets Equity	13.50 %	8.57 %
Emerging Markets 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 Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 78% of the actuarially determined contributions to the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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.

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 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:

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

10. Pension Plans (Cont'd)

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

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate (cont'd)

	1% Decrease (4.40%)	Current Discount Rate (5.40%)	1% Increase (6.40%)
State's proportionate share of the net pension liability	220,007,089	186,890,420	160,144,283

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

Defined Contribution Retirement Plan (DCRP)

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

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

Additional Information - The following is a summary of the collective balances of the local group

	<u>6/30/21</u>	<u>6/30/20</u>
Collective Deferred Outflows of Resources	9,626,548,228	10,129,162,237
Collective Deferred Inflows of Resources	14,591,988,841	17,736,240,054
Collective Net Pension Liability	65,993,498,688	61,519,112,443
School District's Portion	.2838175176%	.18094048400%

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

10. Pension Plans (Cont'd)

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

The District's contributions to the DCRP for June 30, 2021 were \$32,165. The liability for unpaid contributions at June 30, 2021 was \$0.

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

11. Post-Retirement Benefits

General Information about the OPEB Plan

Plan description and benefits provided

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

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

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

11. Post-Retirement Benefits (cont'd)

Basis of Presentation

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

Employees covered by benefit terms

At June 30, 2019, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	149,304
Active plan members	<u>216,804</u>
Total	<u><u>366,108</u></u>

Total Nonemployer OPEB Liability

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

Actuarial assumptions and other imputes

The total OPEB liability in the June 30, 2020 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

11. Post-Retirement Benefits (cont'd)

Actuarial assumptions and other imputes (cont'd)

Inflation Rate	2.50%
Salary Increases through 2026	PERS 2.00%-6.00% PFRS 3.25%-15.25% TPAF 1.55%-3.05%
Salary Increases after 2026	PERS 3.00%-7.00% PFRS 3.25%-15.25% TPAF 1.55%-3.05%
Discount Rate	3.50%
Healthcare Cost Trend Rates	4.5%-5.6%
Retirees' Share of Benefit Related Costs	1.5% of projected health insurance premiums for retirees

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-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, July 1, 2014 - June 30, 2018, and July 1, 2013 - June 30, 2018 for TPAF, PERS and PFRS, respectively.

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

Balance at June 30, 2019	\$ 41,729,081,045
Changes for the year:	
Service cost	1,790,973,822
Interest on the total OPEB liability	1,503,341,357
Differences between expected and actual experiences	11,544,750,637
Changes in assumptions	12,386,549,981
Gross benefit payments by the state	(1,180,515,618)
Contributions from members	<u>35,781,384</u>
Net changes	<u>26,080,881,563</u>
Balance at June 30, 2020	<u>\$ 67,809,962,608</u>

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

11. Post-Retirement Benefits (cont'd)

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.

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

The following presents the June 30, 2019 total OPEB liability of the State for school board retirees, as well as the State's total OPEB liability for the school district calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability of the State for School Retirees	\$81,748,410,002	\$67,809,962,608	\$56,911,439,160
Total OPEB Liability of the State Associated with the School District for School Retirees	\$254,594,925	\$211,185,423	\$177,243,364

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 eight 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 eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

11. Post-Retirement Benefits (cont'd)

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

The following presents the June 30, 2020 total OPEB liability of the State for school board retirees, as well as the State's total OPEB liability for the school district calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Trend Rate	1% Increase
Total OPEB Liability of the State for School Retirees	\$54,738,488,540	\$67,809,962,608	\$83,375,182,975
Total OPEB Liability of the State Associated with the School District for School Retirees	\$170,475,990	\$211,185,423	\$259,661,305

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 \$2,573,581 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB 75 and in which there is a special funding situation.

In accordance with GASB 75, the Freehold Township School District's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,295,318,750	\$ (9,170,703,615)
Changes of assumptions	11,534,251,250	(7,737,500,827)
Contributions made in fiscal year ending 2020 after June 30, 2019 measurement date		-
Total	<u>\$ 21,829,570,000</u>	<u>\$ (16,908,204,442)</u>

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

11. Post-Retirement Benefits (cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (cont'd)

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

Year ended June 30:	
2021	\$ 43,440,417
2022	43,440,417
2023	43,440,417
2024	43,440,417
2025	43,440,417
Thereafter	<u>4,704,163,473</u>
Total	<u>\$ 4,921,365,558</u>

12. Compensated Absences

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

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

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

13. Deferred Compensation

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

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

14. Risk Management

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

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

Self Insurance Plan -The District is self- insured for medical and prescription drug coverage of which certain actuarial assumptions are used by the insurance carrier to calculate "Incurred but not reported" (IBNR) amounts at year-end. Such amounts are reflected in the Government-wide Financial Statements as liabilities. At June 30, 2021 the resultant IBNR was \$1,083,000.

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

District Financial Year	District Contributions	Interest	Amount Reimbursed	Ending Balance
2020-2021	\$ 77,973	997	72,933	\$ 500,394
2019-2020	\$ 292,170	989	108,912	\$ 494,357
2018-2019	224,720	468	88,735	310,110
2017-2018	-	401	48,878	173,657

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

15. Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at June 30, 2021:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 15	\$ -
Enterprise Fund	-	15
	<u>\$ 15</u>	<u>\$ 15</u>

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

16. Inventory

Inventory in the Food Service Fund at June 30, 2021 consisted of the following:

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

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

17. Contingent Liabilities

Grant Programs

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

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

18. Fund Balances

General Fund - Of the \$21,423,041 General Fund balance at June 30, 2021, \$2,277,980 is assigned to other purposes, \$10,689,194 is restricted for capital reserve, \$3,781,388 is restricted for maintenance reserve, \$798,590 is restricted for the emergency reserve, \$22,156 is restricted for excess surplus for subsequent year expenditures, \$2,000,000 has been classified as assigned fund balance designated for subsequent year expenditures, \$- is restricted for excess surplus and \$1,353,339 is unassigned.

19. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2021 is \$-. The excess fund balance at June 30, 2020 was \$22,156.

20. Uncertain Tax Positions

The school district had no unrecognized tax benefits at June 30, 2021. The school district files tax returns in the U.S. federal jurisdiction and various states. The school district has no open year prior to June 30, 2018.

21. Subsequent Events

Management has evaluated subsequent events through January 24, 2022, the date the financial statements were available to be issued.

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2021

22. Tax Abatement

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

23. Economic Dependency

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

24. Prior Period Adjustment

GASB Statement No. 84 established criteria for identifying funds to be included as Fiduciary Funds. The implementation of GASB 84 created new accounting and reporting requirements for funds previously included in Fiduciary Funds as follows:

- Unemployment Compensation Fund is included in the General Fund
- Student Activity Funds are included in the Special Revenue Fund
- Payroll Agency and Flexible Spending Accounts are included in the General Fund

The Unemployment Compensation Fund had a fund balance of \$493,357 at June 30, 2020. This balance is shown as a prior period adjustment to the General Fund's beginning fund balance. The restated beginning fund balance is \$18,552,088.

The Student Activity Fund had a fund balance of \$13,292 at June 30, 2020. The balance of \$13,292 is shown as a prior period adjustment to the Special Revenue Fund's beginning fund balance. The restated beginning fund balance is \$13,292.

The adoption of GASB 84 and the inclusion of the activity of the above referenced funds in the General Fund and Special Revenue Fund that were previously included in the Fiduciary Funds also created non-comparability in the MD&A and has been acknowledged and allowed by the GASB.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	69,334,846	-	69,334,846	69,334,846	-
Tuition from individuals	219,000	-	219,000	73,987	(145,013)
Tuition from other LEAs within the state	371,651	-	371,651	430,407	58,756
Transportation Fees from Individuals	33,260	(20,000)	13,260	1,215	(12,045)
Transportation Fees from Other LEAs	-	20,000	20,000	-	(20,000)
Interest income	-	-	-	58,126	58,126
Interest earned on emergency reserve	100	(100)	-	7,012	7,012
Interest earned on maintenance reserve	10,000	(10,000)	-	23,681	23,681
Interest earned on capital reserve funds	20,000	(20,000)	-	51,745	51,745
Interest earned on unemployment	-	-	-	997 *	997
Rents and Royalties	91,170	-	91,170	-	(91,170)
Miscellaneous	402,393	30,100	432,493	152,334	(280,159)
Total - local sources	70,482,420	-	70,482,420	70,134,350	(348,070)
State sources:					
Transportation aid	709,345	-	709,345	709,345	-
Special education aid	2,760,302	(51,280)	2,709,022	2,709,022	-
Extraordinary aid	825,000	-	825,000	1,066,356	241,356
Non public transportation aid	-	-	-	30,450	30,450
Equalization aid	1,100,169	-	1,100,169	1,100,169	-
Categorical security aid	93,758	-	93,758	93,758	-
TPAF - LTDI (on-behalf - Non-budgeted)	-	-	-	4,174	4,174
TPAF - post retirement medical (on-behalf - Non-budgeted)	-	-	-	2,573,581	2,573,581
Teacher's pension and annuity fund (on-behalf - Non-budgeted)	-	-	-	8,212,217	8,212,217
TPAF social security (reimbursed - Non-budgeted)	-	-	-	2,266,816	2,266,816
Total state sources	5,488,574	(51,280)	5,437,294	18,765,888	13,328,594
Federal Sources:					
Medicaid Reimbursement	109,496	-	109,496	121,766	12,270
FFCRA/SEMI Revenue	-	-	-	9,884	9,884
Total federal sources	109,496	-	109,496	131,650	22,154
Total revenues	76,080,490	(51,280)	76,029,210	89,031,888	13,002,678
EXPENDITURES:					
Current Expenditures:					
Regular Programs - Instruction:					
Preschool - Salaries of teachers	228,589	(936)	227,653	217,199	10,454
Kindergarten - Salaries of teachers	1,321,136	(106,345)	1,214,791	1,175,553	39,238
Grades 1-5 - Salaries of teachers	9,645,297	(209,099)	9,436,198	9,436,198	-
Grades 6-8 - Salaries of teachers	6,801,462	(146,652)	6,654,810	6,606,747	48,063
Regular Programs - Home Instruction:					
Salaries of teachers	48,000	-	48,000	16,863	31,137
Purchased professional-educational services	31,000	-	31,000	9,659	21,341
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	598,107	(42,352)	555,755	533,274	22,481
Purchased professional technical services	82,100	2,102	84,202	65,092	19,110
Other purchased services (400-500 series)	88,400	(2,500)	85,900	77,446	8,454
General supplies	1,655,491	91,148	1,746,639	1,485,756	260,883
Textbooks	-	-	-	-	-
Other objects	-	-	-	-	-
TOTAL REGULAR PROGRAMS - INSTRUCTION	20,499,582	(414,634)	20,084,948	19,623,787	461,161
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of teachers	470,199	175,884	646,083	626,652	19,431
Other salaries for instruction	372,590	85,990	458,580	410,895	47,685
Other Purch. Serv. (400-500 series)	4,000	-	4,000	1,622	2,378
General supplies	30,300	5,849	36,149	27,693	8,456
Total Learning and/or Language Disabilities	877,089	267,723	1,144,812	1,066,862	77,950
Behavioral Disabilities:					
Salaries of teachers	65,542	-	65,542	61,297	4,245
Other salaries for instruction	165,432	(30,219)	135,213	130,942	4,271
Purchased professional-educational services	2,000	-	2,000	1,160	840
Other purchased services (400-500 series)	2,000	-	2,000	150	1,850
General supplies	11,200	(500)	10,700	5,449	5,251
Total Behavioral Disabilities	246,174	(30,719)	215,455	198,998	16,457

