

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Prepared by

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

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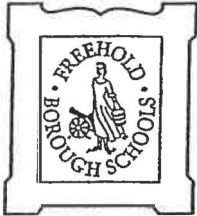
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INTRODUCTORY SECTION



Borough of Freehold Public Schools

280 PARK AVENUE
FREEHOLD, NEW JERSEY 07728
<http://www.freeholdboro.k12.nj.us>

March 9, 2023

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

Dear Board Members:

The Annual Comprehensive Financial Report of the Freehold Borough School District (the "District") for the fiscal year ended June 30, 2022 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular as well as special education for handicapped youngsters. The District completed the 2021-2022 fiscal year with an enrollment of 1,617 students. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment

| <u>Fiscal Year</u> | <u>Student Enrollment</u> | <u>Percent Change</u> |
|--------------------|---------------------------|-----------------------|
| 2021-2022 | 1,617.0 | (2.41%) |
| 2020-2021 | 1,657.0 | (1.95%) |
| 2019-2020 | 1,690.0 | (0.18%) |
| 2018-2019 | 1,693.0 | 0.89% |
| 2017-2018 | 1,678.0 | (3.40%) |
| 2016-2017 | 1,737.0 | 0.99% |
| 2015-2016 | 1,720.0 | 5.30% |
| 2014-2015 | 1,633.4 | 3.84% |
| 2013-2014 | 1,573.0 | 3.81% |
| 2012-2013 | 1,515.3 | 2.72% |

2. **ECONOMIC CONDITION AND OUTLOOK:** The mayor and council are involved in a number of initiatives to make the Borough more attractive to homeowners, as well as to new and relocating businesses.
3. **MAJOR INITIATIVES:** During FY 22 the Board received an increase in state aid which was utilized to add positions. Subsequent to year end the District started an HVAC renovation at Freehold Learning Center which is being paid by ESSER II funding. The District also converted the old locker rooms at Park Ave Complex into 2 SGI rooms and 2 regular classrooms. The District is currently in the process of applying 4 ROD grants for boilers, lighting and walls and servers.
4. **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

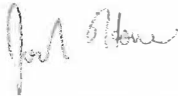
An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2022.

6. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the district is organized on the basis of funds. These funds are explained in the "Notes to the Financial Statements", Note 1.
7. **DEBT ADMINISTRATION:** The District's total outstanding debt as of June 30, 2022 was \$14,165,000. The remaining annual maturity schedule as of June 30, 2022 for principal as well as annual interest payments are detailed in the "Notes to Financial Statements".
8. **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to Financial Statements", Note 2. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
9. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents and fidelity bonds.
10. **OTHER INFORMATION:**

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

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

Respectfully submitted,

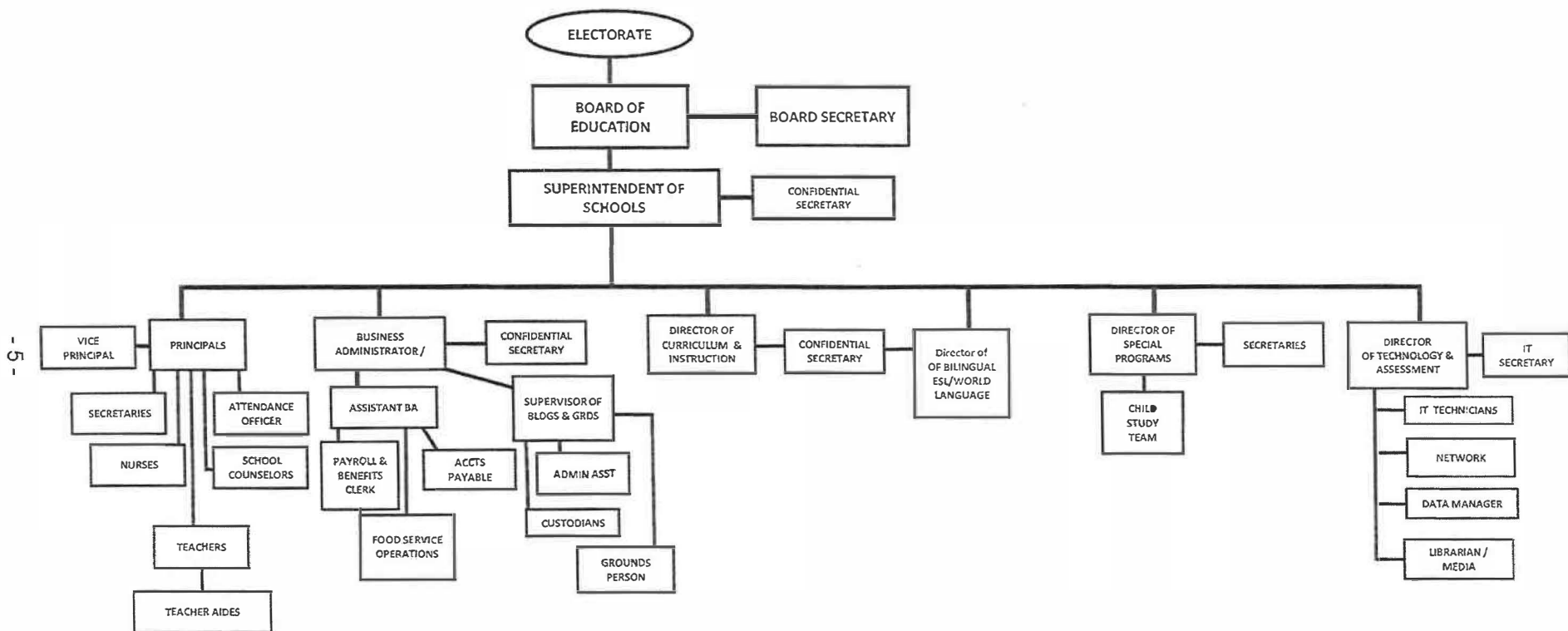


Joseph Howe, Ed. D.
Superintendent of Schools



Patrick J. Pisano
School Business Administrator/Board Secretary

FREEHOLD BOROUGH BOARD OF EDUCATION
DISTRICT TABLE OF ORGANIZATION



FREEHOLD BOROUGH BOARD OF EDUCATION
ROSTER OF OFFICIALS
JUNE 30, 2022

Members of the Board of Education

Term Expires

| | |
|---|------|
| Paul Jensen, President..... | 2024 |
| Joseph Santonacita, Vice-President..... | 2023 |
| Tomi Carter..... | 2023 |
| Paul Ceppi..... | 2022 |
| Carrie Conger..... | 2024 |
| Brent Costleigh..... | 2022 |
| Marin DeLeon..... | 2024 |
| Bruce Patrick..... | 2023 |
| Kimberly Wright..... | 2022 |

Other Officials

Joseph Howe, Ed. D., Superintendent of Schools

Patrick J. Pisano, School Business Administrator/Board Secretary

Patricia Saxton, Assistant School Business Administrator

Bruce Rodman, Treasurer of School Funds

FREEHOLD BOROUGH BOARD OF EDUCATION
CONSULTANTS AND ADVISORS
JUNE 30, 2022

AUDIT FIRM

Gerard Stankiewicz, CPA, RMA, PSA
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ARCHITECT/ENGINEER OF RECORD

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FINANCIAL SECTION

SAMUEL KLEIN AND COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

Opinions

We have audited the accompanying financial statements of the governmental activities, the business type activities each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Freehold School District, County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2022 and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities each major fund and the aggregate remaining fund information of the Board of Education of the Freehold Borough School District, as of June 30, 2022, 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.

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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for Audit of the Financial Statements section of our report. We are required to be independent of the Board of Education of the Freehold Borough School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards* and auditing standards prescribed by the Office of School Finance, Department of Education, State of New Jersey, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis and Budgetary Comparison Information and schedule of the District's proportionate share of the net pension liability – PERS, schedule of District contributions, schedule of the State's proportionate share of the net pension liability associated with the District – TPAF, the District's proportionate share of the net OPEB Liability – PERS and TPAF and budgetary comparison information as identified in the table of contents be presented to supplement the basic financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2023, on our consideration of the Board of Education of the Freehold Borough School District internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Freehold Borough School District's internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Freehold Borough School District internal control over financial reporting compliance.



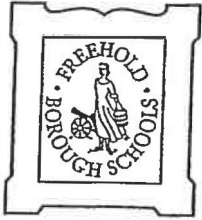
Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY, LLP

Freehold, New Jersey
March 9, 2023

REQUIRED SUPPLEMENTARY INFORMATION – PART I



Borough of Freehold Public Schools

280 PARK AVENUE
FREEHOLD, NEW JERSEY 07728
<http://www.freeholdboro.k12.nj.us>

March 9, 2023

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

Dear Board Members:

Management's Discussion and Analysis

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

Fund Financial Statements

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

General Fund (Fund 10)

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

Special Revenue (Fund 20)

Fund 20 Grants and Entitlements – Asset Producing

Capital Projects (Fund 30)

Fund 30 Capital Projects/Construction in progress – Asset Producing

Debt Service (Fund 40)

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

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

Enterprise (Fund 60)

Fund 60 Enterprise/Food Service – Asset Producing

Financial Highlights

Key financial highlights for 2022 are as follows:

Government-Wide GASB #34

- In total, net position totaled \$30,279,252 which represents \$3,248,537 or 12.01% increase in the net position as adjusted of \$27,030,715 from 2021.
- General revenues accounted for \$37,811,749 in revenue or 87.49% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$5,404,708 or 12.51% of total revenues of \$43,216,457.
- The District had \$41,120,596 in expenses; only \$5,404,708 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes and federal and state aid) of \$37,310,536 were adequate to provide for these programs.

Basic Financial Statements

- Total assets of governmental activities exclusive of the Capital Projects Fund increased by \$716,488 as cash and cash equivalents decreased by \$190,491. Receivables increased by \$906,980 and current liabilities decreased by \$17,653.
- Among major funds, the General Fund had \$36,554,962 in revenues and \$35,490,821 in expenditures. The General Fund's fund balance increased by \$644,231 over 2021. The General Fund's fund balance is \$4,878,811. The increase was caused by lower than anticipated expenditure levels.
- The Special Revenue Fund had \$4,991,941 in revenues and \$5,300,908 in expenditures.

Using this Annual Comprehensive Financial Report (ACFR)

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

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

This document contains all funds used by the District to provide programs and activities, viewing the District as a whole and reports the culmination of all financial transactions. The report answers the question "How We Did Financially During Fiscal Year 2022". The Statement of Net Position and the Statement of activities provides the summary. The statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statement

The Analysis of the District's major funds begins on page 27. Fund financial reports provide detailed information about the District's major funds. The District's major governmental funds are the General Fund, Special Revenue Fund, Debt Service Fund and Capital Projects Fund.

Governmental Funds

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

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

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

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

The basic governmental fund financial statements can be found on pages 27-29 of this report.

Proprietary Funds

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

The basic proprietary fund financial statements can be found on pages 30-32 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found on pages 33-88 of this report.

Other Information

Combining fund statements can be found on pages 27-32 and schedules on pages 89-120 of this report.

The School District as a Whole

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

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

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

Table 1 provides a comparative summary of the School District's net position for 2022 and 2021.

Table 1 – Comparative Summary of Net Position

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total School District</u> | |
|---------------------------------------|--------------------------------|----------------------|---------------------------------|-------------------|------------------------------|----------------------|
| | <u>2021-2022</u> | <u>2020-2021</u> | <u>2021-2022</u> | <u>2020-2021</u> | <u>2021-2022</u> | <u>2020-2021</u> |
| Assets | | | | | | |
| Current and other assets | \$ 11,144,077 | \$ 9,220,681 | \$ 297,010 | \$ 106,163 | \$ 11,441,087 | \$ 9,326,844 |
| Capital assets, net | 41,313,003 | 41,541,895 | 68,255 | 82,360 | 41,381,258 | 41,624,255 |
| Total Assets | <u>\$ 52,457,080</u> | <u>\$ 50,762,576</u> | <u>\$ 365,265</u> | <u>\$ 188,523</u> | <u>\$ 52,822,345</u> | <u>\$ 50,951,099</u> |
| Deferred outflows of resources | | | | | | |
| Loss on Defeasance of Bonds | | \$ 12,087 | | | \$ - | \$ 12,087 |
| Pension | 977,674 | 1,181,091 | | | 977,674 | 1,181,091 |
| Total Deferred outflows of resources | <u>\$ 977,674</u> | <u>\$ 1,193,178</u> | | | <u>\$ 977,674</u> | <u>\$ 1,193,178</u> |
| Liabilities | | | | | | |
| Current and other liabilities | \$ 1,297,638 | \$ 1,159,831 | \$ 49,820 | | \$ 1,347,458 | \$ 1,159,831 |
| Net pension liability | 4,287,208 | 5,630,183 | | | 4,287,208 | 5,630,183 |
| Long-term liabilities outstanding | 15,039,306 | 15,704,188 | | | 15,039,306 | 15,704,188 |
| Total Liabilities | <u>\$ 20,624,152</u> | <u>\$ 22,494,202</u> | <u>\$ 49,820</u> | <u>\$ -</u> | <u>\$ 20,673,972</u> | <u>\$ 22,494,202</u> |
| Deferred inflow of resources | | | | | | |
| Pension | <u>\$ 2,846,796</u> | <u>\$ 2,615,457</u> | | | <u>\$ 2,846,796</u> | <u>\$ 2,615,457</u> |
| Net Position | | | | | | |
| Net investment in capital assets | \$ 27,033,801 | \$ 26,598,982 | \$ 68,255 | \$ 82,360 | \$ 27,102,056 | \$ 26,681,342 |
| Restricted | 6,002,089 | 4,394,098 | | | 6,002,089 | 4,394,098 |
| Unrestricted (deficit) | (3,072,084) | (4,141,929) | 247,191 | 106,163 | (2,824,893) | (4,035,766) |
| Total Net Position | <u>\$ 29,963,806</u> | <u>\$ 26,851,151</u> | <u>\$ 315,446</u> | <u>\$ 188,523</u> | <u>\$ 30,279,252</u> | <u>\$ 27,039,674</u> |

The District's combined net position were \$30,279,252 on June 30, 2022, representing an increase of \$3,239,578 or 12.01% over the net position from the prior year of \$27,030,715 for the net pension liability and payment of bonds.

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

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

Table 2 shows the comparative change in net position from fiscal year 2022 and 2021.

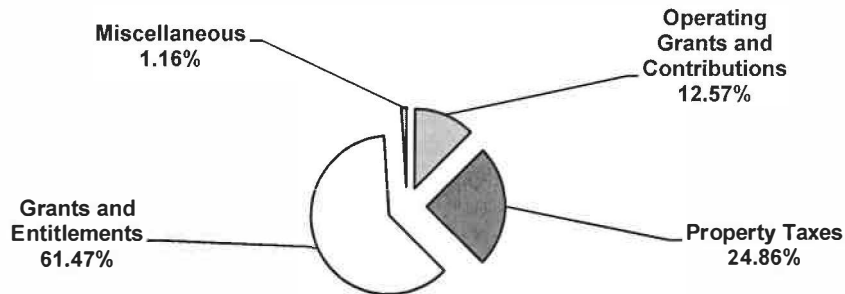
Table 2 – Comparative Change in Net Position

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total School District</u> | |
|--------------------------------------|--------------------------------|----------------------|---------------------------------|---------------------|------------------------------|----------------------|
| | <u>2021-2022</u> | <u>2020-2021</u> | <u>2021-2022</u> | <u>2020-2021</u> | <u>2021-2022</u> | <u>2020-2021</u> |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | | | \$ 96,952 | \$ 6,634 | \$ 96,952 | \$ 6,634 |
| Operating Grants and Contributions | \$ 5,404,708 | \$ 4,263,214 | 1,264,151 | 612,940 | 6,668,859 | 4,876,154 |
| General Revenue: | | | | | | |
| Property Taxes | 10,744,393 | 10,775,172 | | | 10,744,393 | 10,775,172 |
| Federal and State Aid | 26,566,143 | 26,030,019 | | | 26,566,143 | 26,030,019 |
| Miscellaneous | 501,213 | 138,981 | | | 501,213 | 138,981 |
| Total Revenue | <u>43,216,457</u> | <u>41,207,386</u> | <u>1,361,103</u> | <u>619,574</u> | <u>44,577,560</u> | <u>41,826,960</u> |
| Expenses: | | | | | | |
| Instruction | 23,491,881 | 23,399,747 | | | 23,491,881 | 23,399,747 |
| Tuition | 1,316,289 | 1,086,565 | | | 1,316,289 | 1,086,565 |
| Student and Instruction | | | | | | |
| Related Services | 5,920,113 | 5,871,542 | | | 5,920,113 | 5,871,542 |
| School Administration | 1,400,170 | 1,476,842 | | | 1,400,170 | 1,476,842 |
| General Administration | 2,298,863 | 2,316,684 | | | 2,298,863 | 2,316,684 |
| Operation and Maintenance | | | | | | |
| of Facilities | 3,852,452 | 3,607,179 | | | 3,852,452 | 3,607,179 |
| Pupil Transportation | 2,400,490 | 1,745,983 | | | 2,400,490 | 1,745,983 |
| Interest on Debt | 440,338 | 449,505 | | | 440,338 | 449,505 |
| Business Type Actives | | | 1,234,180 | 849,551 | 1,234,180 | 849,551 |
| Total Expenses | <u>41,120,596</u> | <u>39,954,047</u> | <u>1,234,180</u> | <u>849,551</u> | <u>42,354,776</u> | <u>40,803,598</u> |
| Special and Extraordinary Items, Net | <u>1,025,753</u> | <u>589,596</u> | | - | <u>1,025,753</u> | <u>589,596</u> |
| Change in Net Position | <u>\$ 3,121,614</u> | <u>\$ 1,842,935</u> | <u>\$ 126,923</u> | <u>\$ (229,977)</u> | <u>\$ 3,248,537</u> | <u>\$ 1,612,958</u> |
| Net Position - beginning | 26,851,150 | 24,644,606 | 188,523 | 418,651 | 27,039,673 | 25,063,257 |
| Adjustments to Opening Net Position | (8,958) | 363,609 | - | (151) | (8,958) | 363,458 |
| Adjusted Net Position Beginning | <u>26,842,192</u> | <u>25,008,215</u> | <u>188,523</u> | <u>418,500</u> | <u>27,030,715</u> | <u>25,426,715</u> |
| Net Position - ending | <u>\$ 29,963,806</u> | <u>\$ 26,851,150</u> | <u>\$ 315,446</u> | <u>\$ 188,523</u> | <u>\$ 30,279,252</u> | <u>\$ 27,039,673</u> |

Governmental Activities

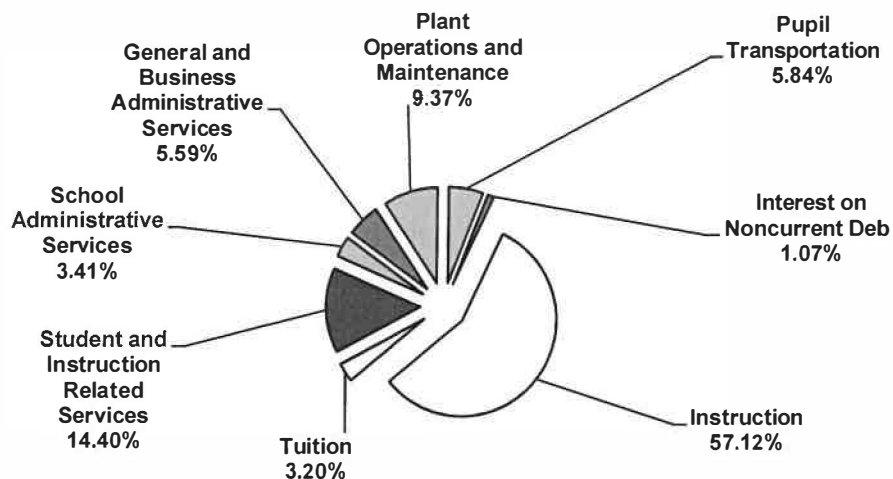
Revenue for Fiscal Year 2022

Total revenues of the Governmental Activities were \$43,216,457. Property taxes as approved made up \$10,744,393 or 24.86% of revenues for governmental activities for the fiscal year 2021. Federal, state and local grants and entitlements and contributions accounted for another \$33,134,853 or 75.14%.



Expenses for Fiscal Year 2022

The total cost of all programs and services was \$41,120,596. Instruction comprises \$23,491,881 or 57.12% of the District's expenses other than capital expenditures.



Expenditures for out-of-district placement of classified students equal about 3.20% of the operating budget. Instructional expenses equal 57.12% of the operating budget. Instructional expenses include teachers' salaries, supplies and textbooks.

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

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

Transportation costs primarily include Special Education students.

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

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

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

Table 3 – Comparative Statement of Activities

| | Total Cost of Services | | | Net Cost of Services * | | |
|--|------------------------|----------------------|--------------|------------------------|----------------------|--------------|
| | 2021-2022 | 2020-2021 | % Change | 2021-2022 | 2020-2021 | % Change |
| Instruction | \$ 23,491,881 | \$ 23,399,747 | 0.39% | \$ 19,499,518 | \$ 20,255,589 | -3.73% |
| Support Services: | | | | | | |
| Tuition | 1,316,289 | 1,086,565 | 21.14% | 1,316,289 | 1,086,565 | 21.14% |
| Pupils and Instructional Staff | 5,920,113 | 5,871,542 | 0.83% | 4,692,736 | 4,943,857 | -5.08% |
| School Administration | 1,400,170 | 1,476,842 | -5.19% | 1,400,170 | 1,476,842 | -5.19% |
| Other Administration | 2,298,863 | 2,316,684 | -0.77% | 2,298,863 | 2,316,684 | -0.77% |
| Operation and Maintenance of Facilities | 3,852,452 | 3,607,179 | 6.80% | 3,852,452 | 3,607,179 | 6.80% |
| Pupil Transportation | 2,400,490 | 1,745,983 | 37.49% | 2,400,490 | 1,745,983 | 37.49% |
| Debt Service | 440,338 | 449,505 | -2.04% | 255,370 | 258,134 | -1.07% |
| Total Expenses | \$ 41,120,596 | \$ 39,954,047 | 2.92% | \$ 35,715,888 | \$ 35,690,833 | 0.07% |

Business-Type Activities

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

Food service revenue exceeded expense by \$126,922. Charges for services represent \$96,651 or 7% of revenue. This represents the amount paid by patrons for daily food service and catering.

Federal and state reimbursements for meals, including payments for free and reduced lunches was \$1,264,151 or 92.90% of revenue.

The District's Funds

Information about the District's major funds starts on page 26. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$42,741,744 and expenditures of \$42,007,603. The net positive change in overall fund balance for the year was most significant in the General Fund.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds exclusive of the capital projects fund for the fiscal years ended June 30, 2022 and June 30, 2021, and the amount and percentage of total and increases/decreases in relation to prior year revenues.

| Revenue | 2021-2022 | | 2020-2021 | | Increase/ (Decrease) from 2020-2021 to 2021-2022 |
|-----------------|----------------------|---------------------|----------------------|---------------------|---|
| | Amount | Percent of Total | Amount | Percent of Total | |
| Local Sources | \$ 11,242,411 | 26.30% | \$ 10,958,582 | 29.49% | \$ 283,829 |
| State Sources | 27,633,934 | 64.65% | 22,935,691 | 61.72% | 4,698,243 |
| Federal Sources | 3,865,399 | 9.04% | 3,265,359 | 8.79% | 600,040 |
| Total | <u>\$ 42,741,744</u> | <u>100.00%</u> | <u>\$ 37,159,632</u> | <u>100.00%</u> | <u>\$ 5,582,112</u> |

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

The following schedule presents a summary of general fund expenditures for the fiscal years ended June 30, 2022 and June 30, 2021 and the amount and percent of the total and increase/(decrease) in relation to prior year expenditures, exclusive of the Capital Project Fund.

| Expenditures | 2021-2022 | | 2020-2021 | | Increase/(Decrease) from 2020-2021 to 2021-2022 |
|------------------|----------------------|---------------------|----------------------|---------------------|---|
| | Amount | Percent of Total | Amount | Percent of Total | |
| Current Expense: | | | | | |
| Instruction | \$ 15,692,623 | 37.36% | \$ 7,508,045 | 20.38% | \$ 8,184,578 |
| Undistributed | 1,316,287 | 3.13% | 1,086,565 | 2.95% | 229,722 |
| Expenditures | 22,388,580 | 53.30% | 25,573,993 | 69.43% | (3,185,413) |
| Capital Outlay | 1,394,239 | 3.32% | 1,446,117 | 3.94% | (51,878) |
| Debt Service | 1,215,875 | 2.89% | 1,221,050 | 3.30% | (5,175) |
| Total | <u>\$ 42,007,604</u> | <u>100.00%</u> | <u>\$ 36,835,770</u> | <u>100.00%</u> | <u>\$ 5,171,834</u> |

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

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

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

General Fund Budgeting Highlights

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

During the course of the fiscal year 2022, the District amended its General Fund budget as needed. These transfers are approved by the Board of Education and the Executive County Superintendent of Schools. Transfers that occurred during the year were necessitated by:

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

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

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

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

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

Revenue

- Actual miscellaneous revenue was in excess of the modified budgeted amount by approximately \$389,793 or 100.77% as a result mostly of a refund of Tuition, Insurance proceeds and refund of prior year expenditures.

Expenditures

- Total regular programs – instruction final budget was higher than the original budget by \$72,536 or .99%. Actual expenditures of \$7,190,695 represented 97.45% of budget. The decrease in the budget was caused by less of a need expenditures for undistributed instruction.
- Total special education – instruction final budget was less than the original budget by \$319,983 or 7.78%. Actual expenditures of \$3,628,751 represented 95.69% of budget. The increase in the budget was caused by more of a need expenditures for undistributed instruction.
- Total instructional expenditures final budget was less than the original budget by \$102,179 or .079%. Actual total instructional expenditures were \$12,521,576 or 97.67% of the budget. The decrease in the budget was caused by reduced need for teacher related salaries and purchased services.
- Total undistributed expenditures – other support general administration final budget was higher than the original budget by \$50,000 or 9.71%. Expenditures were \$655,159 or 98.05% of final budget.
- Total undistributed expenditures – other support service students related services – final budget was higher than the original by \$75,373 or 11.62%. Actual expenditures were \$649,846 or 89.75% of final budget.
- Total undistributed expenditures – tuition – final budget was higher than the original by \$30,375 or 2.31%. Actual expenditures were \$30,375 or 2.31 of final budget. Actual expenditures were \$1,316,289 or 97.85% of final budget.
- Total undistributed expenditures – other operation of maintenance and plant – final budget was higher than the original by \$461,972 or 22.68%. Actual expenditures were \$2,451,133 or 98.10% of final budget.
- Total undistributed expenditures – unallocated benefits final budget was less than the original by \$1,166,152 or 17.68%. Actual expenditures were \$4,684,866 or 87.91% of final budget.
- Undistributed – student transportation final budget was less than the original budget by \$456,387 or 41.79%. Actual expenditures of \$1,527,318 or 98.64% of budget.
- The capital outlay portion of the budget was adjusted based on the needs of the District.
- The current expense portion of the budget as modified (final) was \$107,812 or .27% less than the adopted budget. Total expenditures net of on-behalf payment was \$27,613,566 or 93.93% of the budget.

Capital Assets

At the end of the fiscal year 2022, the School District had \$41,208,199 invested in land, buildings, furniture and equipment and vehicles. Table 4 shows fiscal 2022 balances compared to 2021.

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

| | Governmental Activities | | Business-Type Activities | | Total School District | |
|-----------------------|-------------------------|----------------------|--------------------------|------------------|-----------------------|----------------------|
| | 2021-2022 | 2020-2021 | 2021-2022 | 2020-2021 | 2021-2022 | 2020-2021 |
| Land | \$ 110,050 | \$ 110,050 | | | \$ 110,050 | \$ 110,050 |
| Infrastructure | | | | | - | - |
| Site and Site | | | | | | |
| Improvements | 966,951 | 1,038,075 | | | 966,951 | 1,038,075 |
| Building and Building | | | | | | |
| Improvements | 38,707,018 | 38,665,272 | | | 38,707,018 | 38,665,272 |
| Machinery and | | | | | | |
| Equipment | 1,424,180 | 1,728,498 | \$ 68,255 | \$ 82,360 | 1,492,435 | 1,810,858 |
| Right to Use | 104,804 | 138,970 | | | 104,804 | 138,970 |
| Total Capital | | | | | | |
| Assets - Net of | | | | | | |
| Depreciations | <u>\$ 41,313,003</u> | <u>\$ 41,680,865</u> | <u>\$ 68,255</u> | <u>\$ 82,360</u> | <u>\$ 41,381,258</u> | <u>\$ 41,763,225</u> |

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

Overall capital assets (net) increased from fiscal year 2021 to fiscal year 2022. The increase in capital assets is primarily due to fixed asset additions in excess of annual depreciation.

Debt Administration

At the end of the fiscal year 2022 and 2021, the School District had outstanding debt as follows:

Table 5 – Debt Administration

| | June 30, | |
|----------------------|----------------------|----------------------|
| | 2022 | 2021 |
| Compensated Absences | \$ 760,104 | \$ 749,188 |
| Serial Bonds | 14,165,000 | 14,955,000 |
| Leases | 114,202 | 147,929 |
| Totals | <u>\$ 15,039,306</u> | <u>\$ 15,852,117</u> |

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

For the Future

Fiscal Year 2022 started out with another increase in state aid due to S-2 legislation. With ESSER II the district received \$3,267,314 with a substantial amount of these funds going toward a proposed HVAC upgrade at Freehold Learning Center. The district is planning to utilize ARP funding with an estimate of \$5.4 million to put an extension on the Park Avenue Complex. Summer and wraparound programs to provide supplemental instruction are also being planned for 2022, 2023, and 2024 utilizing these funds.

Contacting the School District's Financial Management

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

Respectfully submitted,



Joseph Howe, Ed. D.
Superintendent of Schools



Patrick J. Pisano
School Business Administrator/Board Secretary

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
STATEMENT OF NET POSITION
JUNE 30, 2022**

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|-------------------------|
| <u>ASSETS</u> | | | |
| Cash and Cash Equivalents | \$ 7,562,424.87 | \$ 196,698.71 | \$ 7,759,123.58 |
| Receivables - Net | 1,222,640.29 | 83,095.97 | 1,305,736.26 |
| Inventory | | 17,215.80 | 17,215.80 |
| Restricted: | | | |
| Cash and Cash Equivalent | 2,359,012.21 | | 2,359,012.21 |
| Capital Assets: | | | |
| Non-Depreciable | 110,050.00 | | 110,050.00 |
| Depreciable | 41,098,149.00 | 68,254.92 | |
| Right of Use | 104,803.91 | | 104,803.91 |
| | <u>52,457,080.28</u> | <u>365,265.40</u> | <u>11,655,941.76</u> |
| Total Assets | \$ 52,457,080.28 | \$ 365,265.40 | \$ 11,655,941.76 |
| <u>DEFERRED OUTFLOW OF RESOURCES</u> | | | |
| Pension | \$ 977,674.00 | | \$ 977,674.00 |
| <u>LIABILITIES</u> | | | |
| Accounts Payable | \$ 937,588.73 | \$ 49,819.73 | \$ 987,408.46 |
| Intergovernmental Accounts Payable | 27,483.00 | | 27,483.00 |
| Payroll Deductions and Payroll Withholdings | 18,853.35 | | 18,853.35 |
| Unearned Revenue | 159,025.69 | | 159,025.69 |
| Accrued Interest on Bonds | 154,687.50 | | 154,687.50 |
| Net Pension Liability | 4,287,208.00 | | 4,287,208.00 |
| Noncurrent Liabilities: | | | |
| Due Within One Year | 932,022.79 | | 932,022.79 |
| Due Beyond One Year | 14,107,282.99 | | 14,107,282.99 |
| | <u>20,624,152.05</u> | <u>49,819.73</u> | <u>20,673,971.78</u> |
| Total Liabilities | \$ 20,624,152.05 | \$ 49,819.73 | \$ 20,673,971.78 |
| <u>DEFERRED INFLOW OF RESOURCES</u> | | | |
| Pension | \$ 2,846,796.00 | | \$ 2,846,796.00 |
| <u>NET POSITION</u> | | | |
| Invested in Capital Assets | \$ 27,033,800.96 | \$ 68,254.92 | \$ 27,102,055.88 |
| Restricted | 6,002,089.02 | | 6,002,089.02 |
| Unrestricted (Deficit) | (3,072,083.75) | 247,190.75 | (2,824,893.00) |
| | <u>29,963,806.23</u> | <u>315,445.67</u> | <u>30,279,251.90</u> |
| Total Net Position | \$ 29,963,806.23 | \$ 315,445.67 | \$ 30,279,251.90 |

See accompanying notes to financial statements.