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Multiple Disabilities:					
Salaries of teachers	226,825	(16,651)	210,174	208,256	1,918
Other salaries for instruction	303,975	(65,080)	238,895	226,159	12,736
Purchased professional-educational services	9,000	-	9,000	3,386	5,614
Other Purch. Serv. (400-500 series)	1,550	-	1,550	99	1,451
General supplies	11,100	12,139	23,239	17,448	5,791
Total Multiple Disabilities	552,450	(69,592)	482,858	455,348	27,510
Resource Room/Resource Center:					
Salaries of teachers	4,790,457	315,150	5,105,607	4,947,292	158,315
Other salaries for instruction	1,249,742	18,785	1,268,527	1,160,682	107,845
Other Purch. Serv. (400-500 series)	63,300	(20,000)	43,300	1,930	41,370
General supplies	61,000	2,101	63,101	58,828	4,273
Textbooks	2,000	-	2,000	-	2,000
Total Resource Room/Resource Center	6,166,499	316,036	6,482,535	6,168,732	313,803
Autism:					
Salaries of teachers	310,635	31,428	342,063	333,823	8,240
Other salaries for instruction	203,022	45,126	248,148	220,309	27,839
Purchased professional-educational services	17,975	-	17,975	3,942	14,033
Other purchased services (400-500 series)	1,000	-	1,000	395	605
General supplies	25,050	222	25,272	22,223	3,049
Total Autism	557,682	76,776	634,458	580,692	53,766
Preschool Disabilities - Full Time					
Salaries of teachers	394,201	(15,772)	378,429	374,294	4,135
Other salaries for instruction	392,544	(10,745)	381,799	367,105	14,694
General supplies	14,750	3,775	18,525	17,916	609
Total Preschool Disabilities - Full Time	801,495	(22,742)	778,753	759,315	19,438
TOTAL SPECIAL EDUCATION - INSTRUCTION	9,201,389	537,482	9,738,871	9,229,947	508,924
Basic Skills/Remedial - Instruction					
Salaries of teachers	714,843	98,848	813,691	797,354	16,337
General Supplies	16,600	191	16,791	14,124	2,667
Total Basic Skills/Remedial - Instruction	731,443	99,039	830,482	811,478	19,004
Bilingual Education - Instruction					
Salaries of teachers	249,031	(16,601)	232,430	224,564	7,866
Other Sal. For Instruction	44,338	11,169	55,507	52,668	2,839
Other purchased services (400-500 series)	8,650	(6,221)	2,429	2,424	5
General Supplies	8,850	6,221	15,071	12,021	3,050
Total Bilingual Education - Instruction	310,869	(5,432)	305,437	291,677	13,760
School-Spon. Cocurricular Activities - Instruction					
Salaries	171,163	-	171,163	137,343	33,820
Supplies and materials	8,165	(2,995)	5,170	2,670	2,500
Other objects	3,500	-	3,500	2,749	751
Total School-Spon. Cocurricular Actvts. - Instruction	182,828	(2,995)	179,833	142,762	37,071
School-Spon. Athletics - Instruction					
Salaries	151,330	-	151,330	71,265	80,065
Purchased services (300-500 series)	31,508	-	31,508	9,397	22,111
Supplies and materials	25,000	-	25,000	10,102	14,898
Total School-Spon. Cocurricular Actvts. - Instruction	207,838	-	207,838	90,764	117,074
Other Instructional Programs - Instruction					
Supplies and materials	4,000	42	4,042	1,381	2,661
Total Other Instructional Programs - Instruction	4,000	42	4,042	1,381	2,661
Total Instruction	31,137,949	213,502	31,351,451	30,191,796	1,159,655
Undistributed Expenditures - Instruction:					
Tuition to other LEAs within the state - regular	39,000	-	39,000	8,880	30,120
Tuition to other LEAs within the state - special	75,000	-	75,000	-	75,000
Tuition to CSSD & Reg Day School	194,076	-	194,076	22,568	171,508
Tuition to Priv. Sch. For Handic. in state	1,099,171	(5,050)	1,094,121	690,870	403,251
Total Undistributed Expenditures - Instruction:	1,407,247	(5,050)	1,402,197	722,318	679,879
Undist. Expend. - Health Services					
Salaries	786,722	-	786,722	758,920	27,802
Purchased professional and technical services	23,614	-	23,614	18,634	4,980
Other Purchd. Serv. (400-500 series)	16,510	(800)	15,710	10,108	5,602
Supplies and materials	33,600	53	33,653	22,149	11,504
Other objects	150	-	150	149	1
Total Undistributed Expenditures - Health Services	860,596	(747)	859,849	809,960	49,889

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Other Support Serv - Students Related Service					
Salaries	1,458,928	55,949	1,514,877	1,507,911	6,966
Purchased professional - educational services	113,100	(13,727)	99,373	64,320	35,053
Other Objects	8,500	430	8,930	4,189	4,741
Supplies and materials	18,100	20,600	38,700	38,448	252
Total Undist. Expend. - Other Support Serv - Students	1,598,628	63,252	1,661,880	1,614,868	47,012
Undist. Expend. - Other Support Services - Students - Extraordinary Services					
Salaries	866,703	(69,459)	797,244	757,024	40,220
Purchased Prof. Ed. Services	-	-	-	-	-
Supplies and materials	-	-	-	-	-
Other Objects	-	-	-	-	-
Total Undist. Expend. - Other Support Services Students - Extraordinary Services	866,703	(69,459)	797,244	757,024	40,220
Undist. Expend. - Other Support Serv Students-Regular					
Salaries of other professional staff	748,044	5,298	753,342	753,342	-
Salaries of secretarial and clerical assistants	114,729	-	114,729	114,314	415
Other Salaries	41,232	(4,551)	36,681	11,251	25,430
Purchased professional - educational services	14,800	100	14,900	14,447	453
Other purchased prof. and tech. services	8,000	-	8,000	3,900	4,100
Other purchased services (400-500 series)	2,750	-	2,750	-	2,750
Supplies and materials	38,950	(523)	38,427	15,391	23,036
Other objects	15	-	15	-	15
Total Undist. Expend. - Other Support Serv - Students-Regular	968,520	324	968,844	912,645	56,199
Undist. Expend. - Other Support Serv - Students-Special					
Salaries of other professional staff	1,940,061	26,787	1,966,848	1,966,848	-
Salaries of secretarial and clerical assistants	298,055	-	298,055	275,649	22,406
Unused Vac Pay to Term/Retired Staff	-	-	-	-	-
Other purchased prof. and tech. services	52,850	2,650	55,500	36,561	18,939
Other purchased services (400-500 series)	20,324	-	20,324	12,613	7,711
Misc purchased services (400-500 series o/than resid costs)	-	-	-	-	-
Supplies and materials	75,000	3,232	78,232	56,980	21,252
Other objects	4,000	-	4,000	2,662	1,338
Total Undist. Expend. - Other Support Serv - Students-Special	2,390,290	32,669	2,422,959	2,351,313	71,646
Undist. Expend. - Improv of Instruct Serv - Other Sup Serv - Instr					
Salaries of supervisor of instruction	1,077,250	-	1,077,250	1,060,410	16,840
Other Salaries	136,100	-	136,100	30,447	105,653
Purchased professional - educational services	10,000	-	10,000	-	-
Other purchased services (400-500)	40,350	(7,062)	33,288	8,854	24,434
Supplies and materials	28,195	12,905	41,100	35,046	6,054
Other objects	6,970	(795)	6,175	5,997	178
Total Undist. Expend. - Improv of Instruct Serv - Other Sup Serv - Instr	1,298,865	5,048	1,293,913	1,140,754	153,159
Undist. Expend. - Educational Media Services/School Library					
Salaries	507,065	(101)	506,964	498,649	8,315
Supplies and materials	72,714	(5,000)	67,714	59,073	8,641
Total Undist. Expend. - Educational Media Services/School Library	579,779	(5,101)	574,678	557,722	16,956
Undist. Expend. - Instruction Staff Training Services					
Salaries of other professional staff	73,786	-	73,786	61,083	12,703
Unused Vac Pay to Term/Retired Staff	10,500	(4,230)	6,270	6,270	-
Purchased professional - educational services	64,500	-	64,500	46,875	17,625
Other purchased services (400-500)	74,930	-	74,930	53,450	21,480
Supplies and materials	3,000	-	3,000	-	3,000
Total Undist. Expend. - Instruction Staff Training Services	226,716	(4,230)	222,486	167,678	54,808
Undist. Expend. - Support Service - General Administration					
Salaries	500,134	-	500,134	487,258	12,876
Legal services	135,000	(70,325)	64,675	47,040	17,635
Audit Fees	33,150	-	33,150	33,150	-
Architectural/Engineering Services	70,000	145,000	215,000	24,823	190,177
Other purchased professional services	11,281	-	11,281	5,657	5,624
Purchased technical services	36,000	(6,327)	29,673	15,735	13,938
Communications/Telephone	170,275	65,000	235,275	210,282	24,993
BOE Other purchased services	15,300	-	15,300	624	14,676
Other purchased services (400-500 series)	225,488	-	225,488	220,499	4,989
General supplies	18,800	-	18,800	6,028	12,772
Miscellaneous expenditures	12,200	-	12,200	10,280	1,920
BOE membership dues and fees	31,000	-	31,000	27,509	3,491
Total Undist. Expend. - Support Service - General Administration	1,258,628	133,348	1,391,976	1,088,885	303,091

FREEHOLD TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Support Service - School Administration					
Salaries of principals/Assistant principals	1,625,996	-	1,625,996	1,609,174	16,822
Salaries of secretarial and clerical assistants	831,919	417	832,336	812,826	19,510
Unused Vac Pay to Term/Retired Staff	-	17,149	17,149	17,149	-
Other purchased services (400-500 series)	93,634	(10,922)	82,712	62,850	19,862
Supplies and materials	57,525	11,261	68,786	56,070	12,716
Other objects	20,210	1,418	21,628	19,351	2,277
Total Undist. Expend. - Support Service - School Administration	2,629,284	19,323	2,648,607	2,577,420	71,187
Undistributed Expenditures - Central Services					
Salaries	849,363	(64,566)	784,797	710,124	74,673
Unused Vac Pay to Term/Retired Staff	15,000	(906)	14,094	14,094	-
Purchased professional services	34,281	3,148	37,429	28,506	8,923
Purchased technical services	56,663	4,200	60,863	50,223	10,640
Misc. Purchased Services	7,400	-	7,400	5,553	1,847
Supplies and materials	25,005	(4,000)	21,005	10,422	10,583
Miscellaneous expenditures	16,475	-	16,475	12,718	3,757
Total Undist. Expend. - Central Services	1,004,187	(62,124)	942,063	831,640	110,423
Undist.- Admin. Info. Technology					
Salaries	472,596	6,170	478,766	470,953	7,813
Unused Vac Pay to Term/Retired Staff	-	-	-	-	-
Purchased Professional Services	281,050	23,923	304,973	247,860	57,113
Other Purchased Services	69,594	634,473	704,067	60,031	644,036
Supplies and materials	225,600	13,317	238,917	144,557	94,360
Other objects	1,500	-	1,500	-	1,500
Total Undist. Expend - Admin. Info. Technology	1,050,340	677,883	1,728,223	923,401	804,822
Undist. Expend. - Allowed Maintenance for School Facilities					
Salaries	518,806	87	518,893	512,893	6,000
Unused Vac Pay to Term/Retired Staff	-	-	-	-	-
Cleaning, repair and maintenance services	534,436	(71,879)	462,557	337,559	124,998
General supplies	198,100	125,000	323,100	302,593	20,507
Other objects	2,500	-	2,500	620	1,880
Total Undist. Expend. - Allowed Maintenance for School Facilities	1,253,842	53,208	1,307,050	1,153,665	153,385
Undist. Expend. - Other Operation & Maintenance of Plant					
Salaries	2,009,021	(17,532)	1,991,489	1,853,948	137,541
Salaries of non-instructional aides	263,023	-	263,023	-	263,023
Unused Vac Pay to Term/Retired Staff	-	12,063	12,063	12,063	-
Purchased professional and technical services	2,500	-	2,500	-	2,500
Cleaning, repair and maintenance services	92,325	-	92,325	66,537	25,788
Lease purchase pymts - energy savings impr prog	472,043	-	472,043	472,043	-
Other purchased property services	158,227	-	158,227	136,540	21,687
Misc Purchased Services	2,500	-	2,500	-	2,500
Insurance	138,486	-	138,486	129,644	8,842
General supplies	176,017	39,476	215,493	190,277	25,216
Energy (electricity)	1,050,000	(10,000)	1,040,000	740,246	299,754
Other objects	2,500	-	2,500	-	2,500
Energy (natural gas)	324,250	14,599	338,849	300,719	38,130
Total Undist Expend-Other Operation & Maint Of Plant	4,690,892	38,606	4,729,498	3,902,017	827,481
Undist. Expend. - Care & Upkeep of Grounds					
Salaries	218,764	87	218,851	207,771	11,080
Cleaning, repair and maintenance services	113,750	(6,026)	107,724	24,271	83,453
General supplies	48,500	-	48,500	31,233	17,267
Total Undist Expend-Care & Upkeep of Grounds	381,014	(5,939)	375,075	263,275	111,800
Security					
Purchased Professional and Technical Services	126,223	22,641	148,864	104,959	43,905
Cleaning, repair and maintenance services	15,000	-	15,000	7,869	7,131
General supplies	80,598	3,850	84,448	27,256	57,192
Total Security	221,821	26,491	248,312	140,084	108,228

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Student Transportation Services					
Salaries of non-instructional aides	343,932	2,000	345,932	316,369	29,563
Salaries-pupil transport(between home & school)-Regular	1,118,914	90,657	1,209,571	1,164,742	44,829
Salaries-pupil transport (between home & school)-Special	584,099	4,500	588,599	539,102	49,497
Salaries-pupil transport(other than home & school)-Regular	87,092	(20,688)	66,404	31,058	35,346
Other purchased professional and technical services	20,636	-	20,636	6,097	14,539
Cleaning, repair and maintenance services	465,000	-	465,000	305,603	159,397
Lease purchase payments - School buses	533,723	177,452	711,175	708,725	2,450
Contract Svc - Aid in Lieu Pymts - NonPub Sch	65,000	29,551	94,551	94,551	-
Contract Svc (other btw home & Sch.) - Vendors	3,000	-	3,000	-	3,000
Contract Svc (Sp Ed Stds) - Vendors	11,000	-	11,000	2,800	8,200
Contract Svc (Regular students) - ESCs & CTSA's	100,000	52,768	152,768	2,624	150,144
Contract Svc (Spl. Ed. Students) - ESCs & CTSA's	525,000	162,112	687,112	323,889	363,223
Travel	-	2,600	2,600	-	2,600
Misc Purchased Serv - Transportation	90,133	(2,600)	87,533	63,217	24,316
Transportation supplies	355,000	20,110	375,110	90,828	284,282
Other objects	7,200	-	7,200	3,889	3,311
Total Undist. Expend. - Student Transportation Services	4,309,729	518,462	4,828,191	3,653,494	1,174,697
Interest Earned on Current Expense Emergency Reserve					
Interest earned on current expense emergency reserve	100	(100)	-	-	-
Total Interest Earned on Current Expense Emergency Reserve	100	(100)	-	-	-
Interest Earned on Maintenance Reserve					
Interest earned on maintenance reserve	10,000	(10,000)	-	-	-
Total Interest Earned on Maintenance Reserve	10,000	(10,000)	-	-	-
ALLOCATED EMPLOYEE BENEFITS					
Regular Programs - Instruction					
Unused Vac Pay to Term/Retired Staff	69,288	2,969	72,257	72,188	69
Total Regular Programs - Instruction	69,288	2,969	72,257	72,188	69
Special Programs - Instruction					
Unused Vac Pay to Term/Retired Staff	27,950	(4,250)	23,700	23,700	-
Total Special Programs - Instruction	27,950	(4,250)	23,700	23,700	-
Health Services					
Unused Vac Pay to Term/Retired Staff	5,550	(300)	5,250	5,250	-
Total Health Services	5,550	(300)	5,250	5,250	-
Instructional Staff Training Services					
Unused Vac Pay to Term/Retired Staff	1,500	200	1,700	1,700	-
Total Instructional Staff Training Services	1,500	200	1,700	1,700	-
Other Supp Serv - Child Study Teams					
Unused Vac Pay to Term/Retired Staff	11,700	(200)	11,500	11,500	-
Total Other Supp Serv - Child Study Teams	11,700	(200)	11,500	11,500	-
Support Services - School Admin.					
Unused Vac Pay to Term/Retired Staff	-	1,281	1,281	1,281	-
Total Support Services - School Admin.	-	1,281	1,281	1,281	-
Support Services - Central Services					
Unused Vac Pay to Term/Retired Staff	15,000	-	15,000	15,000	-
Total Support Services - Central Services	15,000	-	15,000	15,000	-
Support Services - Custodial Services					
Unused Vac Pay to Term/Retired Staff	1,248	530	1,778	1,778	-
Total Support Services - Custodial Services	1,248	530	1,778	1,778	-
Student Transportation Services					
Unused Vac Pay to Term/Retired Staff	9,320	(350)	8,970	8,970	-
Total Student Transportation Services	9,320	(350)	8,970	8,970	-
TOTAL ALLOCATED EMPLOYEE BENEFITS	141,556	(120)	141,436	141,367	69
UNALLOCATED EMPLOYEE BENEFITS					
Group insurance	14,700	-	14,700	12,814	1,886
Social security contributions	1,080,000	-	1,080,000	985,422	94,578
Other retirement contributions - PERS	1,663,318	(2,500)	1,660,818	1,555,579	105,239
Unemployment Compensation	20,350	-	20,350	-	20,350
Workmen's compensation	794,060	(11,143)	782,917	739,743	43,174
Health benefits	13,555,875	324,783	13,880,658	12,982,597	898,061
Tuition reimbursement	145,000	-	145,000	69,515	75,485
Other employee benefits	25,325	2,500	27,825	16,347	11,478
TOTAL UNALLOCATED EMPLOYEE BENEFITS	17,298,628	313,640	17,612,268	16,362,017	1,250,251
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	17,440,184	313,520	17,753,704	16,503,384	1,250,320

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
ON-BEHALF CONTRIBUTIONS					
On-behalf TPAF LTDI (non-budgeted)	-	-	-	4,174	(4,174)
On-behalf TPAF OPEB (post retirement med) (non-budgeted)	-	-	-	2,573,581	(2,573,581)
On-behalf TPAF Pension Contributions (non-budgeted)	-	-	-	8,212,217	(8,212,217)
Reimbursed TPAF social security contributions (non-budgeted)	-	-	-	2,266,816	(2,266,816)
TOTAL ON-BEHALF CONTRIBUTIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,056,788</u>	<u>(13,056,788)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	44,447,365	1,719,384	46,156,749	53,128,335	(6,971,586)
TOTAL GENERAL CURRENT EXPENDITURES	<u>75,585,314</u>	<u>1,922,886</u>	<u>77,508,200</u>	<u>83,320,131</u>	<u>(5,811,931)</u>
CAPITAL OUTLAY					
Increase in Capital Reserve	561,609	(561,609)	-	-	-
Interest Deposit to Capital Reserve	20,000	(20,000)	-	-	-
Equipment					
Regular Programs - Instruction:					
Grades 1-5	-	-	-	-	-
Grades 6-8	7,400	6,738	14,138	13,718	420
Special Education - Instruction - Multiple Disabilities	4,000	-	4,000	2,061	1,939
Undistributed expenditures - Custodial services	25,500	6,449	31,949	9,299	22,650
Undistributed expenditures - Care and Upkeep of Grounds	-	6,026	6,026	6,026	-
Undistributed expenditures - Security	95,000	133,857	228,857	90,704	138,153
Undistributed expenditures - Student Trans - Non Inst. Equip	215,000	-	215,000	-	215,000
Undistributed expenditures - Other Support Svc	-	19,007	19,007	19,007	-
Non-Instructional Equipment	-	-	-	-	-
School Buses - Regular	697,194	(471,000)	226,194	-	226,194
School Buses - Special	156,661	-	156,661	-	156,661
Business & Other Support Services	-	-	-	-	-
Total Equipment	<u>1,200,755</u>	<u>(298,923)</u>	<u>901,832</u>	<u>140,815</u>	<u>761,017</u>
Facilities Acquisition and Construction Services					
Construction Services	1,403,438	1,795,087	3,198,525	1,936,872	1,261,653
Architectual/engineering Services	-	184,224	184,224	142,312	41,912
Assessment for Debt Service on SDA Funding	111,972	-	111,972	111,972	-
Total Facilities Acquisition and Construction Services	<u>1,515,410</u>	<u>1,979,311</u>	<u>3,494,721</u>	<u>2,191,156</u>	<u>1,303,565</u>
TOTAL CAPITAL OUTLAY	<u>3,297,774</u>	<u>1,098,779</u>	<u>4,396,553</u>	<u>2,331,971</u>	<u>2,064,582</u>
Transfer of funds to Charter Schools	-	72,161	72,161	72,161	-
TOTAL EXPENDITURES	<u>78,883,088</u>	<u>3,093,826</u>	<u>81,976,914</u>	<u>85,724,263</u>	<u>(3,747,349)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,802,598)</u>	<u>(3,145,106)</u>	<u>(5,947,704)</u>	<u>3,307,625</u>	<u>(9,255,329)</u>
Fund Balance, July 1	18,057,731	-	18,057,731	18,057,731	-
Prior Period Adjustment	-	-	-	494,357	**
Fund Balance, July 1, Restated	18,057,731	-	18,057,731	18,552,088	-
Fund Balance, June 30	<u>15,255,133</u>	<u>(3,145,106)</u>	<u>12,110,027</u>	<u>21,859,713</u>	<u>(9,255,329)</u>
Recapitulation:					
Restricted Fund Balance:					
Capital reserve				10,689,194	
Maintenance reserve				3,781,388	
Emergency reserve				798,590	
Unemployment compensation				500,394	
Excess surplus-current year				-	
Excess surplus - designated for subsequent year's expenditures				22,156	
Assigned Fund Balance:					
Year-end encumbrances				2,277,980	
Designated for subsequent year's expenditures				2,000,000	
Unrestricted/undesignated fund balance				<u>1,790,011</u>	
Reconciliation to governmental funds statements (GAAP)					
Fund balance per governmental funds (Budgetary)				21,859,713	
Last state aid payment not recognized on GAAP basis				(436,672)	
Fund balance per governmental funds (GAAP) - B-1				<u>21,423,041</u>	
Fund balance per governmental funds (GAAP) - B-1				<u>21,423,041</u>	

* Include interest earnings on the unemployment compensation bank account

** Represents unemployment fund net position as of June 30, 2020

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local sources	\$ -	\$ 175,859	\$ 175,859	\$ 60,525	\$ (115,334)
State sources	-	6,993	6,993	6,786	(207)
Federal sources	1,114,367	656,078	1,770,445	1,673,402	(97,043)
Total Revenues	1,114,367	838,930	1,953,297	1,740,713	(212,584)
EXPENDITURES					
Instruction:					
Salaries of teachers	967,174	(24,461)	942,713	892,670	50,043
Purchased professional services	-	3,150	3,150	3,150	-
General supplies	-	257,095	257,095	205,436	51,659
Tuition	83,855	48,614	132,469	132,469	-
Total instruction	1,051,029	284,398	1,335,427	1,233,725	101,702
Support services:					
Secretarial/clerical salaries	-	207,150	207,150	101,034	106,116
Personal services - employee benefits	63,338	238,076	301,414	292,427	8,987
Purchased professional - educational services	-	59,526	59,526	58,527	999
Other purchased professional services	-	11,995	11,995	9,985	2,010
Supplies & materials	-	37,785	37,785	37,784	1
Student activities	-	-	-	9,084	(9,084)
Total support services	63,338	554,532	617,870	508,841	109,029
EXPENDITURES (CONT'D):					
Facilities acquisition and const. serv.:					
Instructional equipment	-	-	-	-	-
Total facilities acquisition and const. serv.	-	-	-	-	-
Total expenditures	1,114,367	838,930	1,953,297	1,742,566	210,731
Other financing sources (uses)					
Transfer in from general fund	-	-	-	-	-
Contribution to whole school reform	-	-	-	-	-
Total outflows	1,114,367	838,930	1,953,297	1,742,566	210,731
Excess (deficiency) of revenues Over (under) expenditures	-	-	-	(1,853)	(1,853)
Fund Balance, July 1				-	
Prior Period Adjustment				13,292	
Fund Balance, July 1 (Restated)				13,292	
Fund Balance, June 30				<u>\$ 11,439</u>	
Recapitulation:					
Restricted:					
Student Activities				11,439	
Total Fund Balance				<u>\$ 11,439</u>	

Note 1

Note 1 - Not required to budget for these funds.

FREEHOLD TOWNSHIP SCHOOL DISTRICT
 Required Supplementary Information
 Budget-to-GAAP Reconciliation
 Note to Required Supplementary Information
 For the Year Ended June 30, 2021

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

		General Fund		Special Revenue Fund
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 89,031,888	[C-2]	\$ 1,740,713
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-		(12,848)
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(8,212,217)		
The 2019-20 last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GAAP 33).		431,228		-
The 2020-21 last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GAAP 33).		(436,672)		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	\$ 80,814,227	[B-2]	\$ 1,727,865
 Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 85,724,263	[C-2]	\$ 1,742,566
Differences - budget to GAAP				
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(8,212,217)		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.				(12,848)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$ 77,512,046	[B-2]	\$ 1,729,718

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**Freehold Township School District
Required Supplementary Information
Schedule of the District's Proportionate Share of Net Pension Liability-PERS
For the Year Ended June 30, 2021**

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
District's proportion of the net pension liability	0.1382627295%	0.1401273042%	0.1479643329%	0.0991153647%	0.1479045077%	0.1518164642%	0.1392579742%
District's proportionate share of the net pension liability	\$ 27,091,283	\$ 32,770,266	\$ 43,822,791	\$ 23,072,473	\$ 29,121,660	\$ 27,355,024	\$ 22,709,334
District's covered-employee payroll	\$ -	\$ 9,903,070	\$ 9,699,657	\$ 10,218,973	\$ 10,570,646	\$ 10,368,510	\$ 10,076,942
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	330.91%	451.80%	225.78%	275.50%	263.83%	225.36%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%

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

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

**Freehold Township School District
Required Supplementary Information
Schedule of the District Contributions-PERS
For the Year Ended June 30, 2021**