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

| Functions/Programs | Expenses | Program Revenues | | Net (Expense) Revenue and Change in Net Position | | |
|---|-------------------------|----------------------|------------------------------------|--|--------------------------|---------------------------|
| | | Charges for Services | Operating Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental Activities: | | | | | | |
| Instruction: | | | | | | |
| Regular | \$ 11,262,657.87 | | | \$ (11,262,657.87) | | \$ (11,262,657.87) |
| Special Education | 9,868,318.13 | \$ | 3,992,362.63 | (5,875,955.50) | | (5,875,955.50) |
| Other Special Instruction | 2,168,798.26 | | | (2,168,798.26) | | (2,168,798.26) |
| Other Instruction | 192,105.15 | | | (192,105.15) | | (192,105.15) |
| Support Services: | | | | | | |
| Tuition | 1,316,289.07 | | | (1,316,289.07) | | (1,316,289.07) |
| Student and Instruction Related Services | 5,920,113.21 | | 1,227,377.28 | (4,692,735.93) | | (4,692,735.93) |
| School Administrative Services | 1,400,170.46 | | | (1,400,170.46) | | (1,400,170.46) |
| Other Administrative Services | 2,298,863.48 | | | (2,298,863.48) | | (2,298,863.48) |
| Plant Operations and Maintenance | 3,852,452.09 | | | (3,852,452.09) | | (3,852,452.09) |
| Pupil Transportation | 2,400,490.06 | | | (2,400,490.06) | | (2,400,490.06) |
| Interest on Noncurrent Debt | 440,338.41 | | 184,968.54 | (255,369.87) | | (255,369.87) |
| Total Governmental Activities | \$ 41,120,596.19 | | \$ 5,404,708.45 | \$ (35,715,887.74) | | \$ (35,715,887.74) |
| Business-Type Activities: | | | | | | |
| Food Service | \$ 1,234,180.12 | \$ 96,951.16 | \$ 1,264,151.29 | | \$ 126,922.33 | \$ 126,922.33 |
| Total Primary Government | \$ 42,354,776.31 | \$ 96,951.16 | \$ 6,668,859.74 | \$ (35,715,887.74) | \$ 126,922.33 | \$ (35,588,965.41) |
| General Revenues | | | | | | |
| Taxes: | | | | | | |
| General Purposes | | | | \$ 10,081,604.00 | | \$ 10,081,604.00 |
| Debt Service | | | | 662,789.00 | | 662,789.00 |
| Federal and State Aid not Restricted | | | | 26,566,143.38 | | 26,566,143.38 |
| Miscellaneous | | | | 501,212.66 | | 501,212.66 |
| | | | | 37,811,749.04 | | 37,811,749.04 |
| Excess/(Deficit) | | | | 2,095,861.30 | \$ 126,922.33 | 2,222,783.63 |
| Special and Extraordinary Revenue/(Expense) | | | | 1,025,753.44 | | 1,025,753.44 |
| Change in Net Position before Prior Period Adjustment | | | | \$ 3,121,614.74 | \$ 126,922.33 | \$ 3,248,537.07 |
| Net Position Beginning | | | | 26,851,150.41 | 188,523.34 | 27,039,673.75 |
| Prior Period Adjustment - Lease | | | | (8,958.92) | - | (8,958.92) |
| Net Position - Beginning Restated | | | | 26,842,191.49 | 188,523.34 | 27,030,714.83 |
| Net Position Ending | | | | \$ 29,963,806.23 | \$ 315,445.67 | \$ 30,279,251.90 |

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

| | <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 | \$ 2,123,446.47 | | \$ 5,454,632.44 | \$ 102,804.02 | \$ 7,680,882.93 |
| Intergovernmental Accounts Receivable | 461,901.00 | \$ 760,739.29 | | | 1,222,640.29 |
| Interfund Receivable | 65,478.50 | | | 3,640.71 | 69,119.21 |
| Restricted Cash and Cash Equivalents | <u>2,359,012.21</u> | | | | <u>2,359,012.21</u> |
| Total Assets | \$ <u>5,009,838.18</u> | \$ <u>760,739.29</u> | \$ <u>5,454,632.44</u> | \$ <u>106,444.73</u> | \$ <u>11,331,654.64</u> |
| LIABILITIES AND FUND BALANCE | | | | | |
| Liabilities: | | | | | |
| Cash and Cash Equivalents - Overdraft | | \$ 118,458.06 | | | \$ 118,458.06 |
| Accounts Payable | \$ 112,174.02 | 369,305.71 | | | 481,479.73 |
| Payroll Deductions and Withholdings Payable | 18,853.35 | | | | 18,853.35 |
| Interfund Payable | | 65,478.50 | \$ 3,640.71 | | 69,119.21 |
| Intergovernmental Accounts Payable - State | | 27,483.00 | | | 27,483.00 |
| Unearned Revenue | | <u>159,025.69</u> | | | <u>159,025.69</u> |
| Total Liabilities | \$ <u>131,027.37</u> | \$ <u>739,750.96</u> | \$ <u>3,640.71</u> | | \$ <u>874,419.04</u> |
| Fund Balances: | | | | | |
| Restricted: | | | | | |
| Capital Reserve | \$ 2,359,012.21 | | | | \$ 2,359,012.21 |
| Maintenance Reserve | 690,969.00 | | | | 690,969.00 |
| Reserve for Excess Surplus | | | | | |
| Unemployment Compensation | 530,108.96 | | | | 530,108.96 |
| Scholarships | | \$ 1,084.80 | | | 1,084.80 |
| Student Activities | | 19,903.53 | | | 19,903.53 |
| Capital Projects | | | \$ 5,450,991.73 | | 5,450,991.73 |
| Debt Service | | | | \$ 106,444.73 | 106,444.73 |
| Excess Surplus - Designated for Subsequent Year's Expenditures | 1,197,251.72 | | | | 1,197,251.72 |
| Assigned Unreserved - Designated for Subsequent Year's Expenditures | 14,170.62 | | | | 14,170.62 |
| Assigned for Other Purposes | <u>87,298.30</u> | | | | <u>87,298.30</u> |
| Total Fund Balances | \$ <u>4,878,810.81</u> | \$ <u>20,988.33</u> | \$ <u>5,450,991.73</u> | \$ <u>106,444.73</u> | \$ <u>10,457,235.60</u> |
| Total Liabilities and Fund Balance | \$ <u>5,009,838.18</u> | \$ <u>760,739.29</u> | \$ <u>5,454,632.44</u> | \$ <u>106,444.73</u> | \$ <u>11,331,654.64</u> |
| Total Fund Balance above | | | | | \$ 10,457,235.60 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of capital assets is \$57,956,312.14 and the accumulated depreciation and amortization is \$16,643,309.23. (see Note 7) | | | | | |
| | | | | | 41,313,002.91 |
| Noncurrent liabilities, including bonds, loans and leases payable are not payable in the current period and therefore are not reported as liabilities in the funds (see Note 8). | | | | | |
| | | | | | (15,039,305.78) |
| Certain liabilities are not due and payable in the current period, and therefore, are not reported in funds: | | | | | |
| Accrued Interest Payable | | | | | |
| (Accrued interest is a current liability that will be paid from the debt service fund. Therefore, the liability reduces the restricted for debt service net position balance). | | | | | |
| | | | | | (154,687.50) |
| Accrued Pension Liability | | | | | |
| (Accrued pension is a current liability that will be paid from the general fund, attributed to the fiscal year ending June 30, 2021, however will be raised in the budget for the fiscal year ending June 30, 2023. | | | | | |
| | | | | | (456,109.00) |
| Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds. (see Note 9) | | | | | |
| | | | | | <u>(6,156,330.00)</u> |
| Net position of governmental activities (A-1) | | | | | |
| | | | | | <u>\$ 29,963,806.23</u> |

See accompanying notes to financial statements

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Government Funds |
|--|-------------------------|----------------------------|-----------------------------|-------------------------|------------------------------|
| <u>Revenues</u> | | | | | |
| Local sources: | | | | | |
| Local tax levy | \$ 10,081,604.00 | | | \$ 662,789.00 | \$ 10,744,393.00 |
| Interest income | | | \$ 3,966.63 | | 3,966.63 |
| Miscellaneous - Restricted | 145,006.07 | | | | 145,006.07 |
| Miscellaneous - Unrestricted | 274,787.29 | \$ 74,257.67 | | | 349,044.96 |
| | <u>10,501,397.36</u> | <u>74,257.67</u> | <u>3,966.63</u> | <u>662,789.00</u> | <u>11,242,410.66</u> |
| Total - Local Sources | | | | | |
| State Sources | 25,894,733.14 | 1,211,115.21 | | 528,086.00 | 27,633,934.35 |
| Federal Sources | 158,831.23 | 3,706,568.25 | | | 3,865,399.48 |
| | <u>26,053,564.37</u> | <u>4,917,683.46</u> | | | <u>30,971,247.83</u> |
| Total Revenues | \$ <u>36,554,961.73</u> | \$ <u>4,991,941.13</u> | \$ <u>3,966.63</u> | \$ <u>1,190,875.00</u> | \$ <u>42,741,744.49</u> |
| <u>Expenditures</u> | | | | | |
| Current: | | | | | |
| Regular Instruction | \$ 7,190,694.72 | | | | \$ 7,190,694.72 |
| Other Special Instruction | 1,379,903.71 | | | | 1,379,903.71 |
| Special Education Instruction | 3,628,750.38 | \$ 3,371,043.77 | | | 6,999,794.15 |
| Other Instruction | 122,227.42 | | | | 122,227.42 |
| Support services and other undistributed costs: | | | | | |
| Tuition | 1,316,289.07 | | | | 1,316,289.07 |
| Student and Instruction Related Services | 2,951,996.93 | 1,036,364.41 | | | 3,988,361.34 |
| School Administrative Services | 895,118.56 | | | | 895,118.56 |
| Other Administrative Services | 1,465,268.28 | | | | 1,465,268.28 |
| Plant operations and Maintenance | 2,451,132.98 | | | | 2,451,132.98 |
| Pupil Transportation | 1,527,318.24 | | | | 1,527,318.24 |
| Unallocated Benefits: | 11,249,049.40 | 812,331.73 | | | 12,061,381.13 |
| Principal | | | | \$ 790,000.00 | 790,000.00 |
| Interest | | | | 425,875.00 | 425,875.00 |
| Capital Outlay | 1,313,070.94 | 81,168.15 | | | 1,394,239.09 |
| | <u>35,490,820.63</u> | <u>5,300,908.06</u> | | <u>1,215,875.00</u> | <u>42,007,603.69</u> |
| Total Expenditures | | | | | |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures | \$ <u>1,064,141.10</u> | \$ <u>(308,966.93)</u> | \$ <u>3,966.63</u> | \$ <u>(25,000.00)</u> | \$ <u>734,140.80</u> |
| Other Financing Sources/(Uses): | | | | | |
| Capital Projects Fund | | | \$ (3,966.63) | \$ 3,966.63 | |
| Transfers In/(Out) | \$ (407,910.00) | \$ 407,910.00 | | | |
| Cancellation of Receivables | (12,000.00) | 12,000.00 | (1,724,067.47) | | \$ (1,724,067.47) |
| | <u>(419,910.00)</u> | <u>419,910.00</u> | <u>(1,728,034.10)</u> | <u>3,966.63</u> | <u>(1,724,067.47)</u> |
| Total Other Financing Sources/(Uses) | | | | | |
| Net Change in Fund Balances | 644,231.10 | 110,943.07 | (1,724,067.47) | (21,033.37) | (989,926.67) |
| Fund Balance/(Deficit) beginning | 4,234,579.71 | (89,954.74) | 7,175,059.20 | 127,478.10 | 11,447,162.27 |
| Fund Balance/(Deficit) ending | \$ <u>4,878,810.81</u> | \$ <u>20,988.33</u> | \$ <u>5,450,991.73</u> | \$ <u>106,444.73</u> | \$ <u>10,457,235.60</u> |

See accompanying notes to financial statements

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Exhibit B-3

Total Net Change in Fund Balances - Governmental Funds \$ 734,140.80

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

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

| | | |
|-------------------------------|--------------------|------------|
| Capital outlay | \$ 1,394,239.09 | |
| Depreciation expense | (1,675,204.00) | |
| Grant proceeds | 1,078,484.53 | |
| Loss on disposition of assets | <u>(52,731.09)</u> | |
| | | 744,788.53 |

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces noncurrent liabilities in the statement of net position and is not reported in the statement of activities. 790,000.00

Governmental funds report lease principal payments as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as amortization expense. This is the amount by which amortization expense exceeded lease principal payments in the period.

| | | |
|-------------------------|------------------|----------|
| Amortization expense | \$ (45,775.23) | |
| Lease principal payment | <u>45,336.11</u> | |
| | | (439.12) |

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

| | | |
|-------------------------------|--|-------------|
| Amortization of deferred loss | | (12,086.56) |
|-------------------------------|--|-------------|

In the statement of activities, interest on noncurrent debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The change in accrued interest is an item of reconciliation. 5,250.00

The pension benefit related to PERS which is attributable to June 30, 2021 is not reported in governmental funds; however, it is reported in the statement of activities. 870,877.00

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

(10,915.91)

Change in Net Position of Governmental Activities (A-2) \$ 3,121,614.74

See accompanying notes to financial statements

PROPRIETARY FUNDS

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
PROPRIETARY FUND
STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | | Business-Type Activities - <u>Enterprise Fund</u> |
|------------------------------------|----|--|
| <u>ASSETS</u> | | <u>Food Service</u> <u>Total Enterprise</u> |
| Current assets: | | |
| Cash and Cash Equivalents | \$ | 196,698.71 |
| Accounts Receivable: | | |
| Federal | | 81,563.07 |
| State | | 1,532.90 |
| Inventory | | <u>17,215.80</u> |
| Total Current Assets | \$ | <u>297,010.48</u> |
| Noncurrent Assets: | | |
| Furniture, Machinery and Equipment | \$ | 205,154.93 |
| Less: Accumulated Depreciation | | <u>136,900.01</u> |
| Total Noncurrent Assets | \$ | <u>68,254.92</u> |
| Total Assets | \$ | <u><u>365,265.40</u></u> |
| <u>LIABILITIES</u> | | |
| Current Liabilities: | | |
| Accounts Payable | \$ | <u>49,819.73</u> |
| Total Liabilities | \$ | <u><u>49,819.73</u></u> |
| <u>NET POSITION</u> | | |
| Invested in Capital Assets | \$ | 68,254.92 |
| Unrestricted | | <u>247,190.75</u> |
| Total Net Position | \$ | <u><u>315,445.67</u></u> |

See accompanying notes to financial statements

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES
AND CHANGE IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | Business Type Activities - Enterprise Fund |
|--|---|
| | Food Service |
| | <u>Total Enterprise</u> |
| Operating Revenues: | |
| Local Sources: | |
| Daily sales - non-reimbursable programs | \$ 90,790.95 |
| Other Sales | 3,025.21 |
| | <u>93,816.16</u> |
| Total Operating Revenues | \$ <u>93,816.16</u> |
| Operating Expenses: | |
| Cost of Sales - Reimbursable | \$ 490,923.61 |
| Cost of Sales - Non-Reimbursable | 41,358.30 |
| Salaries | 378,113.34 |
| Employee Benefit | 120,206.05 |
| General Supplies | 105,182.76 |
| Insurance | 5,851.60 |
| Uniforms | 2,324.68 |
| Management Fee | 49,919.00 |
| Other Objects | 119.50 |
| Purchased Services | 7,140.65 |
| Purchased Technical services | 18,935.87 |
| Depreciation | 14,104.76 |
| | <u>1,234,180.12</u> |
| Total Operating Expenses | \$ <u>1,234,180.12</u> |
| Operating Income/(Loss) | \$ <u>(1,140,363.96)</u> |
| Nonoperating Revenues: | |
| State Sources: | |
| State School Lunch Program | \$ 20,803.44 |
| Federal Sources: | |
| National School Lunch Program | 886,517.70 |
| School Breakfast Program | 163,034.79 |
| Summer Program | 85,227.68 |
| After School Snack Program | 31,696.00 |
| Food Distribution Program | 76,871.68 |
| Federal Administrative Fee | 3,135.00 |
| | <u>1,267,286.29</u> |
| Total Nonoperating Revenues | \$ <u>1,267,286.29</u> |
| Income/(Loss) before Contributions and Transfers | \$ 126,922.33 |
| Change in Net Position | \$ 126,922.33 |
| Total Net Position - Beginning | <u>188,523.34</u> |
| Total Net Position - Ending | \$ <u><u>315,445.67</u></u> |

See accompanying notes to financial statements

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | <u>Business Type Activities</u> <u>Enterprise Funds</u> |
|---|--|
| | Food Service Total Enterprise |
| <u>Cash Flows from Operating Activities</u> | |
| Receipts from Customers | \$ 93,816.16 |
| Payments to Employees | (378,113.34) |
| Payments for Employee Benefits | (120,206.05) |
| Payments to Suppliers | (620,303.71) |
| Payments for Management Fee | <u>(49,919.00)</u> |
| Net Cash Provided by/(Used for) Operating Activities | \$ <u>(1,074,725.94)</u> |
| <u>Cash Flows from Noncapital Financing Activities</u> | |
| State Sources | \$ 19,270.55 |
| Federal Sources | <u>1,217,895.58</u> |
| Net Cash Provided by/(Used for) Noncapital Financing Activities | \$ <u>1,237,166.13</u> |
| Net Increase/(Decrease) in Cash and Cash Equivalents | \$ 162,440.19 |
| Balances - Beginning of Year | <u>34,258.52</u> |
| Balances - End of Year | \$ <u><u>196,698.71</u></u> |
| Reconciliation of Operating Income/(Loss) to Net Cash <u>Provided/(Used) by Operating Activities</u> | |
| Operating Gain/(Loss) | \$ <u>(1,140,363.96)</u> |
| Adjustments to Reconcile Operating Loss to Cash Provided/ (Used) by Operating Activities: | |
| Depreciation | \$ 14,105.32 |
| Change in Assets and Liabilities: | |
| Increase/(Decrease) in Other Accounts Payable | 49,819.73 |
| (Increase)/Decrease in Inventory | <u>1,712.97</u> |
| Total Adjustments | \$ <u>65,638.02</u> |
| Net Cash Provided/(Used) by Operating Activities | \$ <u><u>(1,074,725.94)</u></u> |

See accompanying notes to financial statements

NOTES TO THE FINANCIAL STATEMENTS

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Borough of Freehold School District (the "District") is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the District functions independently through a Board of Education (the "Board"). The Board is comprised of nine (9) members elected to three-year staggered terms. The purpose of the District is to educate students in grades K-8. The District had an approximate enrollment at June 30, 2022 of 1,617 students.