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contributions	\$ 1,139,818	\$ 1,227,572	\$ 1,322,906	\$ 1,382,967	\$ 1,477,164	\$ 1,482,881	\$ 1,523,414
Contributions in relation to the contractually required contribution	<u>1,154,023</u>	<u>1,227,572</u>	<u>1,339,939</u>	<u>1,394,542</u>	<u>1,514,421</u>	<u>1,516,096</u>	<u>1,555,579</u>
Contribution deficiency (excess)	<u>\$ (14,205)</u>	<u>\$ -</u>	<u>\$ (17,033)</u>	<u>\$ (11,575)</u>	<u>\$ (37,257)</u>	<u>\$ (33,215)</u>	<u>\$ (32,165)</u>
District's covered-employee payroll	\$ 9,903,070	\$ 9,699,657	\$ 10,218,973	\$ 10,570,646	\$ 10,368,510	\$ 10,076,942	\$ 9,795,082
Contributions as a percentage of covered-employee payroll	0.00%	12.66%	12.95%	13.53%	14.25%	14.72%	15.55%

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

**Freehold Township School District
Required Supplementary Information
Schedule of the District's Proportionate Share of Net Pension Liability-TPAF
For the Year Ended June 30, 2021**

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
State's proportion of the net pension liability associated with the District	0.2553368545%	0.2631888032%	0.2754899316%	0.2764119540%	0.2835809589%	0.2814878350%	0.2838175176%
State's proportionate share of the net pension liability associated with the District	\$ 136,469,238	\$ 166,346,563	\$ 216,717,921	\$ 186,366,906	\$ 180,408,115	\$ 172,751,741	\$ 186,890,420
District's covered-employee payroll	28,272,442	29,143,617	29,311,118	30,422,257	30,463,500	30,790,001	31,774,995
Proportionate share of the net pension liability as a percentage of District's covered-employee payroll	482.69%	570.78%	739.37%	612.60%	592.21%	561.06%	588.17%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%

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

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

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

**Freehold Township School District
Required Supplementary Information
Schedule of Changes in the Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2021
(Unaudited)**

Last 10 Fiscal Years*

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
State's proportion of the OPEB liability associated with the District				
Service cost	\$ 7,798,702	\$ 6,471,843	\$ 5,639,675	\$ 5,799,288
Interest cost	5,165,231	5,995,432	5,565,820	4,637,324
Differences between expected and actual experiences	-	(15,492,268)	(20,906,484)	37,274,691
Changes in assumptions	(21,782,320)	(16,074,314)	1,915,393	38,576,320
Member contributions	138,842	129,452	116,894	111,437
Gross benefit payments	<u>(3,770,573)</u>	<u>(3,745,557)</u>	<u>(3,943,429)</u>	<u>(3,676,564)</u>
Net change in total OPEB liability	(12,450,118)	(22,715,412)	(11,612,131)	82,722,496
Total State Share of OPEB liability - beginning	<u>175,240,588</u>	<u>162,790,470</u>	<u>140,075,058</u>	<u>128,462,927</u>
Total State Share of OPEB liability - ending	<u>\$ 162,790,470</u>	<u>\$ 140,075,058</u>	<u>\$ 128,462,927</u>	<u>\$ 211,185,423</u>
District's covered employee payroll	<u>\$ 45,880,853</u>	<u>\$ 46,072,933</u>	<u>\$ 45,587,770</u>	<u>\$ 45,904,114</u>
Total State's OPEB liability as a percentage of covered employee payroll	355%	304%	282%	460%

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

Freehold Township School District

Notes to Required Supplementary Information - Part III

For the Year Ended June 30, 2021

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None .

Changes in Assumptions - The discount rate changed from 5.60% as of June 30, 2019, to 5.40% as of June 30, 2020.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None .

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

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None .

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

OTHER SUPPLEMENTARY INFORMATION

D. School Based Budget Schedules
Not Applicable

E. Special Revenue Fund

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedules of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2021

	Title I Part A 20/21	Title I Part A 19/20	Title IV 20/21	Title II Part A 20/21	Title II Part A 19/20	Title III Part A 20/21
Revenues:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	298,716	42,246	19,550	60,772	2,246	5,546
Total revenues	<u>298,716</u>	<u>42,246</u>	<u>19,550</u>	<u>60,772</u>	<u>2,246</u>	<u>5,546</u>
Expenditures:						
Instruction:						
Salaries of teachers	209,498	-	-	-	-	-
Other salaries/instruction	-	-	-	-	-	-
Purchased professional services	-	-	-	-	-	-
General supplies	-	-	2,326	-	-	1,100
Tuition	-	-	-	-	-	-
Textbooks	-	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-	-
Total instruction	<u>209,498</u>	<u>-</u>	<u>2,326</u>	<u>-</u>	<u>-</u>	<u>1,100</u>
Support services:						
Other support services - students - special:						
Other professional staff salaries	-	-	-	-	-	-
Secretarial/Clerical salaries	-	-	16,000	-	-	-
Purchased professional services	-	-	-	50,000	2,246	4,446
Other purchased professional services	-	-	-	9,985	-	-
Purchased technical services	-	-	-	-	-	-
Employee benefits	89,016	42,246	1,224	-	-	-
Travel	-	-	-	-	-	-
Miscellaneous purchased services	-	-	-	-	-	-
General supplies	202	-	-	787	-	-
Miscellaneous expenses	-	-	-	-	-	-
Student activities	-	-	-	-	-	-
Total other support services - students - special	<u>89,218</u>	<u>42,246</u>	<u>17,224</u>	<u>60,772</u>	<u>2,246</u>	<u>4,446</u>
Total support services	<u>89,218</u>	<u>42,246</u>	<u>17,224</u>	<u>60,772</u>	<u>2,246</u>	<u>4,446</u>
Equipment:						
Regular programs instruction	-	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-	-
Total equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 298,716</u>	<u>\$ 42,246</u>	<u>\$ 19,550</u>	<u>\$ 60,772</u>	<u>\$ 2,246</u>	<u>\$ 5,546</u>
Excess (deficiency) of revenues Over (under) expenditures	-	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-	-
Prior Period Adjustment	-	-	-	-	-	-
Fund Balance, July 1 (Restated)	-	-	-	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedules of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2021

	IDEA-Part B-Basic Reg Prog 20/21	IDEA-Part B-Preschool Reg Prog 20/21	Cares Emergency Relief 20/21	Coronavirus Relief Fund 20/21	Student Activity 20/21
Revenues:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 7,231
State sources	-	-	-	-	-
Federal sources	<u>913,728</u>	<u>39,565</u>	<u>141,587</u>	<u>149,446</u>	<u>-</u>
Total revenues	<u>913,728</u>	<u>39,565</u>	<u>141,587</u>	<u>149,446</u>	<u>7,231</u>
Expenditures:					
Instruction:					
Salaries of teachers	633,858	33,530	-	-	-
Other salaries/instruction	-	-	-	-	-
Purchased professional services	-	-	-	-	-
General supplies	-	-	13,253	149,446	-
Tuition	132,469	-	-	-	-
Textbooks	-	-	-	-	-
Miscellaneous expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total instruction	<u>766,327</u>	<u>33,530</u>	<u>13,253</u>	<u>149,446</u>	<u>-</u>
Support services:					
Other support services - students - special:					
Other professional staff salaries	-	-	-	-	-
Secretarial/Clerical salaries	-	-	85,034	-	-
Purchased professional services	-	-	-	-	-
Other purchased professional services	-	-	-	-	-
Purchased technical services	-	-	-	-	-
Employee benefits	147,401	6,035	6,505	-	-
Travel	-	-	-	-	-
Miscellaneous purchased services	-	-	-	-	-
General supplies	-	-	36,795	-	-
Miscellaneous expenses	-	-	-	-	-
Student activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,084</u>
Total other support services - students - special	<u>147,401</u>	<u>6,035</u>	<u>128,334</u>	<u>-</u>	<u>9,084</u>
Total support services	<u>147,401</u>	<u>6,035</u>	<u>128,334</u>	<u>-</u>	<u>9,084</u>
Equipment:					
Regular programs instruction	-	-	-	-	-
Non-instructional equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 913,728</u>	<u>\$ 39,565</u>	<u>\$ 141,587</u>	<u>\$ 149,446</u>	<u>\$ 9,084</u>
Excess (deficiency) of revenues Over (under) expenditures	-	-	-	-	(1,853)
Fund Balance, July 1	-	-	-	-	-
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,292</u>
Fund Balance, July 1 (Restated)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,292</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,439</u>

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedules of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2021

(Continued from prior page)

	Nonpublic Technology 20/21	Nonpublic Textbook 20/21	Nonpublic Nursing 20/21	Nonpublic Security 20/21	Local 20/21	Total 2021
Revenues:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 53,294	\$ 60,525
State sources	747	1,054	1,835	3,150	-	6,786
Federal sources	-	-	-	-	-	1,673,402
Total revenues	<u>747</u>	<u>1,054</u>	<u>1,835</u>	<u>3,150</u>	<u>53,294</u>	<u>1,740,713</u>
Expenditures:						
Instruction:						
Salaries of teachers	-	-	-	-	15,784	892,670
Other salaries/instruction	-	-	-	-	-	-
Purchased professional services	-	-	-	3,150	-	3,150
General supplies	747	1,054	-	-	37,510	205,436
Tuition	-	-	-	-	-	132,469
Textbooks	-	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-	-
Total instruction	<u>747</u>	<u>1,054</u>	<u>-</u>	<u>3,150</u>	<u>53,294</u>	<u>1,233,725</u>
Support services:						
Other support services - students - special:						
Other professional staff salaries	-	-	-	-	-	-
Secretarial/Clerical salaries	-	-	-	-	-	101,034
Purchased professional services	-	-	1,835	-	-	58,527
Other purchased professional services	-	-	-	-	-	9,985
Purchased technical services	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	292,427
Travel	-	-	-	-	-	-
Miscellaneous purchased services	-	-	-	-	-	-
General supplies	-	-	-	-	-	37,784
Miscellaneous expenses	-	-	-	-	-	-
Student activities	-	-	-	-	-	9,084
Total other support services - students - special	<u>-</u>	<u>-</u>	<u>1,835</u>	<u>-</u>	<u>-</u>	<u>508,841</u>
Total support services	<u>-</u>	<u>-</u>	<u>1,835</u>	<u>-</u>	<u>-</u>	<u>508,841</u>
Equipment:						
Regular programs instruction	-	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-	-
Total equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 747</u>	<u>\$ 1,054</u>	<u>\$ 1,835</u>	<u>\$ 3,150</u>	<u>\$ 53,294</u>	<u>\$ 1,742,566</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,853)</u>
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Prior Period Adjustment	-	-	-	-	-	13,292
Fund Balance, July 1 (Restated)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,292</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,439</u>

F. Capital Projects Fund
Not Applicable

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

H. Fiduciary Funds
Not Applicable

I. Long-Term Debt

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Obligations Under Capital Leases
June 30, 2021

<u>Purpose</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original</u>		<u>Interest Rate</u>	<u>Balance 06/30/20</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 06/30/21</u>
			<u>Principal</u>	<u>Interest</u>					
Equipment	10/27/2015	5 Years	\$ 524,000	\$ 75,228	various	\$ 116,000	-	116,000	\$ -
Equipment	4/7/2017	5 Years	\$ 226,350	\$ 12,115	2.74%	72,396	-	35,709	36,687
Equipment	9/22/2017	5 Years	\$ 916,146	\$ 47,166	2.025%	468,871	-	153,168	315,703
Equipment	7/27/2018	5 Years	\$ 1,314,500	\$ 98,687	2.88%	909,347	-	217,748	691,599
ESIP	1/31/2019	16 Years	\$ 6,560,000	\$ 1,978,056	3.01%	6,342,280	-	283,256	6,059,024
Equipment	9/12/2019	5 Years	\$ 460,511	\$ 18,881	1.99%	365,167	-	88,611	276,556
Equipment	7/30/2020	5 Years	\$ 860,000	\$ 27,256	1.26%	-	860,000	172,003	687,997
						\$ 8,274,061	860,000	1,066,495	\$ 8,067,566

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 3,531,860	\$ -	\$ 3,531,860	\$ 3,531,860	\$ -
State Sources:					
Debt Service Aid Type II	38,466	-	38,466	38,466	-
Total - State Sources	38,466	-	38,466	38,466	-
Total Revenues	3,570,326	-	3,570,326	3,570,326	-
EXPENDITURES:					
Regular Debt Service:					
Interest	1,570,326	-	1,570,326	1,570,325	1
Redemption of Principal	2,000,000	-	2,000,000	2,000,000	-
Total Regular Debt Service	3,570,326	-	3,570,326	3,570,325	1
Total expenditures	3,570,326	-	3,570,326	3,570,325	1
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	1	(1)
Other Financing Sources (uses):					
Bond premium	-	-	-	-	-
Bond refunding costs	-	-	-	-	-
Interest on bond payoff	-	-	-	-	-
Payoff old bonds	-	-	-	-	-
Issue new bonds	-	-	-	-	-
Operating transfer in	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	-	-	-	1	(1)
Fund Balance, July 1	-	-	-	(1)	1
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

**Freehold School District
Statistical Section**

<u>Contents</u>	<u>Page</u>
<p>Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.</p>	104-108
<p>Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.</p>	109-112
<p>Debt Capacity These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.</p>	113-116
<p>Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.</p>	117-118
<p>Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.</p>	119-124

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

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 6,435,070	\$ 5,868,706	\$ 3,478,290	\$ 2,618,410	\$ 8,131,767	\$ 7,785,018	\$ 6,048,068	\$ (612,548)	\$ 7,560,035	\$ 10,900,543
Restricted	7,834,549	7,786,350	5,574,187	5,227,613	3,964,061	6,710,601	7,318,182	17,309,776	16,766,939	18,593,047
Unrestricted	125,150	620,891	3,629,137	(24,135,848)	(28,153,549)	(29,547,677)	(21,414,049)	(30,565,027)	(30,282,802)	(28,503,088)
Total governmental activities net position	\$ 14,394,769	\$ 14,275,947	\$ 12,681,614	\$ (16,289,825)	\$ (16,057,721)	\$ (15,052,058)	\$ (8,047,799)	\$ (13,867,799)	\$ (5,955,828)	\$ 990,502
Business-type activities										
Net investment in capital assets	\$ 10,950	\$ 8,500	\$ 7,517	\$ 20,068	\$ 17,911	\$ 15,754	\$ 74,453	\$ 90,124	\$ 107,500	\$ 142,611
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	118,442	21,385	75,648	123,645	163,292	214,152	284,579	179,106	212,281	126,711
Total business-type activities position	\$ 129,392	\$ 29,885	\$ 83,165	\$ 143,713	\$ 181,203	\$ 229,906	\$ 359,032	\$ 269,230	\$ 319,781	\$ 269,322
District-wide										
Net investment in capital assets	\$ 6,446,020	\$ 5,877,206	\$ 3,485,807	\$ 2,638,478	\$ 8,149,678	\$ 7,800,772	\$ 6,122,521	\$ (522,424)	\$ 7,667,535	\$ 11,043,154
Restricted	7,834,549	7,786,350	5,574,187	5,227,613	3,964,061	6,710,601	7,318,182	17,309,776	16,766,939	18,593,047
Unrestricted	243,592	642,276	3,704,785	(24,012,203)	(27,990,257)	(29,333,525)	(21,129,470)	(30,385,921)	(30,070,521)	(28,376,377)
Total district net position	\$ 14,524,161	\$ 14,305,832	\$ 12,764,779	\$ (16,146,112)	\$ (15,876,518)	\$ (14,822,152)	\$ (7,688,767)	\$ (13,598,569)	\$ (5,636,047)	\$ 1,259,824

Source: CAFR Schedule A-1 and District records.

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

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

Fiscal Year Ending June 30,

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities										
Instruction										
Regular	\$ 16,967,321	\$ 17,928,224	\$ 19,419,697	\$ 19,688,421	\$ 20,571,015	\$ 19,937,469	\$ 20,704,737	\$ 20,539,988	\$ 20,712,687	\$ 20,856,881
Special education	7,760,459	8,099,430	8,387,187	8,728,826	9,164,105	9,490,139	10,065,138	9,843,497	8,937,970	9,229,947
Other special education	1,118,409	1,351,171	1,405,281	1,266,482	1,171,105	1,176,013	1,323,856	1,360,088	1,299,247	1,338,062
Support Services:										
Instruction	2,154,962	1,468,708	1,264,988	1,229,804	1,035,016	1,024,940	1,024,475	1,436,913	773,783	722,318
Health services	636,295	624,192	690,829	732,481	728,830	749,466	848,419	800,348	796,589	809,960
Other support services	5,058,531	5,844,845	6,089,565	6,201,535	6,243,569	6,114,265	6,154,969	6,190,153	6,997,512	7,273,228
Educational media services	479,578	465,749	443,356	468,406	453,148	510,820	468,200	546,297	547,139	557,722
Instruction staff training	76,656	72,206	65,385	120,970	103,874	108,367	115,152	99,358	134,463	167,678
General administration	788,052	849,568	859,196	983,082	765,383	935,557	922,444	1,171,628	1,045,220	1,088,885
School administrative services	1,975,788	2,035,946	2,105,775	2,224,721	2,171,277	2,380,673	2,530,395	2,519,690	2,476,201	2,577,420
Central services	739,690	733,475	766,629	731,794	840,801	832,280	823,495	833,261	854,539	831,640
Plant operations and maintenance	6,746,080	6,868,380	7,610,419	7,731,436	7,852,078	7,846,846	10,488,221	8,818,913	5,805,180	7,461,119
Care & upkeep of grounds	274,790	225,360	199,820	260,084	299,311	300,872	289,527	315,800	250,575	263,275
Security	-	-	21,975	38,099	62,065	25,070	48,083	164,270	115,124	140,084
Administrative information technology	561,690	725,710	728,490	970,428	1,142,688	1,080,864	890,228	848,664	888,068	923,401
Allocated employee benefits	-	-	-	-	-	-	-	-	176,515	141,367
Pupil transportation	3,372,461	3,466,345	3,814,473	3,602,705	3,439,011	3,740,728	3,952,284	4,103,723	3,476,428	3,653,494
Special schools	8,812	6,634	16,514	-	-	-	-	-	-	-
Transfer to charter school	17,026	-	-	-	-	-	-	-	6,947	72,161
Interest on long-term debt	2,381,534	1,967,046	2,052,121	2,028,666	1,856,486	1,918,619	1,854,343	1,789,745	1,403,070	1,248,195
Unallocated employee benefits	14,713,885	15,084,741	14,810,078	15,520,745	15,369,671	15,716,903	7,484,784	23,268,308	14,888,165	15,472,723
Non-budgeted expenditures	4,283,874	5,355,028	4,938,450	4,699,742	4,766,772	4,725,857	4,944,790	4,732,907	4,540,906	4,844,571
Total governmental activities expenses	70,115,893	73,172,758	75,690,228	77,228,427	78,036,205	78,615,748	74,933,540	89,383,551	76,126,328	79,674,131
Business-type activities:										
Food service	956,840	1,027,533	896,916	969,567	1,031,483	1,041,985	1,049,718	1,119,924	687,680	583,173
Total business-type activities expense	956,840	1,027,533	896,916	969,567	1,031,483	1,041,985	1,049,718	1,119,924	687,680	583,173
Total district expenses	\$ 71,072,733	\$ 74,200,291	\$ 76,587,144	\$ 78,197,994	\$ 79,067,688	\$ 79,657,733	\$ 75,983,258	\$ 90,503,475	\$ 76,814,008	\$ 80,257,304
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 164,972	\$ 350,386	\$ 180,214	\$ 211,413	\$ 205,059	\$ 119,856	\$ 365,052	\$ 680,461	\$ 784,079	\$ 504,394
Pupil transportation	-	-	245,249	283,042	405,785	400,942	609,223	548,157	49,599	1,215
Operating grants and contributions	4,283,874	5,355,028	4,938,450	4,699,742	4,766,772	4,725,857	4,944,790	4,732,907	4,540,906	4,844,571
Total governmental activities program revenues	4,448,846	5,705,414	5,363,913	5,194,197	5,377,616	5,246,655	5,919,065	5,961,525	5,374,584	5,350,180
Business-type activities:										
Charges for services										
Food service	735,708	660,219	669,462	723,824	748,900	752,252	779,492	693,603	481,985	2,252
Operating grants and contributions	249,885	267,807	280,734	306,291	320,073	338,436	327,145	336,519	256,246	530,462
Total business type activities program revenues	985,593	928,026	950,196	1,030,115	1,068,973	1,090,688	1,106,637	1,030,122	738,231	532,714
Total district program revenues	5,434,439	6,633,440	6,314,109	6,224,312	6,446,589	6,337,343	7,025,702	6,991,647	6,112,815	5,882,894
Net (Expense)/Revenue										
Governmental activities	\$ (65,667,047)	\$ (67,467,344)	\$ (70,326,315)	\$ (72,034,230)	\$ (72,658,589)	\$ (73,369,093)	\$ (69,014,475)	\$ (83,422,026)	\$ (70,751,744)	\$ (74,323,951)
Business-type activities	28,753	(99,507)	53,280	60,548	37,490	48,703	56,919	(89,802)	50,551	(60,459)
Total district-wide net expense	\$ (65,638,294)	\$ (67,566,851)	\$ (70,273,035)	\$ (71,973,682)	\$ (72,621,099)	\$ (73,320,390)	\$ (68,957,556)	\$ (83,511,828)	\$ (70,701,193)	\$ (74,374,410)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, 1	\$ 56,734,169	\$ 57,446,816	\$ 58,589,742	\$ 60,383,969	\$ 62,798,706	\$ 64,054,680	\$ 65,335,774	\$ 66,642,489	\$ 67,975,339	\$ 69,334,846
Taxes levied for debt service	3,449,149	3,312,772	3,365,692	3,418,018	3,465,543	3,200,132	3,347,197	3,402,532	3,462,889	3,531,860
Unrestricted grants and contributions	4,409,843	4,815,481	5,022,916	5,011,977	4,997,854	5,127,027	5,161,987	5,648,983	5,311,254	5,703,656
Restricted federal and state aid	190,864	4,644	11,894	46,397	46,435	106,675	86,331	98,854	69,721	131,650
Payments in lieu of taxes	1,363,672	1,349,981	1,360,397	1,330,508	1,304,972	1,198,342	1,259,295	1,308,826	1,343,308	1,705,806
Investment earnings	15,245	1,639	1,518	606	850	-	-	155,953	155,066	141,955
Rents and royalties	-	-	-	-	104,384	29,992	136,377	94,483	58,617	-
Miscellaneous income	210,398	417,189	379,823	626,384	171,949	657,908	323,150	249,906	287,521	212,859
Total governmental activities	66,373,340	67,348,522	68,731,982	70,817,859	72,890,693	74,374,756	75,650,111	77,602,026	78,663,715	80,762,632
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total business-type activities	-	-	-	-	-	-	-	-	-	-
Total district-wide	\$ 66,373,340	\$ 67,348,522	\$ 68,731,982	\$ 70,817,859	\$ 72,890,693	\$ 74,374,756	\$ 75,650,111	\$ 77,602,026	\$ 78,663,715	\$ 80,762,632
Change in Net Position										
Governmental activities	\$ 706,293	\$ (118,822)	\$ (1,594,333)	\$ (1,216,371)	\$ 232,104	\$ 1,005,663	\$ 6,635,636	\$ (5,820,000)	\$ 7,911,971	\$ 6,438,681
Business-type activities	28,753	(99,507)	53,280	60,548	37,490	48,703	56,919	(89,802)	50,551	(60,459)
Total district	\$ 735,046	\$ (218,329)	\$ (1,541,053)	\$ (1,155,823)	\$ 269,594	\$ 1,054,366	\$ 6,692,555	\$ (5,909,802)	\$ 7,962,522	\$ 6,388,222

Source: CAFR Schedule A-2 and District records.

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

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,817,370	\$ 5,218,181	\$ 7,226,733	\$ 13,151,600	\$ 15,791,722
Committed	-	-	-	-	-	793,230	-	-	-	-
Assigned	-	-	-	-	-	2,100,000	2,675,827	3,851,306	3,500,151	4,277,980
Unassigned	-	-	-	-	-	1,813,863	1,794,244	2,133,938	974,752	1,353,339
Reserved	7,622,450	7,786,350	5,003,747	5,077,533	3,754,913	-	-	-	-	-
Unreserved	1,699,768	1,610,980	1,080,496	513,905	1,327,445	-	-	-	-	-
Total general fund	\$ 9,322,218	\$ 9,397,330	\$ 6,084,243	\$ 5,591,438	\$ 5,082,358	\$ 8,524,463	\$ 9,688,252	\$ 13,211,977	\$ 17,626,503	\$ 21,423,041
All Other Governmental Funds										
Reserved	\$ 212,101	\$ -	\$ 570,440	\$ 150,080	\$ 209,148	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted										
Special revenue fund	-	-	-	-	-	-	-	-	-	11,439
Debt service fund	-	-	-	-	-	1	1	-	(1)	-
Capital projects fund	-	-	-	-	-	-	-	6,231,737	2,115,189	1,023,739
Total all other governmental funds	\$ 212,101	\$ -	\$ 570,440	\$ 150,080	\$ 209,148	\$ 1	\$ 1	\$ 6,231,737	\$ 2,115,188	\$ 1,035,178

Source: CAFR Schedule B-1 and District records.