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

1. Government-Wide Financial Statements

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation (Continued)

1. Government-Wide Financial Statements (Continued)

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

2. Fund Financial Statements

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

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

B. Fund Accounting

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

1. Governmental Funds

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

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

1. Governmental Funds (Continued)

General Fund (Continued)

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

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

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

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

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

2. Proprietary Fund Type

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

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

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

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

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

3. Noncurrent Debt

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus

1. Government-Wide Financial Statements

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

2. Fund Financial Statements

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

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

D. Basis of Accounting

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Continued)

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

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

E. Budgets/Budgetary Control

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

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

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets/Budgetary Control (Continued)

Refer to Exhibit C-3 for a reconciliation of the general fund revenue and special revenue fund revenue from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.

F. Encumbrances

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

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

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

G. Assets, Liabilities and Equity

1. Cash, Cash Equivalents and Investments

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

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

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity

1. Cash, Cash Equivalents and Investments (Continued)

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.

2. Inventories and Prepaid Expenses

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

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

3. Allowance for Uncollectible Accounts

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

4. Tuition Receivable

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

5. Tuition Payable

Tuition charges for the fiscal years 2020-2021 and 2021-2022 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

6. Current Interfund Receivables/Payables

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

7. Capital Assets

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

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

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

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

8. Deferred Outflows/Inflows of Resources

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

9. Compensated Absences

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

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

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

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

10. Accrued Liabilities and Noncurrent Obligations

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

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

11. Deferred Loss on Refunding of Debt

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

12. Net Position

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

13. Unearned Revenue

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

14. Fund Equity

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

15. Fund Balance

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

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

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

16. Proprietary Funds Revenues and Expenses

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

17. Non-Monetary Transactions

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

18. Allocation of Expenses

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

19. On-Behalf Payments

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

20. Extraordinary and Special Items

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

21. Accounting and Financial Reporting for Pensions

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

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

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

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

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

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

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

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

23. GASB Statement No. 84 Fiduciary Activities

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

24. GASB Statement No. 87 Leases

In June 2017 the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The District policy for lease is that all assets are capitalized. The District amortization is based on the maturity schedule which approximates the useful life of an asset. The lease liability is calculated using future lease payments, discounted the interest rate the lessor charges the lessee. If the interest rate cannot be readily determined by the lessee, the District uses the estimated incremental borrowing rate.

25. Management Estimates

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Other Accounting Standards

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

- *GASB Statement No. 91. Conduit Debt Obligations.* The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

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

- *GASB Statement 92. Omnibus 2020.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

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

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

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

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

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Other Accounting Standards (Continued)

- *GASB Statement 93. Replacement of Interbank Offered Rates.* The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR).

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

- *GASB Statement 94. Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

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

- *GASB Statement 95. Postponement of the Effective Dates of Certain Authoritative Guidance.* The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2019 and later.

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Other Accounting Standards (Continued)

- *GASB Statement 96. Subscription-Based Information Technology Arrangements.* This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

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

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

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Other Accounting Standards (Continued)

• *GASB Statement 99. Omnibus 2022.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.
- Clarification of provisions in Statement No. 87, *Leases*.
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*.
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*.
- *Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for accounting for the distribution benefits (SNAP).*
- Disclosures related to nonmonetary transactions.
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*.
- Terminology used in Statement 53 to refer to resource flows statements.

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

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPSs, and SBITAs are effective for fiscal years beginning after June 15, 2022 and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023 and all reporting periods thereafter.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Other Accounting Standards (Continued)

- *GASB Statement 100. Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62.* The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes.

Effective Date: The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023 and all reporting periods thereafter. Earlier application is encouraged.

- *GASB Statement 101. Compensated Absences.* The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after December 15, 2023 and all reporting periods thereafter. Earlier application is encouraged.

I. Subsequent Events

Management has reviewed and evaluated all events and transactions from June 30, 2022 through March 9, 2023, the date that the financial statements are issued for possible disclosure and recognition in the financial statements, and items that have come to the attention of the District have been disclosed.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

Deposits

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

3. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

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

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

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

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

As of June 30, 2022, cash and cash equivalents (Deposits) of the District consisted of the following:

| | <u>Cash and Cash Equivalents</u> |
|--|----------------------------------|
| Checking Accounts (Operating) | \$ 4,862,414.61 |
| Investor Account - Cash | <u>5,355,101.81</u> |
| | <u>\$ 10,217,516.42</u> |
| Reconciliation: | |
| Governmental Funds | \$ 10,020,967.71 |
| Enterprise Funds | <u>196,548.71</u> |
| | <u>\$ 10,217,516.42</u> |
| Allocation of Cash and Cash Equivalents | |
| Unrestricted | \$ 4,762,883.98 |
| Restricted: | |
| Capital Projects | <u>5,454,632.44</u> |
| | <u>\$ 10,217,516.42</u> |

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

3. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Risk Analysis – All of the balances were covered by either federal depository insurance or Government Unit Deposit Protection Act (“GUDPA”) as of June 30, 2022 and are considered to have minimal custodial risk.

Custodial Credit Risk – The Investor Account is collateralized by U.S. government securities (both U.S. Treasury and Federal Agency) and other permitted money market instruments and not exposed to custodial credit risk. The checking accounts were on deposit in a bank which had the Government Unit Deposit Protection Act coverage (“GUDPA”) as of June 30, 2022 which minimizes credit risk.

Investments

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

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

Custodial Credit Risk – The District had no securities as of June 30, 2022 that could be categorized as an investment as defined by GASB No. 3 as amended by GASB No. 40.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

4. RESERVE ACCOUNTS

A. CAPITAL RESERVE

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

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

Analysis of Capital Reserve Activity since Inception:

| | | |
|--|-----------------|-----------------|
| Capital Reserve Account Established October 17, 2000 | | \$ 1.00 |
| Contributions from Board | | |
| Prior to June 30, 2021 | \$ 5,973,027.43 | |
| During year ended June 30, 2022 | 1,084,470.00 | |
| | | \$ 7,057,497.43 |
| Less Withdrawals: | | |
| Prior to June 30, 2021 | \$ 4,360,993.60 | |
| During year ended June 30, 2022 | 337,492.62 | |
| | | \$ 4,698,486.22 |
| Balance June 30, 2022 | | \$ 2,359,012.21 |

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

4. RESERVE ACCOUNTS (CONTINUED)

B. MAINTENANCE RESERVE

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

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

| | | |
|--|----|--------------------------|
| Balance, June 30, 2021 | \$ | 455,459.00 |
| Contributions from Board | | |
| During year ended June 30, 2022 | | 300,000.00 |
| Less Withdrawals - | | |
| During year ended June 30, 2022 | | <u>64,490.00</u> |
| Balance June 30, 2022 [<i>Budgetary Basis</i>] | \$ | <u>690,969.00</u> |
| Fund Balance June 30, 2022 [<i>GAAP Basis</i>] | \$ | <u><u>690,969.00</u></u> |

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

5. INTERGOVERNMENTAL ACCOUNTS RECEIVABLE

Intergovernmental Accounts Receivable at June 30, 2022 consisted of Federal Sources, State Sources, State Aid, and transportation. All receivables are considered collectible in full. A summary of the principal items of intergovernmental accounts receivable follows:

| | <u>Government Fund</u> <u>Financial Statements</u> | <u>Business Type</u> <u>Activities</u> |
|----------------------------|---|---|
| General Fund: | | |
| State Sources: | | |
| Extraordinary Aid | \$ 457,841.00 | |
| Nonpublic Transportation | 4,060.00 | |
| | <u>\$ 461,901.00</u> | |
| Special Revenue Fund: | | |
| Federal Sources: | | |
| Title I Part A | \$ 396,056.64 | |
| Title II Part A | 24,641.82 | |
| Title III Part A | 16,692.63 | |
| Title III Immigrant | 1,683.41 | |
| Title IV Part A | 5,144.61 | |
| IDEA Part B | 98,746.83 | |
| 21st Century Grant | 44,647.38 | |
| CRRSA Mental Health | 1,001.28 | |
| ARP Mental Health | 14,901.22 | |
| ARP ESSER | 47,597.70 | |
| ARP IDEA Part B | 5,558.54 | |
| ARP Learning Coach | 24,403.41 | |
| ARP Learning Acceleration | 4,116.82 | |
| ARP Summer | 993.07 | |
| | <u>686,185.36</u> | |
| State Sources: | | |
| Preschool Education Aid | 45,391.05 | |
| Nonpublic Transportation | 39.88 | |
| Due from MOESC - Nonpublic | 27,483.00 | |
| | <u>72,913.93</u> | |
| Local Sources: | | |
| First Aid | 1,640.00 | |
| | <u>\$ 1,222,640.29</u> | |
| Proprietary Fund: | | |
| Federal Sources: | | |
| Breakfast | | \$ 13,301.13 |
| Lunch | | 66,607.94 |
| Administrative | | 1,654.00 |
| | | <u>81,563.07</u> |
| State Sources: | | |
| Lunch | | 1,532.90 |
| | | <u>\$ 83,095.97</u> |

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

6. INVENTORY

The value of federal donated commodities as reflected on Schedule A of \$76,871.68 (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of the purchase and has been included as an item of nonoperating revenue in the financial statements. For the year ended June 30, 2022, the federal donated commodities food inventory of \$5,386.99 was included in the year end food and supplies amount of \$17,215.80.

7. CAPITAL ASSETS, NET

The following schedule is a summarization of the changes in capital assets by source for the fiscal year ended June 30, 2022:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>(Transfer) Retirements</u> | <u>Ending Balance</u> |
|--|------------------------------|------------------------|-----------------------------------|---------------------------|
| <u>Governmental Activities:</u> | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 110,050.00 | | | \$ 110,050.00 |
| Total capital assets not being depreciated | <u>110,050.00</u> | | | <u>110,050.00</u> |
| Capital assets being depreciated: | | | | |
| Site Improvements | 1,870,926.00 | | | 1,870,926.00 |
| Building and building improvements | 50,413,693.00 | \$ 1,394,239.09 | \$ (52,731.09) | 51,755,201.00 |
| Machinery and equipment | <u>4,069,556.00</u> | | | <u>4,069,556.00</u> |
| Total capital assets being depreciated | <u>56,354,175.00</u> | <u>1,394,239.09</u> | <u>(52,731.09)</u> | <u>57,695,683.00</u> |
| Capital assets being amortized: | | | | |
| Right of use | | <u>150,579.14</u> | | <u>150,579.14</u> |
| Total capital assets being amortized | | <u>150,579.14</u> | | <u>150,579.14</u> |
| Less accumulated depreciation for: | | | | |
| Site Improvements | (832,851.00) | (71,124.00) | | (903,975.00) |
| Building and building improvements | (11,748,421.00) | (1,299,762.00) | | (13,048,183.00) |
| Machinery and equipment | <u>(2,341,058.00)</u> | <u>(304,318.00)</u> | | <u>(2,645,376.00)</u> |
| Total accumulated depreciation | <u>(14,922,330.00)</u> | <u>(1,675,204.00)</u> | | <u>(16,597,534.00)</u> |
| Less accumulated amortization for: | | | | |
| Right of use | | <u>(45,775.23)</u> | | <u>(45,775.23)</u> |
| Total accumulated amortization | | <u>(45,775.23)</u> | | <u>(45,775.23)</u> |
| Total capital assets being depreciated net of accumulated depreciation | \$ <u>41,431,845.00</u> | \$ <u>(280,964.91)</u> | \$ <u>52,731.09</u> | \$ <u>41,098,149.00</u> |
| Total capital assets being amortized net of accumulated amortization | | <u>104,803.91</u> | | <u>104,803.91</u> |
| Governmental activities capital assets, net | \$ <u>41,541,895.00</u> | \$ <u>(176,161.00)</u> | \$ <u>52,731.09</u> | \$ <u>41,313,002.91</u> |
| Allocation of Additions: | | | | |
| General Fund | | \$ 1,313,070.94 | | |
| Special Revenue Fund | | <u>81,168.15</u> | | |
| | | <u>\$ 1,394,239.09</u> | | |

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

7. CAPITAL ASSETS, NET (CONTINUED)

| | <u>Beginning</u> <u>Balance</u> | <u>Additions</u> | <u>Retirements</u> | <u>Ending</u> <u>Balance</u> |
|--|------------------------------------|-----------------------|--------------------|---------------------------------|
| <u>Business-Type Activities:</u> | | | | |
| Furniture, machinery and equipment | \$ 205,154.93 | _____ | _____ | \$ 205,154.93 |
| Totals at historical cost | <u>205,154.93</u> | _____ | _____ | <u>205,154.93</u> |
| Less accumulated depreciation for: | | | | |
| Furniture, machinery and equipment | <u>(122,795.25)</u> | \$ (14,104.76) | _____ | \$ (136,900.01) |
| Total accumulated depreciation | \$ (122,795.25) | \$ (14,104.76) | _____ | \$ (136,900.01) |
| Business type activities capital assets, net | <u>\$ 82,359.68</u> | <u>\$ (14,104.76)</u> | _____ | <u>\$ 68,254.92</u> |

Depreciation expense was charged to Governmental Activities functions as follows:

| | |
|--|------------------------|
| Regular Instruction | \$ 462,950.20 |
| Special Education Instruction | 450,659.65 |
| Other Special Instruction | 88,840.75 |
| Other Instruction | 7,869.23 |
| Support Services and Undistributed Cost: | |
| Student and Instruction Related Services | 256,778.06 |
| School Administrative Services | 57,629.39 |
| General and Business Administrative Services | 94,336.68 |
| Plant Operations and Maintenance | 157,808.47 |
| Pupil Transportation | <u>98,331.57</u> |
| | <u>\$ 1,675,204.00</u> |

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

8. NONCURRENT DEBT

During the fiscal year ended June 30, 2022 the following changes occurred in liabilities:

| | Beginning Balance | Additions | Retirements | Ending Balance | Amounts Due Within One Year | Noncurrent Portion |
|---------------------------------|-------------------------|----------------------|------------------------|-------------------------|-----------------------------------|-------------------------|
| <u>Governmental Activities:</u> | | | | | | |
| Bonds Payable - | | | | | | |
| General | | | | | | |
| Obligation Debt | \$ 14,955,000.00 | | \$ (790,000.00) | \$ 14,165,000.00 | \$ 810,000.00 | \$ 13,355,000.00 |
| Lease Obligations | | \$ 159,538.06 | (45,336.11) | 114,201.95 | 46,012.41 | 68,189.54 |
| Compensated | | | | | | |
| Absences Payable | 749,187.92 | 10,915.91 | | 760,103.83 | 76,010.38 | 684,093.45 |
| | <u>\$ 15,704,187.92</u> | <u>\$ 170,453.97</u> | <u>\$ (835,336.11)</u> | <u>\$ 15,039,305.78</u> | <u>\$ 932,022.79</u> | <u>\$ 14,107,282.99</u> |

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

8. NONCURRENT DEBT (CONTINUED)

A. Bonds Payable Currently Outstanding

Bonds are authorized in accordance with State law by the voters of the municipality through referendums or in the case of refunding in accordance with Local Finance Board requirements. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds. As of June 30, 2022, the District had the following serial bonds outstanding.

General Serial Bonds:

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

The District issued bonds dated July 19, 2017 in the amount of \$15,605,000. The purpose of the bonds is to finance the portion of the Board's local share of the costs of rehabilitation of the Freehold Learning Center, the Park Avenue Elementary School and Freehold Intermediate School (the "Renovation Project"). The bonds are payable commencing August 15, 2019 through August 15, 2037 ranging in maturities from \$810,000 to \$900,000 at interest rates ranging from 2.50% to 3.00%.

\$ 14,165,000.00 *

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

Bonds Pledge

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

**BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

8. NONCURRENT DEBT (CONTINUED)

A. Bonds Payable Currently Outstanding (continued)

Continuing Secondary Market Disclosure

The District, in conjunction with the issuance of the Bonds, has agreed to undertake and provide certain information to Bondholders on a continuing basis. The Securities and Exchange Commission ("SEC") Rule 15c2-12(b)(5) "Continuing Disclosure" requirements, which the District has adopted, requires that various financial information about the District and the Municipality be provided annually to various information repositories. This has been complied with for the year ended June 30, 2022.

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

Five Years and Thereafter Payments

Principal and interest due on serial bonds outstanding at June 30, 2022 is as follows:

| <u>School District Bonds Series 2017</u> | | | |
|--|---------------------|---------------------|---------------------|
| <u>Fiscal Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2023 | \$ 810,000.00 | \$ 402,375.00 | \$ 1,212,375.00 |
| 2024 | 825,000.00 | 381,937.50 | 1,206,937.50 |
| 2025 | 855,000.00 | 360,937.50 | 1,215,937.50 |
| 2026 | 875,000.00 | 337,125.00 | 1,212,125.00 |
| 2027 | 900,000.00 | 310,500.00 | 1,210,500.00 |
| | <u>4,265,000.00</u> | <u>1,792,875.00</u> | <u>6,057,875.00</u> |
| 2028 | 900,000.00 | 283,500.00 | 1,183,500.00 |
| 2029 | 900,000.00 | 256,500.00 | 1,156,500.00 |
| 2030 | 900,000.00 | 229,500.00 | 1,129,500.00 |
| 2031 | 900,000.00 | 202,500.00 | 1,102,500.00 |
| 2032 | 900,000.00 | 175,500.00 | 1,075,500.00 |
| | <u>4,500,000.00</u> | <u>1,147,500.00</u> | <u>5,647,500.00</u> |

**BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

8. NONCURRENT DEBT (CONTINUED)

A. Bonds Payable Currently Outstanding (continued)

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

School District Bonds Series 2017 (Continued)

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|--------------------------------|-------------------------|------------------------|-------------------------|
| 2033 | \$ 900,000.00 | \$ 148,500.00 | \$ 1,048,500.00 |
| 2034 | 900,000.00 | 121,500.00 | 1,021,500.00 |
| 2035 | 900,000.00 | 94,500.00 | 994,500.00 |
| 2036 | 900,000.00 | 67,500.00 | 967,500.00 |
| 2037 | 900,000.00 | 40,500.00 | 940,500.00 |
| | <u>4,500,000.00</u> | <u>472,500.00</u> | <u>4,972,500.00</u> |
| 2038 | <u>900,000.00</u> | <u>13,500.00</u> | <u>913,500.00</u> |
| | <u>\$ 14,165,000.00</u> | <u>\$ 3,426,375.00</u> | <u>\$ 17,591,375.00</u> |

B. Bonds and Notes Authorized But Not Issued

As of June 30, 2022 the District has no unissued debt authorizations but not issued.

C. Defeasance

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

Unamortized Loss on Defeasance

| | <u>Loss</u> | <u>Beginning Balance</u> | <u>Amortization</u> |
|-----------------------------|----------------------|------------------------------|---------------------|
| 2011 Series Refunding Bonds | \$ <u>132,952.00</u> | \$ <u>12,086.56</u> | \$ <u>12,086.56</u> |

D. Compensated Absences

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

8. NONCURRENT DEBT (CONTINUED)

E. Lease Obligations

Leases

In June 2017, the GASB issued GASB No. 87, Leases. This GASB increases the transparency and comparability of organizations by requiring the capitalization of substantially all leases on the statement of net position and disclosures of key information about leasing arrangements. Under this new guidance, at the lease commencement date, a lessee recognizes a right-of-use asset and lease obligation, which is initially measured at the present value of the future lease payments. For statement of activities purposes, a dual model was retained for lessees, requiring leases to be classified as either operating or finance leases. Under the operating lease model, lease expense is recognized on a straight-line basis over the lease term. Under the finance lease model, interest on the lease liability is recognized separately from amortization of the right-of-use assets.

The District adopted this new accounting standard on July 1, 2021 on a modified retrospective basis and applied the new standard to all leases through a cumulative-effect adjustment to beginning net position. As a result, comparative financial information has not been restated and continues to be reported under the accounting standards in effect for those periods. The District elected a package of practical expedients permitted under the transition guidance, which among other things, allows the carryforward of historical lease classification.

Right-of-use assets represent the District's right to use an underlying asset for the lease term and lease liabilities represent the District's obligation to make lease payments arising from the lease during the lease term. Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of the remaining future minimum lease payments during the lease term. The operating lease right-of-use assets also include lease payments made before commencement, lease incentives and are recorded net of impairment. Operating leases are expensed on a straight line basis over the lease term. Finance leases are recognized as a noncurrent asset and as a finance lease liability within accrued expenses and other liabilities and other noncurrent liabilities.

Various Equipment Leases

The adoption of the new lease accounting standard results in recognition of the cost basis of the assets of \$234,681.00 from nine (9) leases and the lease principal balance remaining of \$114,202.00. Amortization of the leases are also included in the capital assets.

The District entered into lease purchase agreements for various equipment, computers and textbooks. The future minimum lease obligations for the machine and the net present value of the future payments, with an imputed or stated interest rate approximately from .9875% to 3.124% at June 30, 2022 are as follows:

| | | |
|---|----|---------|
| Total minimum lease payments for 2023 | \$ | 124,303 |
| Less: Amount representing interest | | 10,101 |
| Present value of minimum lease payments | \$ | 114,202 |

**BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

8. NONCURRENT DEBT (CONTINUED)

E. Lease Obligations (Continued)

Five Years and Thereafter Payments

Principal and interest due on lease obligations outstanding at June 30, 2022 is as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|--------------------------------|----------------------|---------------------|----------------------|
| 2023 | \$ 46,012.41 | \$ 5,275.61 | \$ 51,288.02 |
| 2024 | 33,991.23 | 3,031.93 | 37,023.16 |
| 2025 | 20,962.63 | 1,398.65 | 22,361.28 |
| 2026 | 12,342.78 | 383.46 | 12,726.24 |
| 2027 | 892.90 | 11.78 | 904.68 |
| | <u>\$ 114,201.95</u> | <u>\$ 10,101.43</u> | <u>\$ 124,303.38</u> |

9. PENSION PLANS

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

Teachers' Pension and Annuity Fund (TPAF)

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contribution, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Annual Comprehensive Financial Report (ACFR) 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, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts. The following represents the membership tiers for TPAF:

**BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

9. PENSION PLANS

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

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

Service retirement benefits of 1/55th 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 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Public Employees' Retirement System (PERS)

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Annual Comprehensive Financial Report (ACFR) 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, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

9. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

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 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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

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

During the year ended June 30, 2022 for TPAF, which is a cost sharing plan with special funding situations, the annual pension costs equals annual required contribution. For PERS, which is a cost sharing multi-employer pension plan, the annual pension costs differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997.

| <u>Fiscal Year</u> <u>Ended June 30</u> | <u>Three-Year Trend Information for PERS</u> | | |
|--|--|--|--|
| | <u>Net Cost</u> <u>to District</u> | <u>Percentage of</u> <u>APC Contributed</u> | <u>Employee</u> <u>Contribution</u> |
| 2022 | \$ 423,823 | 100% | \$ 211,723 |
| 2021 | 377,961 | 100% | 202,433 |
| 2020 | 334,203 | 100% | 197,673 |

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

9. PENSION PLANS (CONTINUED)

Funding Policy (Continued)

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

| <u>Fiscal Year</u> <u>Ended June 30</u> | <u>APC</u> <u>Contributed</u> | <u>Total</u> <u>On-Behalf of</u> | <u>Employee</u> <u>Contribution</u> | <u>TPAF</u> <u>FICA</u> |
|--|----------------------------------|-------------------------------------|--|----------------------------|
| 2022 | 100% | \$ 4,600,346 | \$ 997,311 | \$ 886,974 |
| 2021 | 100% | 3,080,650 | 914,505 | 887,747 |
| 2020 | 100% | 2,138,572 | 1,082,747 | 888,670 |

During the fiscal year ended June 30, 2022 the State of New Jersey contributed \$4,600,346 to the TPAF on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$886,974 during the year ended June 30, 2022 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the general-purpose financial statements, and the combining and individual fund statements and schedules as a revenue and expenditure in accordance with GASB 24.

Public Employees Retirement System (PERS)

The information for PERS was abstracted from State of New Jersey Public Employees' Retirement System Schedules of Employer Allocations and Schedules of Pension Amounts by Employer as of June 30, 2021 and June 30, 2020 Independent Auditor's Report dated July 21, 2022 and June 4, 2021, respectively.

The District reported a liability of \$4,287,208 and \$5,630,183 for its proportionate share of the net pension liability as of June 30, 2022 and June 30, 2021, respectively. The net pension liability was measured as of June 30, 2021 and June 30, 2020 (the *Measurement Date*), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 and July 1, 2019, which were rolled forward to the respective measurement dates. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined.

| | <u>June 30, [Measurement Date]</u> | |
|------------------------------|------------------------------------|----------------|
| | <u>2021</u> | <u>2020</u> |
| District Proportionate Share | 0.0361896617 % | 0.0345253577 % |
| Difference - (Increase) | 0.0016643040 | |

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

9. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

For the year ended June 30, 2022, the District recognized pension benefit of \$870,877. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

The contribution policy for PERS is set by N.J.S.A. 43.15A and requires contributions by active members and contributing employers. Employee contributions for 2022 were seven and 50/100th percent (7.5%) for PERS. Employer's contributions are actuarially determined annually by the Division of Pensions.

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

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Changes of Assumptions | \$ 22,328 | 1,526,274 |
| Difference between expected and actual experience | 67,615 | 30,691 |
| Net difference between projected and actual earnings on pension plan investments | | 1,129,363 |
| Changes in proportion | 431,622 | 160,468 |
| District contributions subsequent to the measurement date | 456,109 | |
| Total | <u>\$ 977,674</u> | <u>\$ 2,846,796</u> |

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

9. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

The \$456,109 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2022, the plan measurement date is June 30, 2021) will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended</u> <u>June 30</u> | <u>Amount</u> |
|-------------------------------------|----------------|
| 2022 | \$ (1,000,925) |
| 2023 | (714,658) |
| 2024 | (487,275) |
| 2025 | (366,286) |
| 2026 | 142 |

Collective balances (Local Group) are as follows:

| | <u>June 30, [Measurement Date]</u> | |
|--|------------------------------------|------------------|
| | <u>2021</u> | <u>2020</u> |
| Collective deferred outflows of resources | \$ 1,164,738,169 | \$ 2,347,583,337 |
| Collective deferred inflows of resources | 8,339,123,762 | 7,849,949,467 |
| Collective net pension liability | 11,972,782,878 | 16,435,616,426 |
| Collective total pension/(benefit) expense | (1,599,674,464) | 407,705,399 |
| District's proportion of Local Group | 0.0361896617 % | 0.0345253577 % |

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

9. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which rolled forward to June 30, 2021. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

| | |
|---------------------------|--|
| Inflation Rate: | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases: | |
| Through 2026 | 2.00-6.00% (based on years of service) |
| Thereafter | 3.00-7.00% (based on years of service) |
| Investment Rate of Return | 7.00% |

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger impact on future financial statements.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021 *measurement date*) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 (*measurement date*) are summarized in the following table:

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

9. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return (Continued)

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-term Expected Real Rate of Return</u> |
|----------------------------------|--------------------------|---|
| US Equity | 27.00 % | 8.09 % |
| Non-U.S. Developed Market Equity | 13.50 | 8.71 |
| Emerging Market Equity | 5.50 | 10.96 |
| Private Equity | 13.00 | 11.30 |
| Real Estate | 8.00 | 9.15 |
| Real Assets | 3.00 | 7.40 |
| High Yield | 2.00 | 3.75 |
| Private Credit | 8.00 | 7.60 |
| Investment Grade Credit | 8.00 | 1.68 |
| Cash Equivalents | 4.00 | 0.50 |
| U.S. Treasuries | 5.00 | 0.95 |
| Risk Mitigation Strategies | 3.00 | 3.35 |
| | <u>100.00 %</u> | |

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021 (*measurement date*). The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

9. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

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

The following presents the collective net pension liability of the participating employers as of June 30, 2021 (*measurement date*), calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

| | June 30, 2021 [<i>Measurement Date</i>] | | |
|--|---|--------------|--------------|
| | 1% Decrease | At Current | 1% Increase |
| | <u>6.00%</u> | <u>7.00%</u> | <u>8.00%</u> |
| District's proportionate share of the pension liability | \$ 5,838,308 | \$ 4,287,208 | \$ 2,970,880 |

Pension Plan Fiduciary Net Position.

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

Teachers Pensions and Annuity Fund (TPAF)

Data for the TPAF was abstracted from the State of New Jersey Teachers' Pension and Annuity Fund Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer and Nonemployer as of June 30, 2021 and June 30, 2020 Independent Auditor's Reports dated July 21, 2022 and June 4, 2021, respectively.

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

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2022 (*Measurement Date* of June 30, 2021) was as follows:

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

9. PENSION PLANS (CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

| | <i>[Measurement Date]</i> <u>June 30, 2021</u> |
|--|---|
| Net Pension Liability: | |
| Districts proportionate share | None |
| State's proportionate share associated with the District | <u>\$ 49,997,820</u> |
| | <u><u>\$ 49,997,820</u></u> |

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The proportion of the TPAF net pension liability associated with the District is as follows:

| | <u>June 30, [Measurement Date]</u> | |
|------------------------------|------------------------------------|----------------|
| | <u>2021</u> | <u>2020</u> |
| District Proportionate Share | 0.103992179 % | 0.0957842634 % |
| Difference - Increase | 0.0082149545 | |

For the year ended June 30, 2022, the District recognized on-behalf pension expense and revenue of \$1,176,471 for contributions provided by the State.

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

9. PENSION PLANS (CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (Continued)

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 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, 2021 *measurement date*) 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, 2021 (*measurement date*) are summarized in the table as follows:

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

9. PENSION PLANS (CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return (Continued)

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-term Expected Real Rate of Return</u> |
|----------------------------------|--------------------------|---|
| US Equity | 27.00 % | 8.09 % |
| Non-U.S. Developed Market Equity | 13.50 | 8.71 |
| Emerging Market Equity | 5.50 | 10.69 |
| Private Equity | 13.00 | 11.30 |
| Real Estate | 8.00 | 9.15 |
| Real Assets | 3.00 | 7.40 |
| High Yield | 2.00 | 3.75 |
| Private Credit | 8.00 | 7.60 |
| Investment Grade Credit | 8.00 | 1.68 |
| Cash Equivalents | 4.00 | 0.50 |
| U.S. Treasuries | 5.00 | 0.95 |
| Risk Mitigation Strategies | <u>3.00</u> | 3.35 |
| | <u>100.00 %</u> | |

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 100% of the actuarial determined contribution for the state. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

9. PENSION PLANS (CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

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

The following presents the proportionate share of the net pension liability associated with the District as of June 30, 2022 (*measurement date* June 30, 2021) calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | 1% Decrease <u>6.00%</u> | At Current Discount Rate <u>7.00%</u> | At 1% Increase <u>8.00%</u> |
|---|-----------------------------|---|-----------------------------------|
| State's proportionate share of the net pension liability associated with the District | \$ 59,155,773 | \$ 49,997,820 | \$ 42,305,715 |

Pension Plan Fiduciary Net Position

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

Additional Information

Collective balances of the Local Group are as follows:

| | <u>June 30,</u> | |
|--------------------------------|------------------|------------------|
| | <u>2021</u> | <u>2020</u> |
| Deferred outflows of resources | \$ 6,356,228,800 | \$ 9,589,140,982 |
| Deferred inflows of resources | 27,175,330,929 | 14,409,361,877 |
| Net pension liability | 48,075,188,642 | 65,848,796,740 |
| Pension expense/(benefit) | 1,159,039,411 | 4,114,319,534 |
| District's proportionate share | 0.1039921790 % | 0.0957842634 % |

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

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

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

Data for the OPEB was abstracted from the State of New Jersey Local Education Retired Employees Plan as of June 30, 2021 and June 30, 2020 [*measurement dates*] Independent Auditor's Reports dated January 18, 2023 and January 21, 2022, respectively.