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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Tax levy	\$ 60,183,318	\$ 60,759,588	\$ 61,955,434	\$ 63,801,987	\$ 66,264,249	\$ 67,254,812	\$ 68,682,971	\$ 70,045,021	\$ 71,438,228	\$ 72,866,706
Tuition charges	121,431	244,773	180,214	211,413	205,059	119,856	365,052	680,461	784,079	504,394
Interest earnings	15,245	1,639	1,518	606	850	-	-	155,953	155,066	141,955
Rents and royalties	-	-	-	-	104,384	29,992	136,377	94,483	58,617	-
Miscellaneous	210,398	417,189	379,823	626,384	171,949	657,908	323,150	249,906	287,521	212,859
Transportation fees	43,541	105,613	245,249	283,042	405,785	400,942	609,223	548,157	49,599	1,215
State sources	8,740,386	10,216,029	9,998,352	9,938,008	9,805,580	9,927,504	10,149,358	10,425,096	9,896,332	10,593,479
Federal sources	1,507,867	1,309,105	1,335,305	1,150,616	1,310,453	1,230,397	1,303,045	1,364,474	1,368,857	1,792,204
Total revenue	70,822,186	73,053,936	74,095,895	76,012,056	78,268,309	79,621,411	81,569,176	83,563,551	84,038,299	86,112,812
Expenditures										
Instruction										
Regular instruction	16,967,321	17,928,224	19,419,697	19,688,421	20,571,015	19,937,469	20,704,737	20,539,988	20,712,687	20,856,881
Special education instruction	7,760,459	8,099,430	8,387,187	8,728,826	9,164,105	9,490,139	10,065,138	9,843,497	8,937,970	9,229,947
Other special instruction	1,118,409	1,351,171	1,405,281	1,266,482	1,171,105	1,176,013	1,323,856	1,360,088	1,299,247	1,338,062
Support Services:										
Tuition	2,154,962	1,468,708	1,264,988	1,229,804	1,035,016	1,024,940	1,024,475	1,436,913	773,783	722,318
Student & inst. related services	1,192,529	1,162,147	1,199,570	1,321,857	1,285,852	1,368,653	1,431,771	1,446,003	1,478,191	1,535,360
General administration	788,052	849,568	859,196	983,082	765,383	935,557	922,444	1,171,628	1,045,220	1,088,885
School administrative services	1,975,788	2,035,946	2,105,775	2,224,721	2,171,277	2,380,673	2,530,395	2,519,690	2,476,201	2,577,420
Central services	739,690	733,475	766,629	731,794	840,801	832,280	823,495	833,261	854,539	831,640
Admin. information technology	561,690	725,710	728,490	970,428	1,142,688	1,080,864	890,228	848,664	888,068	923,401
Plant operations and maintenance	4,547,690	4,546,489	5,220,809	5,297,196	5,378,264	5,321,693	5,320,599	5,046,628	5,210,919	5,055,682
Pupil transportation	3,372,461	3,466,345	3,814,473	3,602,705	3,439,011	3,740,728	3,952,284	4,103,723	3,476,428	3,653,494
Other Support Services	5,058,531	5,844,845	6,089,565	6,201,535	6,243,569	6,114,265	6,154,969	6,190,153	6,997,512	7,273,228
Care & upkeep of grounds	274,790	225,360	199,820	260,084	299,311	300,872	289,527	315,800	250,575	263,275
Security	-	-	21,975	38,099	62,065	25,070	48,083	164,270	115,124	140,084
Allocated employee benefits	-	-	-	-	-	-	-	-	176,515	141,367
Employee benefits	14,397,301	15,061,040	14,703,141	15,258,401	15,611,347	13,836,357	15,062,204	14,353,463	14,329,576	16,362,017
Non-budgeted expenditures	4,283,874	5,355,028	4,938,450	4,699,742	4,766,772	4,725,857	4,944,790	4,732,907	4,540,906	4,844,571
Transfer to charter school	17,026	-	-	-	-	-	-	-	6,947	72,161
Special Schools	8,812	6,634	16,514	-	-	-	-	-	-	-
Capital outlay	1,060,584	975,065	2,296,167	964,704	1,361,259	765,701	1,531,092	2,020,714	6,668,714	3,423,815
Debt service:										
Principal	1,150,000	1,310,000	1,270,000	1,370,000	1,515,000	1,490,000	1,595,000	1,715,000	1,845,000	2,000,000
Interest and other charges	2,342,116	2,045,740	2,130,815	2,087,340	1,894,481	1,841,322	1,790,300	1,725,700	1,656,200	1,570,325
Total expenditures	69,772,085	73,190,925	76,838,542	76,925,221	78,718,321	76,388,453	80,405,387	80,368,090	83,740,322	83,903,933
Excess (Deficiency) of revenues over (under) expenditures	1,050,101	(136,989)	(2,742,647)	(913,165)	(450,012)	3,232,958	1,163,789	3,195,461	297,977	2,208,879
Other Financing sources (uses)										
Proceeds from borrowing	(13,310,000)	-	-	(7,255,000)	(28,565,000)	-	-	-	-	-
Proceeds from refunding	12,130,000	-	-	6,625,000	23,775,000	-	-	-	-	-
Premium and costs for bond issuance	1,180,000	-	-	630,000	4,790,000	-	-	-	-	-
Transfers in	-	-	570,442	570,442	-	146,931	-	6,560,000	-	-
Transfers out	-	-	(570,442)	(570,442)	-	(146,931)	-	-	-	-
Costs of issuance	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	6,560,000	-	-
Net change in fund balances	\$ 1,050,101	\$ (136,989)	\$ (2,742,647)	\$ (2,742,647)	\$ (450,012)	\$ 3,232,958	\$ 1,163,789	\$ 9,755,461	\$ 297,977	\$ 2,208,879
Debt service as a percentage of noncapital expenditures	5.08%	4.65%	4.56%	4.55%	4.41%	4.41%	4.29%	4.39%	4.54%	4.44%

Source: CAFR Schedule B-2 and District records.
 Note: Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ending June 30,	Sale of Capital Assets	Donations	Rentals	Prior Year Refunds	Sale and Leaseback of Textbooks	Miscellaneous	Annual Totals
2012	14,902	343	-	121,431	43,541	107,812	288,029
2013	-	1,639	-	244,773	105,613	254,202	606,227
2014	-	1,518	-	180,214	245,249	193,731	620,712
2015	-	606	-	211,413	283,042	409,594	904,655
2016	-	850	104,384	205,059	405,785	171,949	888,027
2017	36,943	4,314	29,992	119,856	400,942	537,593	1,129,640
2018	34,316	12,555	136,377	365,052	609,223	195,105	1,352,628
2019	75,828	31,638	94,483	680,461	548,157	190,416	1,620,983
2020	77,528	44,600	58,617	784,079	49,599	191,901	1,206,324
2021	-	-	-	-	-	152,334	152,334

Source: District records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2012	69,363,900	4,551,925,900	31,282,000	1,541,900	1,247,563,400	154,791,300	61,500,000	6,117,968,400	-	41,218,304	6,159,186,704	0.966	6,427,603,681
2013	67,931,000	4,548,659,400	32,524,700	1,509,700	1,245,930,300	156,782,100	61,500,000	6,114,837,200	-	-	6,114,837,200	0.983	6,197,354,750
2014	56,004,900	3,949,909,700	28,280,200	1,466,400	1,243,834,300	146,521,200	60,794,300	5,486,811,000	-	-	5,486,811,000	1.117	5,873,438,863
2015	50,881,700	3,955,292,200	27,666,200	1,440,900	1,239,936,400	146,563,700	60,794,300	5,482,575,400	-	-	5,482,575,400	1.151	5,837,654,006
2016	55,908,800	4,266,398,600	29,970,000	1,464,900	1,320,216,200	148,905,300	71,094,300	5,893,958,100	-	-	5,893,958,100	1.113	6,589,292,604
2017	52,922,000	4,425,631,400	29,682,700	1,444,500	1,396,897,600	154,513,500	84,791,800	6,145,883,500	-	-	6,145,883,500	1.107	6,456,448,298
2018	48,609,600	4,588,492,600	31,227,800	1,535,200	1,417,161,400	154,713,700	84,626,700	6,326,367,000	-	-	6,326,367,000	1.097	6,510,731,901
2019	50,698,700	4,799,653,300	33,788,900	1,538,100	1,457,447,400	154,697,800	94,626,700	6,592,450,900	-	-	6,592,450,900	1.074	6,615,462,721
2020	54,964,900	4,883,717,000	32,314,100	1,508,500	1,492,227,500	154,144,100	98,555,800	6,717,431,900	-	-	6,717,431,900	1.074	6,710,556,698
2021	54,455,300	5,103,047,500	32,672,100	1,490,000	1,399,760,900	176,972,900	101,720,900	6,868,119,600	-	-	6,868,119,600	1.060	7,050,941,430

Source: District records and Monmouth County Board of Taxation

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

Fiscal Year Ended June 30,	Freehold Township School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Freehold Regional School District	Freehold Township	Monmouth County	
2012	0.911	0.055	0.966	0.399	0.304	0.291	1.960
2013	0.929	0.054	0.983	0.411	0.324	0.292	2.010
2014	1.057	0.061	1.117	0.471	0.378	0.327	2.293
2015	1.089	0.062	1.151	0.48	0.388	0.33	2.349
2016	1.060	0.053	1.113	0.452	0.38	0.33	2.275
2017	1.059	0.054	1.113	0.455	0.37	0.29	2.228
2018	1.044	0.053	1.097	0.441	0.37	0.303	2.211
2019	1.022	0.052	1.074	0.417	0.362	0.286	2.139
2020	1.022	0.052	1.074	0.408	0.366	0.282	2.130
2021	1.000	0.052	1.060	0.412	0.365	0.284	2.121

Source: District Records and Municipal Tax Collector

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

2021				2012			
Taxpayer	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Freemall Associates	\$303,132,000	1	4.41%	Freemall Associates	\$ 314,471,800	1	5.11%
100 Lambert LLC c/o Eagle Rock Advisors	73,281,100	2	1.07%	Freehold Financing, LLC	51,500,000	2	0.84%
Center for Aging DBA/Applewood	56,446,400	3	0.82%	Center for Aging DBA/Applewood Estates	48,535,900	3	0.79%
Iron Mountain Information Mgmt LLC	49,000,000	4	0.71%	Iron Mountain, Inc.	45,169,200	4	0.73%
Ushpizin Associates Owner LLC	30,686,900	5	0.45%	New Jersey Bell Telephone Co	25,858,700	5	0.42%
Freehold Shopping Associates	29,743,200	6	0.43%	Freehold Shopping Associates	24,108,000	6	0.39%
Aspen Rt 9, LLC	24,837,400	7	0.36%	Raintree Towne Center Assoc. LP	23,800,000	7	0.39%
Raintreetowne Center Assoc LP	24,000,000	8	0.35%	Verizon - New Jersey	23,028,665	8	0.37%
Audi	23,946,500	9	0.35%	Ronardi Freehold Enterprises, LLC	21,282,400	9	0.35%
Ronardi Freehold Enterprises LLC	23,944,600	10	0.35%	Silver Shore Land Co. Inc.	21,209,100	10	0.34%
Total	<u>\$ 639,018,100</u>		<u>9.30%</u>	Total	<u>\$ 598,963,765</u>		<u>9.72%</u>

Source: District CAFR & Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2012	60,183,318	60,183,318	100.00%	-
2013	60,759,588	60,759,588	100.00%	-
2014	61,955,434	61,955,434	100.00%	-
2015	63,801,987	63,801,987	100.00%	-
2016	67,254,812	67,254,812	100.00%	-
2017	68,682,971	68,682,971	100.00%	-
2018	70,045,021	70,045,021	100.00%	-
2019	71,438,228	71,438,228	100.00%	-
2020	72,866,706	72,866,706	100.00%	-
2021	73,481,737	73,481,737	100.00%	-

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

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities	
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District
2012	52,010,000	n/a	1,031,000	n/a	n/a	53,041,000
2013	49,520,000	n/a	776,000	n/a	n/a	50,296,000
2014	48,250,000	n/a	1,155,617	n/a	n/a	49,405,617
2015	46,250,000	n/a	751,617	n/a	n/a	47,001,617
2016	39,945,000	n/a	1,038,942	n/a	n/a	40,983,942
2017	38,455,000	n/a	871,372	n/a	n/a	39,326,372
2018	36,860,000	n/a	1,372,022	n/a	n/a	38,232,022
2019	35,145,000	n/a	9,094,661	n/a	n/a	44,239,661
2020	33,300,000	n/a	8,274,059	n/a	n/a	41,574,059
2021	31,300,000	n/a	8,382,254	n/a	n/a	39,682,254

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2012	52,010,000	-	52,010,000	0.85%	1,436
2013	49,520,000	-	49,520,000	0.81%	1,372
2014	48,250,000	-	48,250,000	0.88%	1,333
2015	46,250,000	-	46,250,000	0.78%	1,278
2016	39,945,000	-	39,945,000	0.66%	1,116
2017	38,455,000	-	38,455,000	0.63%	1,079
2018	36,860,000	-	36,860,000	0.58%	1,035
2019	34,145,000	-	35,145,000	0.53%	959
2020	33,300,000	-	33,300,000	0.51%	962
2021	31,300,000	-	31,300,000	0.47%	903

**Freehold Township School District
Direct and Overlapping Governmental Activities Debt
June 30, 2021
UNAUDITED**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Freehold Township	\$ 57,344,066	100.000%	\$ 57,344,066
Other debt			
Water Sewer System	16,926,440	100.000%	16,926,440
Freehold Regional High School	14,460,000	19.668%	2,844,041
Manasquan River Regional Sewerage Authority	3,190,000	39.638%	1,264,443
Monmouth County	481,238,393	5.104%	<u>24,563,606</u>
Subtotal, overlapping debt			102,942,596
Freehold Township School District Direct Debt			<u>0</u>
Total direct and overlapping debt			<u><u>\$ 102,942,596</u></u>