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In fiscal year 2021 the State paid PRM benefits for 142,895 State and local retirees.

The State Health Benefit Local Education Retired Employees Plan (Local Education Retired OPEB Plan) is a multiple-employer defined benefit OPEB plan with a special funding situation. The Local Education Retired OPEB Plan 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. The Local Education Retired OPEB Plan provides medical, prescription drug and Medicare Part B reimbursement to retirees and the covered dependents of Local Education employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

The employer contributions for the participating local education employers are legally required to be funded by the State in accordance with NJSA 52:14-17.32f. According to this law, 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: TPAF, PERS, PFRS, or ABP.

Pursuant to P.L.2011, c.78, future retirees eligible for postemployment 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 State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. The State, as a nonemployer contributing entity, reported a fiscal year 2021 total OPEB liability of \$67,809,962,608 for this special funding situation.

At June 30, 2020 the following employees (*statewide*) were covered by the benefit terms:

| | |
|---|---------------------------|
| Active Plan Members | 213,901 |
| Inactive Plan Members or Beneficiaries Currently Receiving Benefits | 150,247 |
| Inactive Plan Members or Beneficiaries Not Yet Receiving Benefits | <u>None</u> |
| Total Plan Members | <u><u>364,148</u></u> |

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

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

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

| <u>Fiscal Year Ended June 30,</u> | <u>Post-Retirement Medical</u> |
|-----------------------------------|--------------------------------|
| 2022 | \$ 1,074,827.00 |
| 2021 | 965,428.00 |
| 2020 | 793,371.00 |

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

The District is required to record in their financial statements, as an expense and corresponding revenue, their respective amount of total OPEB expense attributable to the State of New Jersey under the special funding situation. Accordingly, the following OPEB liability note information is derived from reports provided by the State of New Jersey Division of Pension and Benefits and is reported at the board of education level. Note that actual numbers are published in the NJ State's ACFR: (<https://www.nj.gov/treasury/omb/fr.shtml>).

The portion of the TPAF OPEB Liability that was associated with the District recognized at June 30, 2022 (*Measurement Date* June 30, 2021) was as follows:

Net OPEB Liability:

| | |
|--|--------------------------------|
| Districts proportionate share | None |
| State's proportionate share associated with the District | <u>\$ 62,588,622.00</u> |
| | <u><u>\$ 62,588,622.00</u></u> |

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

| <u>June 30, [Measurement Date]</u> | |
|------------------------------------|----------------|
| <u>2021</u> | <u>2020</u> |
| 0.0010430107 % | 0.0010130000 % |

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

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

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2021 (*measurement date*) was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

| | <u>TPAF/ABP</u> <i>(based on service years)</i> | <u>PERS</u> <i>(based on service years)</i> |
|-----------------------------------|--|--|
| Salary increases: through 2026 | 1.55-4.45% | 2:00-6.00% |
| Thereafter | 2.75-5.65% | 3.00-7.00% |

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-2021. 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-2021. 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-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 “Safety” (PFRS), “General” (PERS), and “Teachers” (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018 and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.5% long-term trend rate after seven (7) years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in the fiscal year 2025 and decreases to 4.5% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long-term trend rate after seven (7) years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2021 was 2.16%. 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 Total Nonemployer OPEB Liability to Changes in the Discount Rate

The following represents the total nonemployer OPEB liability as of June 30, 2021 (*Measurement Date*), calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| June 30, 2021 [<i>Measurement Date</i>] | | |
|---|-----------------------------|---------------------------|
| At 1% Decrease (1.16%) | At Discount Rate (2.16%) | At 1% Increase (3.16%) |
| \$ 74,971,344 | \$ 62,588,622 | \$ 52,837,972 |

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

The following represents the total nonemployer OPEB liability as of June 30, 2021, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| June 30, 2021 [<i>Measurement Date</i>] | | |
|---|-------------------------------|---------------|
| 1% Decrease | Healthcare Cost Trend Rate | 1% Increase |
| \$ 50,665,693 | \$ 62,588,622 | \$ 78,600,235 |

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

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

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

Shown below are details regarding the Total OPEB Liability for the measurement period from June 30, 2020 to June 30, 2021:

| | <u>Total OPEB Liability</u> |
|---|-----------------------------|
| <i>Balance as of June 30, 2020 Measurement Date</i> | \$ 68,474,634 |
| Changes Recognized for the Fiscal Year: | |
| Service Cost | \$ 3,753,470 |
| Interest Cost | 1,623,615 |
| Changes of Benefit Terms | (66,618) |
| Changes of Assumptions | 61,748 |
| Difference between Expected and Actual Experience | (10,020,781) |
| Gross Benefit Payments | (1,278,954) |
| Contributions from the Members | 41,508 |
| Net Changes | \$ (5,886,012) |
| <i>Balance as of June 30, 2021 Measurement Date</i> | \$ 62,588,622 |

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% as of June 30, 2020 to 2.16% as of June 30, 2021.

The components of the Net OPEB Liability as of June 30, 2021 (*Measurement Date*) are as follows:

| | <u>Measurement Date</u> <u>June 30, 2021</u> |
|--|---|
| Total OPEB Liability | \$ 62,588,622 |
| Plan Fiduciary Net Position | None |
| Net OPEB Liability | \$ 62,588,622 |
| Net Position as a Percentage of OPEB Liability | 0.0% |
| OPEB Expense | \$ 4,970,220 |

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

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

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

For the year ended June 30, 2022, the board of education recognized OPEB expense of \$4,970,220 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the District proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

The following table illustrates the Deferred Inflows and Outflows as of June 30, 2021 under GASB 75 prior to any reduction due to the Fiscal Year 2022 amortizations.

| | <u>Deferred Outflows</u> | <u>Deferred Inflows</u> |
|--|--------------------------|-------------------------|
| Changes of Assumptions | 10,617,366 | 6,715,176 |
| Differences between Actual and Expected Experience | 9,434,957 | 18,783,958 |
| Changes in Proportion | <u>6,540,765</u> | <u>8,078</u> |
| Sub-total | 26,593,088 | 25,507,212 |
| Contributions made in Fiscal Year Ending 2022 After June 30, 2021 <i>Measurement Date</i> | <u>None</u> | <u>None</u> |
| Total | <u>\$ 26,593,088</u> | <u>\$ 25,507,212</u> |

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

| Measurement Period Ending June 30, | |
|------------------------------------|----------------|
| 2022 | \$ (1,233,155) |
| 2023 | (1,233,155) |
| 2024 | (1,233,155) |
| 2025 | (1,233,155) |
| 2026 | (876,756) |
| Total Thereafter | 362,563 |

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

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

Pension Plan Fiduciary Net Position

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

Additional Information

Collective balances of the Local Education Group are as follows:

| | June 30, | |
|--------------------------------|-------------------|-------------------|
| | 2021 | 2020 |
| Deferred outflows of resources | \$ 21,546,947,255 | \$ 24,023,298,802 |
| Deferred inflows of resources | 26,769,148,209 | 19,101,933,244 |
| Net OPEB liability | 60,007,650,970 | 67,809,962,608 |
| OPEB expense | 3,527,672,060 | 3,337,755,596 |

Other

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

11. COMPENSATED ABSENCES

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

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

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2022 no liability existed for compensated absences in the proprietary fund types.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

12. DEFERRED COMPENSATION

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

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

13. RISK MANAGEMENT

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

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

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

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

14. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2022 which will be liquidated in the normal course of business in the ensuing year.

| <u>Fund</u> | <u>Receivable</u> | <u>Payable</u> |
|----------------------|-------------------|----------------|
| Governmental Funds: | | |
| General Fund | \$ 65,478.50 | |
| Special Revenue Fund | | \$ 65,478.50 |
| Debt Service | 3,640.71 | |
| Capital Projects | | 3,640.71 |

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

15. FUND BALANCE APPROPRIATED

General Fund – Of the \$4,878,810.81 General Fund fund balance at June 30, 2022, \$87,298.30 is assigned – for other purposes (encumbrances); \$2,359,012.21 is Restricted for Capital Reserve account; \$690,969.00 is Restricted for Maintenance Reserve; \$1,197,251.72 assigned – excess surplus designated for subsequent years' expenditures, \$14,170.62 is FFCRA/SEMI funds assigned for designated for subsequent year expenditures, and \$530,108.96 reserve for unemployment claims.

Special Revenue Fund – The balance of \$20,988.33 at June 30, 2022 consisted of \$19,903.53 restricted for student activities and \$1,084.80 restricted for scholarship.

Debt Service Fund – All of the \$106,444.73 fund balance at June 30, 2022 is restricted for Debt Service.

Capital Projects Fund – The \$5,460,991.73 Capital Projects Fund fund balance at June 30, 2022, is the balance of 2017 bond proceeds remaining after the court ordered 2017 expansion project has been closed out and the Grant Funds have all been received.

16. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004 c73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. There was excess surplus at June 30, 2021 on the budgetary basis of accounting (refer to Note 18) as a result of fiscal year 2020-2021 school year of \$1,602,668.17 and for fiscal year 2021-2022 school year of \$904,857.60.

17. RECONCILIATION OF FUND BALANCES – GENERAL FUND

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

| | <u>Unassigned - Fund Balance</u> | <u>Reserve for Excess Surplus</u> | <u>Reserve for Excess Surplus Designated for Subsequent Year</u> |
|--|--------------------------------------|---------------------------------------|--|
| Balance on a budgetary basis as per general fund budgetary comparison (Schedule C-1) | \$ 586,690.95 | \$ 904,857.60 | \$ 1,602,668.17 |
| Less: Allocation of State aid payment of \$1,896,965.00 not recognized on a GAAP basis | <u>586,690.95</u> | <u>904,857.60</u> | <u>405,416.45</u> |
| Balances on a GAAP basis on the governmental fund balance sheet (Schedule B-1) | <u>None</u> | <u>None</u> | <u>\$ 1,197,251.72</u> |

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

18. CONTINGENT LIABILITIES

- A. **Grant Programs** – The school district participates in federally and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.
- B. **Pending Litigation** – As of the date of this report, the management has represented that there was no litigation pending which, in the event of an adverse or unfavorable outcome, would materially impair the financial position of the District.
- C. **Commitments** - The District has contractual commitments at June 30, 2022 to various vendors, which are recorded in the general fund as fund balance assigned for other purposes in the amount of \$87,298.30.

19. ECONOMIC DEPENDENCY

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

20. NET POSITION – NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets, Governmental Activities, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. The net investment in capital assets of \$57,856,312.14 indicated as part of the Governmental Activities net position is calculated as follows:

| | Amount |
|---|------------------|
| Capital assets, net of depreciation | \$ 41,313,002.94 |
| Bonds payable (used to build or acquire capital assets) | (14,165,000.00) |
| Lease payable | (114,201.95) |
| | \$ 27,033,800.99 |

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

21. TAX ABATEMENTS

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

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

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

The Borough of Freehold recognized revenue of \$430,000.00 from the annual service charge in lieu of payment of taxes in 2022 and taxes in 2022 that otherwise would have been due on these long-term tax exemptions amounted to \$1,403,334.00 based upon the assessed valuations of the long-term tax exemptions properties. A portion of the \$973,334.00 abatement would have been allocated to the District.

22. COVID-19 CORONAVIRUS PANDEMIC

The COVID-19 Coronavirus outbreak in the United States has caused the Governor of the State of New Jersey to mandate closures and a curfew for all nonessential citizens and businesses. The management of the District (which is essential) has evaluated the impact of the situation and has determined that overall there is no adverse impact on its June 30, 2022 financial statements (*audited*). Financial impact for the year ending June 30, 2023 is uncertain at this time. A significant portion of the revenue to support the District operations is state aid and taxation; however, the outcome is uncertain at this time.

23. PRIOR PERIOD ADJUSTMENT GASB STATEMENT No. 87

The District implemented GASB No. 87 related to former lease accounting being reclassified into the Governmental Funds. The reclassification was reflected as a prior period adjustment to the Statement of Activities (A-2), effective July 1, 2021, and no retroactive restatement of financial was done since financial statements are not comparative. The reclassification involved liabilities, capital (fixed) assets and fund balance with minimal adverse impact on the financial position of the District.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|-------------------------|-------------------------------------|
| REVENUES: | | | | | |
| Local sources: | | | | | |
| Local tax levy | \$ 10,081,604.00 | | \$ 10,081,604.00 | \$ 10,081,604.00 | |
| Miscellaneous-Restricted | | | | 145,006.07 | \$ (145,006.07) |
| Miscellaneous-Unrestricted | <u>30,000.00</u> | | <u>30,000.00</u> | <u>274,787.29</u> | <u>(244,787.29)</u> |
| Total - local sources | <u>10,111,604.00</u> | | <u>10,111,604.00</u> | <u>10,501,397.36</u> | <u>(389,793.36)</u> |
| State sources: | | | | | |
| Categorical Special Education Aid | 1,438,457.00 | | 1,438,457.00 | 1,438,457.00 | |
| Categorical Transportation Aid | 407,350.00 | | 407,350.00 | 407,350.00 | |
| Categorical Security Aid | 739,721.00 | | 739,721.00 | 739,721.00 | |
| Equalization Aid | 16,516,446.00 | | 16,516,446.00 | 16,516,446.00 | |
| Extraordinary Aid | 275,000.00 | | 275,000.00 | 457,841.00 | (182,841.00) |
| Alyssa's Grant | | | | 84,470.00 | (84,470.00) |
| Nonpublic transportation - cost reimbursement | | | | 4,060.00 | (4,060.00) |
| On behalf - TPAF - pension contributions (nonbudgeted) | | | | 4,600,346.00 | (4,600,346.00) |
| On behalf - TPAF - post retirement medical (nonbudgeted) | | | | 1,074,827.00 | (1,074,827.00) |
| On behalf - TPAF - long-term disability insurance (nonbudgeted) | | | | 2,036.00 | (2,036.00) |
| Reimbursed TPAF social security contributions (nonbudgeted) | | | | <u>886,974.14</u> | <u>(886,974.14)</u> |
| Total - state sources | <u>19,376,974.00</u> | | <u>19,376,974.00</u> | <u>26,212,528.14</u> | <u>(6,835,554.14)</u> |
| Federal sources: | | | | | |
| Medical assistance program | <u>151,535.00</u> | | <u>151,535.00</u> | <u>158,831.23</u> | <u>(7,296.23)</u> |
| Total - federal sources | <u>151,535.00</u> | | <u>151,535.00</u> | <u>158,831.23</u> | <u>(7,296.23)</u> |
| Total revenues | <u>\$ 29,640,113.00</u> | | <u>\$ 29,640,113.00</u> | <u>\$ 36,872,756.73</u> | <u>\$ (7,232,643.73)</u> |

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|---------------------|-------------------------------------|
| EXPENDITURES: | | | | | |
| CURRENT EXPENSE: | | | | | |
| Regular programs - instruction: | | | | | |
| Kindergarten | \$ 613,566.00 | \$ (17,708.00) | \$ 595,858.00 | \$ 595,858.00 | |
| Grades 1 - 5 | 3,602,533.00 | 19,200.00 | 3,621,733.00 | 3,615,600.18 | \$ 6,132.82 |
| Grades 6 - 8 | 1,883,499.00 | 132,578.00 | 2,016,077.00 | 2,014,030.19 | 2,046.81 |
| | <u>6,099,598.00</u> | <u>134,070.00</u> | <u>6,233,668.00</u> | <u>6,225,488.37</u> | <u>8,179.63</u> |
| Home instruction: | | | | | |
| Salaries of teachers | 7,400.00 | | 7,400.00 | 5,670.00 | 1,730.00 |
| Purchased professional - educational services | 3,600.00 | | 3,600.00 | | 3,600.00 |
| | <u>11,000.00</u> | | <u>11,000.00</u> | <u>5,670.00</u> | <u>5,330.00</u> |
| Regular programs - undistributed instruction: | | | | | |
| Other salaries for instruction | 251,290.00 | (13,783.00) | 237,507.00 | 226,222.59 | 11,284.41 |
| Purchased professional - educational services | 234,560.00 | (43,332.00) | 191,228.00 | 169,422.57 | 21,805.43 |
| 'Lease Purchase Equipment | 85,000.00 | | 85,000.00 | 70,333.65 | 14,666.35 |
| Other purchased services (400-500 series) | 90,210.00 | 20,400.00 | 110,610.00 | 107,209.49 | 3,400.51 |
| Other purchased services (580 series) | 2,600.00 | | 2,600.00 | 102.69 | 2,497.31 |
| General supplies | 495,920.00 | (4,819.00) | 491,101.00 | 380,125.24 | 110,975.76 |
| Textbooks | 28,000.00 | (20,000.00) | 8,000.00 | 3,711.12 | 4,288.88 |
| Other objects | 8,200.00 | | 8,200.00 | 2,409.00 | 5,791.00 |
| | <u>1,195,780.00</u> | <u>(61,534.00)</u> | <u>1,134,246.00</u> | <u>959,536.35</u> | <u>174,709.65</u> |
| Total regular programs - instruction | <u>7,306,378.00</u> | <u>72,536.00</u> | <u>7,378,914.00</u> | <u>7,190,694.72</u> | <u>188,219.28</u> |

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|---------------------|-------------------------------------|
| EXPENDITURES (CONTINUED): | | | | | |
| CURRENT EXPENSE (CONTINUED): | | | | | |
| Multiple disabilities: | | | | | |
| Salaries of teachers | \$ 654,197.00 | \$ (34,932.00) | \$ 619,265.00 | \$ 617,336.00 | \$ 1,929.00 |
| Other salaries for instruction | 460,165.00 | (43,487.00) | 416,678.00 | 409,288.20 | 7,389.80 |
| Purchased Professional Education Service | 225,000.00 | 54,935.00 | 279,935.00 | 223,234.20 | 56,700.80 |
| General supplies | 3,980.00 | 4,010.00 | 7,990.00 | 6,897.61 | 1,092.39 |
| Textbooks | 4,700.00 | (1,510.00) | 3,190.00 | | 3,190.00 |
| Other Objects | 2,300.00 | | 2,300.00 | 1,216.00 | 1,084.00 |
| | <u>1,350,342.00</u> | <u>(20,984.00)</u> | <u>1,329,358.00</u> | <u>1,257,972.01</u> | <u>71,385.99</u> |
| Total multiple disabilities | | | | | |
| Special education instruction: | | | | | |
| Resource room/resource center: | | | | | |
| Salaries of teachers | 1,856,266.00 | (141,934.00) | 1,714,332.00 | 1,703,439.04 | 10,892.96 |
| Other salaries for instruction | 205,745.00 | (85,187.00) | 120,558.00 | 120,014.18 | 543.82 |
| Purchased Professional Educational Services | 86,010.00 | | 86,010.00 | 76,502.44 | 9,507.56 |
| Other purchased services (400-500 series) | 500.00 | | 500.00 | | 500.00 |
| General supplies | 4,500.00 | | 4,500.00 | 4,211.80 | 288.20 |
| Textbooks | 2,500.00 | (2,500.00) | | | |
| | <u>2,155,521.00</u> | <u>(229,621.00)</u> | <u>1,925,900.00</u> | <u>1,904,167.46</u> | <u>21,732.54</u> |
| Total resource room/resource center | | | | | |
| Preschool disabilities - full-time: | | | | | |
| Salaries of teachers | 262,877.00 | (62,682.00) | 200,195.00 | 190,893.00 | 9,302.00 |
| Other salaries for instruction | 144,885.00 | 27,599.00 | 172,484.00 | 170,483.02 | 2,000.98 |
| Purchased Professional Educational Services | 175,000.00 | (34,295.00) | 140,705.00 | 98,092.37 | 42,612.63 |
| General supplies | 2,500.00 | | 2,500.00 | 1,075.52 | 1,424.48 |
| | <u>585,262.00</u> | <u>(69,378.00)</u> | <u>515,884.00</u> | <u>460,543.91</u> | <u>55,340.09</u> |
| Total Preschool disabilities - full-time | | | | | |

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|---------------------|-------------------------------------|
| EXPENDITURES (CONTINUED): | | | | | |
| CURRENT EXPENSE (CONTINUED): | | | | | |
| Home Instruction | | | | | |
| Early childhood: | | | | | |
| Salaries special ed. home instruction | \$ 8,000.00 | | \$ 8,000.00 | \$ 1,260.00 | \$ 6,740.00 |
| Purchased Professional - Educational Services | 13,000.00 | | 13,000.00 | 4,807.00 | 8,193.00 |
| | <u>21,000.00</u> | | <u>21,000.00</u> | <u>6,067.00</u> | <u>14,933.00</u> |
| Total early childhood | | | | | |
| | <u>21,000.00</u> | | <u>21,000.00</u> | <u>6,067.00</u> | <u>14,933.00</u> |
| Total special education - instruction | <u>4,112,125.00</u> | \$ (319,983.00) | <u>3,792,142.00</u> | <u>3,628,750.38</u> | <u>163,391.62</u> |
| Other instructional programs: | | | | | |
| Basic skills/remedial - instruction: | | | | | |
| Salaries of teachers | 282,751.00 | 177,268.00 | 460,019.00 | 428,944.27 | 31,074.73 |
| General supplies | 250.00 | | 250.00 | 199.98 | 50.02 |
| | <u>283,001.00</u> | <u>177,268.00</u> | <u>460,269.00</u> | <u>429,144.25</u> | <u>31,124.75</u> |
| Total basic skills/remedial - instruction | | | | | |
| | <u>283,001.00</u> | <u>177,268.00</u> | <u>460,269.00</u> | <u>429,144.25</u> | <u>31,124.75</u> |
| Bilingual education - instruction: | | | | | |
| Salaries of teachers | 996,461.00 | (32,000.00) | 964,461.00 | 903,530.36 | 60,930.64 |
| Purchased professional - educational services | 43,005.00 | | 43,005.00 | 39,550.58 | 3,454.42 |
| General supplies | 5,625.00 | | 5,625.00 | 4,616.12 | 1,008.88 |
| Textbooks | 4,000.00 | | 4,000.00 | 3,062.40 | 937.60 |
| | <u>1,049,091.00</u> | <u>(32,000.00)</u> | <u>1,017,091.00</u> | <u>950,759.46</u> | <u>66,331.54</u> |
| Total bilingual education - instruction | | | | | |
| | <u>1,049,091.00</u> | <u>(32,000.00)</u> | <u>1,017,091.00</u> | <u>950,759.46</u> | <u>66,331.54</u> |
| School sponsored co/extracurricular activities - instruction: | | | | | |
| Salaries | 60,000.00 | 1,500.00 | 61,500.00 | 54,211.49 | 7,288.51 |
| Purchased services (300-500 series) | 4,500.00 | (1,000.00) | 3,500.00 | | 3,500.00 |
| Supplies and materials | 1,400.00 | | 1,400.00 | 1,236.58 | 163.42 |
| Other Objects | 6,775.00 | (500.00) | 6,275.00 | 385.00 | 5,890.00 |
| | <u>72,675.00</u> | <u>(500.00)</u> | <u>72,675.00</u> | <u>55,833.07</u> | <u>16,841.93</u> |
| Total school sponsored co/extracurricular activities - inst. | | | | | |
| | <u>72,675.00</u> | <u>(500.00)</u> | <u>72,675.00</u> | <u>55,833.07</u> | <u>16,841.93</u> |

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|----------------------|-------------------------------------|
| EXPENDITURES (CONTINUED): | | | | | |
| CURRENT EXPENSE (CONTINUED): | | | | | |
| School sponsored athletic - instruction: | | | | | |
| Salaries | \$ 62,000.00 | \$ 729.00 | \$ 62,729.00 | \$ 52,233.00 | \$ 10,496.00 |
| Purchased services | 250.00 | (29.00) | 221.00 | 221.00 | 221.00 |
| Supplies and Materials | 15,000.00 | (100.00) | 14,900.00 | 8,825.35 | 6,074.65 |
| Other objects | 8,125.00 | | 8,125.00 | 1,846.00 | 6,279.00 |
| Transfer to cover deficit | 14,000.00 | (600.00) | 13,400.00 | 3,490.00 | 9,910.00 |
| | <u>99,375.00</u> | <u></u> | <u>99,375.00</u> | <u>66,394.35</u> | <u>32,980.65</u> |
| Total school sponsored athletic - instruction | | | | | |
| Total other instructional programs | <u>1,504,142.00</u> | <u>145,268.00</u> | <u>1,649,410.00</u> | <u>1,502,131.13</u> | <u>147,278.87</u> |
| Total instructional programs | <u>12,922,645.00</u> | <u>(102,179.00)</u> | <u>12,820,466.00</u> | <u>12,321,576.23</u> | <u>498,889.77</u> |
| Undistributed expenditures: | | | | | |
| Instruction: | | | | | |
| Tuition to other LEAs within the state - regular | 40,000.00 | (40,000.00) | | | |
| Tuition to other LEAs within the state - special | 430,000.00 | 282,014.00 | 712,014.00 | 701,484.90 | 10,529.10 |
| Tuition to private school for the disabled - state | 845,000.00 | (211,639.00) | 633,361.00 | 614,804.17 | 18,556.83 |
| | <u>1,315,000.00</u> | <u>30,375.00</u> | <u>1,345,375.00</u> | <u>1,316,289.07</u> | <u>29,085.93</u> |
| Total undistributed expenditures - instruction | | | | | |
| Attendance and social work: | | | | | |
| Salaries | 48,144.00 | 1,300.00 | 49,444.00 | 49,442.69 | 1.31 |
| | <u>48,144.00</u> | <u>1,300.00</u> | <u>49,444.00</u> | <u>49,442.69</u> | <u>1.31</u> |
| Total attendance and social work | | | | | |
| Health services: | | | | | |
| Salaries | 239,083.00 | 21,000.00 | 260,083.00 | 251,140.84 | 8,942.16 |
| Purchased professional - technical services | 30,655.00 | 13,666.00 | 44,321.00 | 38,721.65 | 5,599.35 |
| Other purchased services | 500.00 | | 500.00 | | 500.00 |
| Supplies and materials | 34,000.00 | (6,542.00) | 27,458.00 | 18,667.65 | 8,790.35 |
| Other objects | 2,250.00 | (2,250.00) | | | |
| | <u>306,488.00</u> | <u>25,874.00</u> | <u>332,362.00</u> | <u>308,530.14</u> | <u>23,831.86</u> |
| Total health services | | | | | |

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-------------------|-------------------|-----------------------------|
| EXPENDITURES (CONTINUED): | | | | | |
| CURRENT EXPENSE (CONTINUED): | | | | | |
| Other support services - students - related services: | | | | | |
| Salaries | \$ 463,668.00 | \$ (29,859.00) | \$ 433,809.00 | \$ 427,808.27 | \$ 6,000.73 |
| Purchased professional - educational services | 181,300.00 | 104,984.00 | 286,284.00 | 218,248.00 | 68,036.00 |
| Supplies and materials | 3,700.00 | 248.00 | 3,948.00 | 3,789.66 | 158.34 |
| | <u>648,668.00</u> | <u>75,373.00</u> | <u>724,041.00</u> | <u>649,845.93</u> | <u>74,195.07</u> |
| Total other support service - student - related services | | | | | |
| Undistributed expenditures (continued): | | | | | |
| Other support services - students - extraordinary services: | | | | | |
| Salaries - Other | 30,000.00 | (30,000.00) | | | |
| Purchased professional - educational services | 356,000.00 | 19,332.00 | 375,332.00 | 172,817.75 | 202,514.25 |
| Supplies and materials | 5,700.00 | 12,000.00 | 17,700.00 | 12,252.54 | 5,447.46 |
| | <u>391,700.00</u> | <u>1,332.00</u> | <u>393,032.00</u> | <u>185,070.29</u> | <u>207,961.71</u> |
| Total other support service - student - extraordinary services | | | | | |
| Other support services - students - regular: | | | | | |
| Salaries of other professional staff | 217,808.00 | 65.00 | 217,873.00 | 217,870.90 | 2.10 |
| Salaries of secretarial and clerical assistants | 84,591.00 | (3,893.00) | 80,698.00 | 80,647.11 | 50.89 |
| Unused vacation payment | | 4,790.00 | 4,790.00 | 4,789.58 | 0.42 |
| Other Purchased services (400-500 series) | 72,900.00 | (4,647.00) | 68,253.00 | 41,744.10 | 26,508.90 |
| Supplies and materials | 7,550.00 | (315.00) | 7,235.00 | 4,108.28 | 3,126.72 |
| Other objects | 2,170.00 | | 2,170.00 | | 2,170.00 |
| | <u>385,019.00</u> | <u>(4,000.00)</u> | <u>381,019.00</u> | <u>349,159.97</u> | <u>31,859.03</u> |
| Total other support services - students - regular | | | | | |
| Other support services - students - special: | | | | | |
| Salaries of other professional staff | 502,778.00 | 789.00 | 503,567.00 | 503,191.87 | 375.13 |
| Salaries of secretarial and clerical assistants | 128,693.00 | (14,694.00) | 113,999.00 | 111,420.00 | 2,579.00 |
| Salaries - other | 5,000.00 | 7,700.00 | 12,700.00 | 12,502.69 | 197.31 |
| Purchased professional - educational services | 53,900.00 | 7,912.00 | 61,812.00 | 54,575.00 | 7,237.00 |
| Other purchased professional and technical services | 22,300.00 | (7,295.00) | 15,005.00 | | 15,005.00 |
| Other purchased services | 17,000.00 | 8,588.00 | 25,588.00 | 25,583.25 | 4.75 |
| Misc. Purchased services (400-500 series) | 2,000.00 | | 2,000.00 | 210.12 | 1,789.88 |
| General Supplies | 3,628.00 | | 3,628.00 | 649.00 | 2,979.00 |
| Supplies and materials | 15,000.00 | 15,000.00 | 30,000.00 | 24,763.24 | 5,236.76 |
| Other objects | 1,100.00 | | 1,100.00 | 995.00 | 105.00 |
| | <u>751,399.00</u> | <u>18,000.00</u> | <u>769,399.00</u> | <u>733,890.17</u> | <u>35,508.83</u> |
| Total other support services - students - special | | | | | |

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|-------------------|-------------------------------------|
| EXPENDITURES (CONTINUED): | | | | | |
| CURRENT EXPENSE (CONTINUED): | | | | | |
| Undistributed expenditures (continued): | | | | | |
| Improvement of instructional services: | | | | | |
| Salaries of supervisors of instruction | \$ 263,164.00 | \$ 2,121.00 | \$ 265,285.00 | \$ 265,285.00 | |
| Salaries of other professional staff | 33,600.00 | | 33,600.00 | 24,577.50 | \$ 9,022.50 |
| Salaries of secretarial and clerical assistants | 63,013.00 | | 63,013.00 | 60,828.00 | 2,185.00 |
| Salaries of Facilitators, Math Coaches and Literacy Coaches | 91,879.00 | 1.00 | 91,880.00 | 91,879.20 | 0.80 |
| Purchased professional - technical services | 7,250.00 | 200.00 | 7,450.00 | 6,727.00 | 723.00 |
| Purchased professional - educational services | 5,900.00 | (2,122.00) | 3,778.00 | 666.79 | 3,111.21 |
| Other Purchased Services | 1,820.00 | | 1,820.00 | 375.00 | 1,445.00 |
| Supplies and materials | 4,500.00 | 450.00 | 4,950.00 | 2,024.59 | 2,925.41 |
| Other objects | 3,650.00 | 575.00 | 4,225.00 | 3,532.00 | 693.00 |
| Total improvement of instructional services | 474,776.00 | 1,225.00 | 476,001.00 | 455,895.08 | 20,105.92 |
| Educational media service/school library: | | | | | |
| Salaries of supervisors of instruction | 76,457.00 | | 76,457.00 | 73,781.19 | 2,675.81 |
| Salaries - Other | 11,993.00 | | 11,993.00 | 11,947.50 | 45.50 |
| Purchased professional and educational services | 3,000.00 | | 3,000.00 | 2,850.00 | 150.00 |
| Purchased professional technical services | 45,000.00 | | 45,000.00 | 39,922.29 | 5,077.71 |
| Supplies and materials | 15,900.00 | (520.00) | 15,380.00 | 10,507.76 | 4,872.24 |
| Total educational media service/school library | 152,350.00 | (520.00) | 151,830.00 | 139,008.74 | 12,821.26 |
| Instructional staff training services: | | | | | |
| Salaries of supervisors of instruction | 69,336.00 | 733.00 | 70,069.00 | 70,068.50 | 0.50 |
| Purchased Professional - Educational Services | 2,000.00 | 1,980.00 | 3,980.00 | 3,300.00 | 680.00 |
| Other purchased services (400-500) | 6,300.00 | (1,213.00) | 5,087.00 | 3,849.00 | 1,238.00 |
| Rental | 1,500.00 | (200.00) | 1,300.00 | 810.00 | 490.00 |
| Purchased professional - educational services | 15,325.00 | | 15,325.00 | 1,649.68 | 13,675.32 |
| Other purchased services (400-500 series) | 4,000.00 | | 4,000.00 | 877.49 | 3,122.51 |
| Supplies and materials | 7,030.00 | | 7,030.00 | 599.25 | 6,430.75 |
| Total instructional staff training services | 105,491.00 | 1,300.00 | 106,791.00 | 81,153.92 | 25,637.08 |