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

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

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

Equalized valuation basis	
2021	\$ 6,868,119,600
2020	6,717,431,900
2019	6,592,450,900
[A]	<u>\$ 20,178,002,400</u>
 [A/3]	 \$ 6,726,000,800
 [B]	 201,780,024 ^a
[C]	-
[B-C]	<u>\$ 201,780,024</u>

Fiscal year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	\$ 192,723,907	\$ 190,647,014	\$ 179,084,476	\$ 170,842,236	\$ 168,633,445	\$ 113,765,335	\$ 122,203,251	\$ 190,647,014	\$ 196,362,498	\$ 201,780,024
Total net debt applicable to limit	<u>52,010,000</u>	<u>50,000,000</u>	<u>48,250,000</u>	<u>46,250,000</u>	<u>39,945,000</u>	<u>38,455,000</u>	<u>36,860,000</u>	<u>35,145,000</u>	<u>33,300,000</u>	<u>31,300,000</u>
Legal debt margin	<u>\$ 140,713,907</u>	<u>\$ 140,647,014</u>	<u>\$ 130,834,476</u>	<u>\$ 124,592,236</u>	<u>\$ 128,688,445</u>	<u>\$ 75,310,335</u>	<u>\$ 85,343,251</u>	<u>\$ 155,502,014</u>	<u>\$ 163,062,498</u>	<u>\$ 170,480,024</u>
Total net debt applicable to the limit as a percentage of debt limit	26.99%	26.23%	26.94%	27.07%	23.69%	33.80%	30.16%	18.43%	16.96%	15.51%

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

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

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

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2012	36,219	-	-	8.2%
2013	36,806	-	-	7.0%
2014	36,184	-	-	5.0%
2015	35,812	-	-	4.7%
2016	35,807	-	-	4.4%
2017	35,623	-	-	4.1%
2018	35,053	-	-	3.9%
2019	34,735	-	-	2.5%
2020	34,624	-	-	15.6%
2021	34,679	-	-	6.5%

Source:

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

^b Personal income not available by municipality.

^c Per Capita Income not available by municipality.

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

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

Employer	2021			2012		
	Employees	Rank (Optional)	Percentage of Total Employment ^b	Employees	Rank (Optional)	Percentage of Total Employment ^b
CentraState Medical Center	2,037	1	11.25%	2,028	1	11.14%
YMCA of Freehold	190	6	1.05%	-	-	0.00%
iPlay America, Inc.	0		0.00%	-	-	0.00%
Center for Aging	423	2	2.34%	495	3	2.72%
Nordstrom	0		0.00%	301	5	1.65%
Macy's	125.00	10	0.69%	234	9	1.29%
IVC Industries, Inc.	234.00	5	1.29%	-	-	0.00%
Verizon	-	-	0.00%	668	2	3.67%
Shore Point Distributing Co., Inc.	301	3	1.66%	-	-	0.00%
Sam's Club	179	7	0.99%	260	8	1.43%
Asbury Park Press	-	-	0.00%	350	4	1.92%
Sears	160	8	0.88%	-	-	0.00%
WalMart	276	4	1.52%	300	6	1.65%
Inverness Medical Nutritional	-		0.00%	272	7	1.49%
JC Penney Company	140	9	0.77%	-	-	0.00%
Lord & Taylor	-	-	0.00%	-	-	0.00%
Nestle Hills Coffee Company	-	-	0.00%	209	10	1.15%
	<u>4,065</u>		<u>22.44%</u>	<u>5,117</u>		<u>28.11%</u>

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

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

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

<u>Function/Program</u>	<u>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	271	282	298	295	295	361	264	262	261	245
Special education	191	200	214	221	220	125	242	238	202	218
Other special education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	69	80	82	84	82	74	90	90	104	82
General administrative services	4	4	4	4	4	5	5	5	4	4
School administrative services	30	29	26	27	27	27	29	29	27	29
Business administrative services	14	15	14	15	16	17	16	16	16	16
Plant operations and maintenance	73	75	67	82	82	81	80	80	69	70
Pupil transportation	71	67	72	69	76	81	77	76	63	62
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Total	<u>723</u>	<u>752</u>	<u>777</u>	<u>797</u>	<u>802</u>	<u>771</u>	<u>803</u>	<u>796</u>	<u>746</u>	<u>726</u>

Source: District Personnel Records

Freehold Township School District
 Operating Statistics
 Last Ten Fiscal Years
 UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADE) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2012	4,276	62,963,967	14,725	4.28%	308	17:01	20:01	4,271	4,099	-2.15%	95.97%
2013	4,170	64,431,299	15,451	4.93%	353	17:01	16:01	4,155	3,970	-2.72%	95.55%
2014	4,042	66,902,931	16,552	7.13%	354	17:01	14:01	4,050	3,881	-2.53%	95.83%
2015	3,937	69,359,914	17,617	6.44%	367	11:01	10:01	3,921	3,748	-5.63%	95.59%
2016	3,855	70,388,447	18,259	3.64%	338	11:01	11:01	3,840	3,678	-5.19%	95.78%
2017	3,820	66,357,149	17,371	-4.86%	343	11:01	11:01	3,805	3,628	-6.05%	95.35%
2018	3,778	69,228,155	18,324	5.49%	341	11:01	11:01	3,763	3,577	-7.09%	95.07%
2019	3,752	68,843,616	18,349	0.13%	337	11:01	11:01	3,748	3,569	-7.46%	95.22%
2020	3,638	67,640,604	18,593	7.03%	339	11:01	11:01	3,702	3,582	-10.90%	96.76%
2021	3,621	72,667,476	20,068	9.52%	330	11:01	11:01	3,593	2,981	-11.28%	82.97%

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

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Teaching staff includes only full-time equivalents of certificated staff.

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
District Building^a										
Early Learning Center										
Early Childhood Learning Center (1936) ^b										
Square Feet	37,156	37,156	37,156	37,156	37,156	37,156	37,156	37,156	37,156	37,156
Capacity (students)	127	127	127	127	127	127	127	127	127	127
Enrollment ^b	115	121	114	114	114	114	101	95	72	93
Elementary										
Joseph J. Catena (1951)										
Square Feet	76,045	76,045	76,045	76,045	76,045	76,045	76,045	76,045	76,045	76,045
Capacity (students)	633	633	633	633	633	633	633	633	633	633
Enrollment	492	491	511	511	511	511	486	485	449	456
C. Richard Applegate (1972)										
Square Feet	81,963	81,963	81,963	81,963	81,963	81,963	81,963	81,963	81,963	81,963
Capacity (students)	606	606	606	606	606	606	606	606	606	606
Enrollment	539	541	487	487	487	487	452	425	396	386
Marshall W. Errickson (1972)										
Square Feet	78,130	78,130	78,130	78,130	78,130	78,130	78,130	78,130	78,130	78,130
Capacity (students)	606	606	606	606	606	606	606	606	606	606
Enrollment	526	502	468	468	468	468	431	437	440	421
Laura Donovan (1968)										
Square Feet	76,491	76,491	76,491	76,491	76,491	76,491	76,491	76,491	76,491	76,491
Capacity (students)	653	653	653	653	653	653	653	653	653	653
Enrollment	485	487	488	488	488	488	432	436	431	442
West Freehold (9/04)										
Square Feet	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Capacity (students)	636	636	636	636	636	636	636	636	636	636
Enrollment	532	516	522	522	522	522	501	502	452	430
Middle School										
Clifton T. Barkalow (1965)										
Square Feet	110,553	110,553	110,553	110,553	110,553	110,553	110,553	110,553	110,553	110,553
Capacity (students)	831	831	831	831	831	831	831	831	831	831
Enrollment	803	763	752	752	752	752	671	661	690	658
Dwight D. Eisenhower (1971)										
Square Feet	114,979	114,979	114,979	114,979	114,979	114,979	114,979	114,979	114,979	114,979
Capacity (students)	863	863	863	863	863	863	863	863	863	863
Enrollment	784	749	700	687	680	681	667	685	639	601
Other										
Transportation & Maintenance Offices										
Square Feet	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800
Number of Schools at June 30, 2021										
Early Learning Center =	1									
Elementary =	5									
Middle School =	2									
Other =	1									

Source: District records, ASSA

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

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

* School Facilities Project # (s)	Joseph J. Catena Elementary N/A	C. Richard Applegate Elementary N/A	Clifton T. Barkalow Middle School N/A	Dwight D. Eisenhower Middle School N/A	Marshall W. Errickson Elementary N/A	Laura Donovan Elementary N/A	West Freehold Elementary N/A	Early Childhood Learning Center N/A	Total
2012	90,719	97,779	131,862	137,166	93,206	91,251	107,367	44,326	793,676
2013	43,820	47,231	63,694	66,256	45,022	44,077	51,862	21,411	383,373
2014	128,893	138,923	187,348	194,884	132,427	129,649	152,546	62,977	1,127,647
2015	138,630	149,418	201,501	209,606	142,431	139,443	164,070	67,735	1,212,834
2016	153,099	165,013	222,532	231,483	157,296	153,997	181,194	74,805	1,339,419
2017	138,388	149,157	201,149	209,240	142,182	139,199	163,783	67,617	1,210,716
2018	140,831	151,790	206,466	215,031	144,045	139,800	165,313	68,810	1,232,087
2019	126,503	136,347	183,874	191,270	129,971	127,245	149,717	61,810	1,106,737
2020	115,800	124,812	168,349	175,089	118,975	116,480	137,051	56,581	1,013,137
2021	131,863	142,125	191,700	199,374	135,478	132,636	156,061	64,429	1,153,666
Total School Facilities	<u>\$ 1,308,179</u>	<u>\$ 1,409,983</u>	<u>\$ 1,903,294</u>	<u>\$ 1,980,043</u>	<u>\$ 1,343,398</u>	<u>\$ 1,313,995</u>	<u>\$ 1,546,881</u>	<u>\$ 639,182</u>	<u>\$ 11,444,955</u>

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

Source: District records

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
For the Year Ended June 30, 2021
UNAUDITED

Company	Type of Coverage	Coverage	Deductible	
Republic Franklin (Utica)	Property			
	Blanket Building & Contents	\$ 185,785,891	\$ 5,000	
	Business Income & Extra Exp.	5,000,000		
	Data Processing Equipment	75,000	Per Building	
	Data & Media	10,000	Per Building	
	EDP - Chrome Books	142,000	-	
	Flood	1,015,000	25,000	
	Earthquake	1,000,000	25,000	
	Equipment Breakdown (Blanket)	Included		
	Commercial Liability			
	Bodily Injury & Property Damage			
	Each Occurrence	1,000,000		
	General Aggregate	3,000,000		
	Products/Completed Operations	3,000,000		
	Damage to Premises Rented	1,000,000		
	Medical Payments	10,000		
	Personal & Advertising Injury	1,000,000		
Crime				
Employee Theft	4,000,000	5,000		
Forgery or Alteration	100,000			
Theft of Money & Securities	25,000	500		
School Board Legal				
Limit of Liability	1,000,000/3,000,000	10,000		
Graphic Arts (Utica)	Business Auto			
	Combined Single Limit	1,000,000		
	Personal Injury Protection	Statutory		
	Medical Payments	5,000		
	Uninsured & Underinsured	1,000,000		
	Comprehensive Deductible		1,000	
	Collision Deductible		1,000	

Source: District Records

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Insurance Schedule (Continued)
For the Year Ended June 30, 2021
UNAUDITED

Company	Type of Coverage	Coverage	Deductible
NJSIG	Worker's Compensation Section A Section B	Statutory 3,000,000/3,000,000/3,000,000	
Chubb	Supplemental Worker's Compensation Maximum Benefit Period Waiting Period	52 Weeks 7 days	
Bollinger	Student Accident Maximum Benefit	6,000,000	
Selective	Bonds Business Adm./Board Sec'y.	360,000	
Beazley	Environmental Policy Each Incident Aggregate First Party Personal Property Microbial Matter Clean Up Cost Ded. Microbial Matter Damages Ded.	1,000,000 1,000,000 100,000 100,000 25,000	10,000
Utica Mutual Ins. Co.	Excess Umbrella Limit of Liability Retention	20,000,000 10,000	
Fireman's Fund	CAP Program Each Occurrence Aggregate	25,000,000 25,000,000	
Underwriters at Lloyd's	Cyber Liability Liability Retention	1,000,000 7,500	

Source: District Records

SINGLE AUDIT SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Freehold Township School District in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Freehold Township School District basic financial statements, and have issued our report thereon dated January 24, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully Submitted,

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



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

January 24, 2022

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

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

Report on Compliance for Each Major Federal and State Program

We have audited Freehold Township School District's compliance with the types of compliance requirements described in the OMB Compliance Supplement and the New Jersey OMB Circular 15-08 that could have a direct and material effect on each of Freehold Township School District's major federal and state programs for the year ended June 30, 2021. Freehold Township School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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

Respectfully submitted,

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



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

January 24, 2022

**FREEHOLD TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Year Ended June 30, 2021**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance at June 30, 2020</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Repayment of Prior years' Balances</u>	<u>Deferred Revenue at June 30, 2021</u>	<u>(Accounts Receivable) at June 30, 2021</u>	<u>Due to Grantor at June 30, 2021</u>
General Fund:										
U.S Department of Education										
Medical Assistance Program	93.778	7/1/20-6/30/21	\$ 121,766	\$ -	\$ 121,766	\$ (121,766)	\$ -	\$ -	\$ -	\$ -
FFCRA/SEMI	93.778	1/1/20-12/31/20	9,884	-	9,884	(9,884)	-	-	-	-
				<u>-</u>	<u>131,650</u>	<u>(131,650)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
U.S. Department of Agriculture										
Passed-through State Department of Education:										
Food Distribution Program	10.550	7/1/20-6/30/21	53,747	-	53,747	(53,747)	-	-	-	-
Child Nutrition Cluster:										
National School Breakfast Program	10.553	7/1/20-6/30/21	172	-	172	(172)	-	-	-	-
National School Lunch Program	10.555	7/1/20-6/30/21	6,325	-	6,325	(6,325)	-	-	-	-
Summer Food Service Program for Children	10.559	7/1/19-6/30/20	32,975	(8,268)	8,268	-	-	-	-	-
Summer Food Service Program for Children	10.559	7/1/20-6/30/21	451,782	-	370,569	(451,782)	-	-	(81,213)	-
Subtotal Child Nutrition Cluster				<u>(8,268)</u>	<u>385,334</u>	<u>(458,279)</u>	<u>-</u>	<u>-</u>	<u>(81,213)</u>	<u>-</u>
Total U.S. Department of Agriculture				<u>(8,268)</u>	<u>439,081</u>	<u>(512,026)</u>	<u>-</u>	<u>-</u>	<u>(81,213)</u>	<u>-</u>
U.S. Department of Education										
Passed-through State Department of Education:										
Title I	84.010	7/1/20-6/30/21	340,962	-	234,084	(340,962)	-	-	(106,878)	-
Title I	84.010	7/1/19-6/30/20	312,616	(97,193)	97,193	-	-	-	-	-
Title II Part A	84.367A	7/1/20-6/30/21	65,248	-	53,424	(63,018)	-	-	(9,594)	-
Title II Part A	84.367A	7/1/19-6/30/20	80,277	(6,647)	6,647	-	-	-	-	-
Title III	84.365A	7/1/20-6/30/21	14,817	-	4,446	(5,546)	-	-	(1,100)	-
Title III	84.365A	7/1/19-6/30/20	14,249	(8,012)	8,012	-	-	-	-	-
Title III Immigrant	84.365A	7/1/19-6/30/20	7,000	(2,037)	2,037	-	-	-	-	-
Title III Immigrant	84.365A	7/1/20-6/30/21	2,539	-	-	-	-	-	-	-
Title IV	84.424	7/1/20-6/30/21	22,282	-	9,188	(19,550)	-	-	(10,362)	-
CARES Emergency Relief Grant	84.425D	3/13/20-9/30/22	255,850	-	129,533	(141,587)	-	-	(12,054)	-
Coronavirus Relief Fund	84.425D	7/1/20-6/30/21	149,466	-	149,446	(149,446)	-	-	-	-
Special Education Cluster:										
I.D.E.A. Part B Basic Regular	84.027	7/1/19-6/30/20	858,027	(128,137)	128,137	-	-	-	-	-
I.D.E.A. Part B Basic Regular	84.027	7/1/20-6/30/21	913,728	-	731,971	(913,728)	-	-	(181,757)	-
I.D.E.A. Part B Preschool	84.173	7/1/20-6/30/21	39,565	-	32,967	(39,565)	-	-	(6,598)	-
I.D.E.A. Part B Preschool	84.173	7/1/19-6/30/20	39,341	(5,998)	5,998	-	-	-	-	-
Subtotal Special Education Cluster				<u>(248,024)</u>	<u>1,593,083</u>	<u>(1,673,402)</u>	<u>-</u>	<u>-</u>	<u>(328,343)</u>	<u>-</u>
Total U.S. Department of Education				<u>(248,024)</u>	<u>1,593,083</u>	<u>(1,673,402)</u>	<u>-</u>	<u>-</u>	<u>(328,343)</u>	<u>-</u>
Total Expenditures of Federal Awards				<u>\$ (256,292)</u>	<u>\$ 2,163,814</u>	<u>\$ (2,317,078)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (409,556)</u>	<u>\$ -</u>

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Year Ended June 30, 2021

State Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2020	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Deferred Revenue at June 30, 2021	(Accounts Receivable) at June 30, 2021	Due to Grantor at June 30, 2021	Budgetary Receivable	Total Expenditures
State Department of Education													
General Fund:													
Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	709,345	-	-	642,187	(709,345)	-	-	-	-	(67,158)	709,345
Special Education Aid	21-495-034-5120-089	7/1/20-6/30/21	2,709,022	-	-	2,452,544	(2,709,022)	-	-	-	-	(256,478)	2,709,022
Equalization Aid	21-495-034-5120-078	7/1/20-6/30/21	1,100,169	-	-	996,010	(1,100,169)	-	-	-	-	(104,159)	1,100,169
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	93,758	-	-	84,881	(93,758)	-	-	-	-	(8,877)	93,758
Extraordinary Aid	21-495-034-5120-044	7/1/20-6/30/21	1,066,356	-	-	-	(1,066,356)	-	-	(1,066,356)	-	-	1,066,356
Extraordinary Aid	20-495-034-5120-044	7/1/19-6/30/20	717,549	(717,549)	-	717,549	-	-	-	-	-	-	-
Nonpublic Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	30,450	-	-	-	(30,450)	-	-	(30,450)	-	-	30,450
Nonpublic Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	3,018	(3,018)	-	3,018	-	-	-	-	-	-	-
On-Behalf TPAF Pension Contribution	21-495-034-5094-002	7/1/20-6/30/21	8,212,217	-	-	8,212,217	(8,212,217)	-	-	-	-	-	8,212,217
On-Behalf TPAF Long-Term Disability Ins	21-495-034-5094-004	7/1/20-6/30/21	4,174	-	-	4,174	(4,174)	-	-	-	-	-	4,174
On-Behalf TPAF Post-Retirement Medical	21-495-034-5094-001	7/1/20-6/30/21	2,573,581	-	-	2,573,581	(2,573,581)	-	-	-	-	-	2,573,581
Reimbursed TPAF Social Security Contribution	21-495-034-5094-003	7/1/20-6/30/21	2,266,816	-	-	2,156,316	(2,266,816)	-	-	(110,500)	-	-	2,266,816
Reimbursed TPAF Social Security Contribution	20-495-034-5094-003	7/1/19-6/30/20	2,185,193	(107,028)	-	107,028	-	-	-	-	-	-	-
Total General Fund				(827,595)	-	17,949,505	(18,765,888)	-	-	(1,207,306)	-	(436,672)	18,765,888
Enterprise Fund:													
State School Breakfast Program	21-100-010-3350-021	7/1/20-6/30/21	2	-	-	2	(2)	-	-	-	-	-	2
State School Lunch Program	21-100-010-3350-023	7/1/20-6/30/21	18,434	-	-	14,648	(18,434)	-	-	(3,786)	-	-	18,434
State School Lunch Program	20-100-010-3350-023	7/1/19-6/30/20	7,393	(131)	-	131	-	-	-	-	-	-	-
Total Enterprise Fund				(131)	-	14,781	(18,436)	-	-	(3,786)	-	-	18,436
Debt Service Fund:													
Debt service aid	21-495-034-5120-017	7/1/20-6/30/21	38,466	-	-	38,466	(38,466)	-	-	-	-	-	38,466
Total Debt Service Fund				-	-	38,466	(38,466)	-	-	-	-	-	38,466
Special Revenue Fund:													
N.J. Nonpublic Textbook Aid	21-100-034-5120-064	7/1/20-6/30/21	1,100	-	-	1,100	(1,054)	-	-	-	46	-	1,054
N.J. Nonpublic Textbook Aid	20-100-034-5120-064	7/1/19-6/30/20	949	4	-	-	-	(4)	-	-	-	-	-
N.J. Nonpublic Nursing Aid	21-100-034-5120-070	7/1/20-6/30/21	1,835	-	-	1,836	(1,835)	-	-	-	1	-	1,835
N.J. Nonpublic Technology Aid	21-100-034-5120-373	7/1/20-6/30/21	783	-	-	747	(747)	-	-	-	-	-	747
N.J. Nonpublic Technology Aid	20-100-034-5120-373	7/1/19-6/30/20	648	17	-	-	-	(17)	-	-	-	-	-
N.J. Nonpublic Security Aid	21-100-034-5120-509	7/1/20-6/30/21	3,150	-	-	3,150	(3,150)	-	-	-	-	-	3,150
N.J. Nonpublic Security Aid	20-100-034-5120-509	7/1/19-6/30/20	2,700	160	-	-	-	(160)	-	-	-	-	-
Total Special Revenue Fund				181	-	6,833	(6,786)	(181)	-	-	47	-	6,786
Total Expenditures of State Awards				(827,545)	-	18,009,585	(18,829,576)	(181)	-	(1,211,092)	47	(436,672)	18,829,576
State Financial Assistance Not Subject to Single Audit Determination													
On-Behalf TPAF Pension Contribution	21-495-034-5094-002	7/1/20-6/30/21	8,212,217	-	-	8,212,217	(8,212,217)	-	-	-	-	-	8,212,217
On-Behalf TPAF Long-Term Disability Ins	21-495-034-5094-004	7/1/20-6/30/21	4,174	-	-	4,174	(4,174)	-	-	-	-	-	-
On-Behalf TPAF Post-Retirement Medical	21-495-034-5094-001	7/1/20-6/30/21	2,573,581	-	-	2,573,581	(2,573,581)	-	-	-	-	-	-
Total State Financial Assistance Not Subject to Single Audit Determination				-	-	10,789,972	(10,789,972)	-	-	-	-	-	8,212,217
Total Expenditures of State Awards Subject to Single Audit Determination				(827,545)	-	7,219,613	(8,039,604)	(181)	-	(1,211,092)	47	(436,672)	10,617,359

See accompanying notes to schedules of expenditures.

Freehold Township School District

Notes to Schedules of Awards and Financial Assistance

June 30, 2021

1. General

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

2. Basis of Accounting

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

3. Relationship to Basic Financial Statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(8,217,661) for the general fund, \$(12,848) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page.

Freehold Township School District

Notes to Schedules of Awards and Financial Assistance (continued)

June 30, 2021

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 131,650	\$ 10,548,227	\$ 10,679,877
Special Revenue Fund	1,660,554	6,786	1,667,340
Debt Service Fund	-	38,466	38,466
Capital Projects Fund	-	-	-
Food Service Fund	<u>512,026</u>	<u>18,436</u>	<u>530,462</u>
Total awards and financial assistance	<u>\$ 2,304,230</u>	<u>\$ 10,611,915</u>	<u>\$ 12,916,145</u>

4. Relationship to Federal and State Financial Reports

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

5. Other

TPAF Social Security and Post Retirement/Medical Benefits Contributions represent the amounts reimbursed by the State for the employer’s share of social security contributions and Post Retirement/Medical Benefits for TPAF members for the year ended June 30, 2021.

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

6. Indirect Costs

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

Freehold Township School District
 Schedule of Findings and Questioned Costs

June 30, 2021

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

Type of auditor's report issued: Unmodified opinion

Internal control over financial reporting:

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

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

Federal Awards Section

Internal Control over major programs:

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

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

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.425D	CARES Emergency Relief Grant
Special Education Cluster:	
84.027	I.D.E.A. - Part B
84.173	I.D.E.A. - Part B Preschool

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

Auditee qualified as low-risk auditee? yes no

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

June 30, 2021

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

State Financial Assistance Section

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

Auditee qualified as low-risk auditee? yes no

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

Internal Control over major programs:

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

Any audit findings disclosed that are
 required to be reported in accordance
 with NJOMB Circular 15-08? yes no

Identification of major programs:

GMIS Number(s)	Name of State Program
	State Aid - Public (Cluster)
495-034-5120-089	Special Education Categorical Aid
495-034-5120-078	Equalization Aid
495-034-5120-084	Security Aid

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

June 30, 2021

Section II - Financial Statement Findings - N/A

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

Freehold Township School District
Summary Schedule of Prior Audit Findings and Questioned Costs
June 30, 2021

Financial Statement Findings

There were no prior year findings for the period ended June 30, 2020.

Federal Awards

There were no prior year findings for the period ended June 30, 2020.

State Financial Assistance

There were no prior year findings for the period ended June 30, 2020.