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|-------------------|-------------------------------------|
| EXPENDITURES (CONTINUED): | | | | | |
| CURRENT EXPENSE (CONTINUED): | | | | | |
| Undistributed expenditures (continued): | | | | | |
| Support services - general administration: | | | | | |
| Salaries | \$ 306,970.00 | \$ (29,596.84) | \$ 277,373.16 | \$ 277,372.52 | \$ 0.64 |
| Legal services | 20,000.00 | 15,300.00 | 35,300.00 | 32,612.40 | 2,687.60 |
| Audit fees | 48,000.00 | (2,643.00) | 45,357.00 | 43,210.00 | 2,147.00 |
| Architect fees | 20,000.00 | 69,155.00 | 89,155.00 | 89,152.45 | 2.55 |
| Other purchased professional services | 9,850.00 | (4,030.00) | 5,820.00 | 4,785.00 | 1,035.00 |
| Purchased Technical Services | 1,000.00 | | 1,000.00 | 952.84 | 47.16 |
| Communications/telephone | 94,125.00 | 2,754.00 | 96,879.00 | 95,085.80 | 1,793.20 |
| BOE - other purchased services | 4,000.00 | (3,500.00) | 500.00 | 433.64 | 66.36 |
| Miscellaneous purchased services | 11,415.00 | (10,515.00) | 900.00 | 900.00 | |
| BOE In-house training/meeting supplies | 74,055.00 | 5,148.00 | 79,203.00 | 76,398.98 | 2,804.02 |
| General Supplies | 7,950.00 | | 7,950.00 | 5,896.69 | 2,053.31 |
| Inhouse Training/Meals | 460.00 | (260.00) | 200.00 | | 200.00 |
| Miscellaneous expenditures | 3,350.00 | (385.00) | 2,965.00 | 2,810.45 | 154.55 |
| BOE membership dues and fees | 17,000.00 | 8,572.84 | 25,572.84 | 25,547.84 | 25.00 |
| Total support services - general administration | <u>618,175.00</u> | <u>50,000.00</u> | <u>668,175.00</u> | <u>655,158.61</u> | <u>13,016.39</u> |
| Support services - school administration: | | | | | |
| Salaries of principals/assistant principals | 546,584.00 | (97.00) | 546,487.00 | 546,020.55 | 466.45 |
| Salaries of secretarial and clerical assistants | 212,275.00 | 61,454.00 | 273,729.00 | 273,125.73 | 603.27 |
| Purchased professional & technical services | 80,000.00 | (31,976.00) | 48,024.00 | 32,467.11 | 15,556.89 |
| Other purchased services (400-500 series) | 25,855.00 | 1,765.00 | 27,620.00 | 23,116.66 | 4,503.34 |
| Other purchased services | 5,000.00 | 1,505.00 | 6,505.00 | 6,182.72 | 322.28 |
| Supplies and materials | 36,400.00 | | 36,400.00 | 10,026.48 | 26,373.52 |
| Other objects | 5,800.00 | | 5,800.00 | 4,179.31 | 1,620.69 |
| Total support services - school administration | <u>911,914.00</u> | <u>32,651.00</u> | <u>944,565.00</u> | <u>895,118.56</u> | <u>49,446.44</u> |

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|-------------------|-------------------------------------|
| EXPENDITURES (CONTINUED): | | | | | |
| CURRENT EXPENSE (CONTINUED): | | | | | |
| Undistributed expenditures (continued): | | | | | |
| Central services: | | | | | |
| Salaries | \$ 453,368.00 | \$ (10,459.00) | \$ 442,909.00 | \$ 422,130.16 | \$ 20,778.84 |
| Purchased professional services | 7,500.00 | 5,250.00 | 12,750.00 | | 12,750.00 |
| Other purchased professional service | 39,420.00 | (1,239.00) | 38,181.00 | 34,385.74 | 3,795.26 |
| Purchased technical services | 9,416.00 | (640.00) | 8,776.00 | 5,794.77 | 2,981.23 |
| Miscellaneous purchased services (400-500 series) | 9,800.00 | 5,038.00 | 14,838.00 | 12,585.28 | 2,252.72 |
| Supplies and materials | 9,600.00 | 7,300.00 | 16,900.00 | 15,234.43 | 1,665.57 |
| | <u>529,104.00</u> | <u>5,250.00</u> | <u>534,354.00</u> | <u>490,130.38</u> | <u>44,223.62</u> |
| Total central services | | | | | |
| Admin. info. Technology: | | | | | |
| Salaries | 285,435.00 | 445.00 | 285,880.00 | 285,762.14 | 117.86 |
| Purchased technical services | 26,540.00 | 5,772.00 | 32,312.00 | 29,994.02 | 2,317.98 |
| Other purchased services (400-500 series) | 1,000.00 | | 1,000.00 | 299.00 | 701.00 |
| Other objects | 4,000.00 | (2,217.00) | 1,783.00 | 894.95 | 888.05 |
| Supplies and materials | 3,225.00 | | 3,225.00 | 3,029.18 | 195.82 |
| | <u>320,200.00</u> | <u>4,000.00</u> | <u>324,200.00</u> | <u>319,979.29</u> | <u>4,220.71</u> |
| Total admin. Info. Technology | | | | | |
| Required maintenance for school facilities: | | | | | |
| Salaries | 120,610.00 | 91,166.00 | 211,776.00 | 211,289.71 | 486.29 |
| Purchased technical services | 286,460.00 | 231,260.00 | 517,720.00 | 489,156.76 | 28,563.24 |
| General supplies | 20,900.00 | 2,000.00 | 22,900.00 | 22,108.15 | 791.85 |
| Other purchased services | 1,000.00 | | 1,000.00 | 160.00 | 840.00 |
| Other objects | 2,500.00 | | 2,500.00 | 870.99 | 1,629.01 |
| | <u>431,470.00</u> | <u>324,426.00</u> | <u>755,896.00</u> | <u>723,585.61</u> | <u>32,310.39</u> |
| Total required maintenance for school facilities | | | | | |

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|---------------------|---------------------|---------------------|---------------------|-----------------------------|
| EXPENDITURES (CONTINUED): | | | | | |
| CURRENT EXPENSE (CONTINUED): | | | | | |
| Undistributed expenditures (continued): | | | | | |
| Other operation and maintenance of plant: | | | | | |
| Salaries | \$ 566,355.00 | \$ 102,957.00 | \$ 669,312.00 | \$ 668,978.46 | \$ 333.54 |
| Purchased professional and technical services | 7,570.00 | (5,100.00) | 2,470.00 | 1,585.00 | 885.00 |
| Cleaning, repair and maintenance services | 30,500.00 | (13,461.00) | 17,039.00 | 13,272.99 | 3,766.01 |
| Insurance | 145,000.00 | 22,815.00 | 167,815.00 | 167,814.90 | 0.10 |
| Miscellaneous purchased services | 2,610.00 | (2,299.00) | 311.00 | 279.51 | 31.49 |
| General supplies | 175,000.00 | (63,165.00) | 111,835.00 | 108,525.96 | 3,309.04 |
| Energy (natural gas) | 120,000.00 | 12,726.00 | 132,726.00 | 129,554.68 | 3,171.32 |
| Energy (heat and electricity) | 250,000.00 | 37,148.00 | 287,148.00 | 287,142.97 | 5.03 |
| Total other operation and maintenance of plant | <u>1,297,035.00</u> | <u>91,621.00</u> | <u>1,388,656.00</u> | <u>1,377,154.47</u> | <u>11,501.53</u> |
| Care and upkeep of grounds: | | | | | |
| Salaries | 46,455.00 | 2,595.00 | 49,050.00 | 49,046.33 | 3.67 |
| Cleaning, repair and maintenance services | 109,650.00 | (6,145.00) | 103,505.00 | 101,835.00 | 1,670.00 |
| General supplies | 16,000.00 | (10,672.00) | 5,328.00 | 4,523.53 | 804.47 |
| Total care and upkeep of grounds | <u>172,105.00</u> | <u>(14,222.00)</u> | <u>157,883.00</u> | <u>155,404.86</u> | <u>2,478.14</u> |
| Security: | | | | | |
| Salaries | 72,000.00 | 4,942.00 | 76,942.00 | 76,523.03 | 418.97 |
| Purchased professional services | 54,000.00 | 20,700.00 | 74,700.00 | 73,965.00 | 735.00 |
| General supplies | 10,000.00 | 34,505.00 | 44,505.00 | 44,500.01 | 4.99 |
| Total security | <u>136,000.00</u> | <u>60,147.00</u> | <u>196,147.00</u> | <u>194,988.04</u> | <u>1,158.96</u> |
| Total operation and maintenance of plant | <u>2,036,610.00</u> | <u>461,972.00</u> | <u>2,498,582.00</u> | <u>2,451,132.98</u> | <u>47,449.02</u> |

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|-------------------------|------------------------|-------------------------|-------------------------|-----------------------------|
| EXPENDITURES (CONTINUED): | | | | | |
| CURRENT EXPENSE (CONTINUED): | | | | | |
| Undistributed expenditures (continued): | | | | | |
| Student transportation: | | | | | |
| Contracted services - Salaries of non-instructional aides | | \$ 1,287.00 | \$ 1,287.00 | \$ 1,286.25 | \$ 0.75 |
| Contracted services - aid in lieu of payments - nonpublic schools | \$ 10,000.00 | | 10,000.00 | 8,500.00 | 1,500.00 |
| Contracted services - aid in lieu of payments - charter schools | 1,000.00 | | 1,000.00 | | 1,000.00 |
| Contracted services - Vendors (other than between home & school) | 45,000.00 | | 45,000.00 | 41,200.35 | 3,799.65 |
| Contracted services - Special Education Students - vendors | 11,000.00 | | 11,000.00 | 9,250.00 | 1,750.00 |
| Contracted services (special education students) - joint agreements | 435,000.00 | (23,100.00) | 411,900.00 | 410,000.00 | 1,900.00 |
| Contracted Services - Reg Ed - ESC & CTSA | 60,000.00 | 98,562.00 | 158,562.00 | 158,560.86 | 1.14 |
| Contracted services (special education students) - ESC & CTSA | 530,000.00 | 379,638.00 | 909,638.00 | 898,520.78 | 11,117.22 |
| Total student transportation | 1,092,000.00 | 456,387.00 | 1,548,387.00 | 1,527,318.24 | 21,068.76 |
| Unallocated benefits: | | | | | |
| Group Insurance | 40,000.00 | 6,560.00 | 46,560.00 | 46,551.49 | 8.51 |
| Social security contribution | 290,015.00 | 51,637.00 | 341,652.00 | 341,651.65 | 0.35 |
| Other retirement contributions - regular | 375,000.00 | 40,745.00 | 415,745.00 | 413,538.17 | 2,206.83 |
| Unemployment compensation | 30,000.00 | (29,476.00) | 524.00 | 523.50 | 0.50 |
| Workmen's compensation | 160,000.00 | (36,245.00) | 123,755.00 | 123,755.00 | |
| Health benefits | 5,532,501.00 | (1,199,373.00) | 4,333,128.00 | 3,703,381.97 | 629,746.03 |
| Tuition reimbursement | 35,000.00 | | 35,000.00 | 26,413.50 | 8,586.50 |
| Other employee benefits | 33,000.00 | | 33,000.00 | 29,050.98 | 3,949.02 |
| Total unallocated benefits | 6,495,516.00 | (1,166,152.00) | 5,329,364.00 | 4,684,866.26 | 644,497.74 |
| Total personal services - employee benefits | 6,495,516.00 | (1,166,152.00) | 5,329,364.00 | 4,684,866.26 | 644,497.74 |
| On behalf - TPAF - pension contributions (non budgeted) | | | | 4,600,346.00 | (4,600,346.00) |
| On behalf - TPAF - post retirement medical (non budgeted) | | | | 1,074,827.00 | (1,074,827.00) |
| On behalf - TPAF - long-term disability (non budgeted) | | | | 2,036.00 | (2,036.00) |
| Reimbursed TPAF social security contributions (non budgeted) | | | | 886,974.14 | (886,974.14) |
| Total on behalf - Contributions | | | | 6,564,183.14 | (6,564,183.14) |
| Total undistributed expenditures | 16,582,554.00 | (5,633.00) | 16,576,921.00 | 21,856,173.46 | (5,279,252.46) |
| TOTAL EXPENDITURES - CURRENT EXPENSE | \$ 29,505,199.00 | \$ (107,812.00) | \$ 29,397,387.00 | \$ 34,177,749.69 | \$ (4,780,362.69) |

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|-------------------------|-------------------------------------|
| EXPENDITURES (CONTINUED): | | | | | |
| CAPITAL OUTLAY: | | | | | |
| Equipment: | | | | | |
| Undistributed expenditures: | | | | | |
| Required Maintenance | | \$ 138,349.86 | \$ 138,349.86 | \$ 137,224.86 | \$ 1,125.00 |
| Security | | 57,734.51 | 57,734.51 | 50,984.90 | 6,749.61 |
| Total undistributed expenditure equipment | | <u>196,084.37</u> | <u>196,084.37</u> | <u>188,209.76</u> | <u>7,874.61</u> |
| Facilities Acquisition and Construction Services: | | | | | |
| Construction Services | \$ 398,910.00 | 479,216.01 | 878,126.01 | 745,840.80 | 132,285.21 |
| Supplies and Materials | 100,000.00 | (99,999.49) | 0.51 | 745,840.80 | 0.51 |
| Land and Improvements | 63,000.00 | (11,037.25) | 51,962.75 | 51,962.00 | 0.75 |
| Architectural / Engineering Services | 30,000.00 | 277,005.00 | 307,005.00 | 304,159.38 | 2,845.62 |
| Assessment for Debt Service on SDA Funding | 22,899.00 | | 22,899.00 | 22,899.00 | |
| Total facilities acquisition and construction services | <u>614,809.00</u> | <u>645,184.27</u> | <u>1,259,993.27</u> | <u>1,124,861.18</u> | <u>135,132.09</u> |
| TOTAL EXPENDITURES - CAPITAL OUTLAY | <u>614,809.00</u> | <u>841,268.64</u> | <u>1,456,077.64</u> | <u>1,313,070.94</u> | <u>143,006.70</u> |
| TOTAL GENERAL FUND EXPENDITURES | <u>\$ 30,120,008.00</u> | <u>\$ 733,456.64</u> | <u>\$ 30,853,464.64</u> | <u>\$ 35,490,820.63</u> | <u>\$ (4,637,355.99)</u> |
| Excess/(deficiency) of revenues and other financing sources over/(under) expenditures and other financing sources/(uses) | <u>(479,895.00)</u> | <u>(733,456.64)</u> | <u>(1,213,351.64)</u> | <u>1,381,936.10</u> | <u>(2,595,287.74)</u> |
| Other financing sources/(uses): | | | | | |
| Operating transfers in/(out) | | | | | |
| Transfer to special revenue fund - Pre-school - local | (407,910.00) | | (407,910.00) | (407,910.00) | |
| Write-off of Account Receivable | | | | (12,000.00) | 12,000.00 |
| Total other financing sources/(uses) | <u>(407,910.00)</u> | | <u>(407,910.00)</u> | <u>(419,910.00)</u> | <u>12,000.00</u> |
| Fund balance, July 1 | <u>5,813,749.71</u> | | <u>5,813,749.71</u> | <u>5,813,749.71</u> | |
| Fund balance, June 30 | <u>\$ 4,925,944.71</u> | <u>\$ (733,456.64)</u> | <u>\$ 4,192,488.07</u> | <u>\$ 6,775,775.81</u> | <u>\$ (2,583,287.74)</u> |

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|------------------------|-------------------------------------|
| Detail of: | | | | | |
| Fund balance appropriated | \$ <u>887,805.00</u> | | | | |
| Detail of budget transfers: | | | | | |
| Reserve for prior year-end encumbrances | | \$ 331,474.02 | | | |
| Withdrawal from Maintenance Reserve | | 64,490.00 | | | |
| Withdrawal from Capital Reserve | | <u>337,492.62</u> | | | |
| | | <u>\$ 733,456.64</u> | | | |
| Recapitulation of fund balance: | | | | | |
| Restricted: | | | | | |
| Unemployment | | | | \$ 530,108.96 | |
| Maintenance reserve | | | | 690,969.00 | |
| Capital reserve | | | | 2,359,012.21 | |
| Reserve for Excess Surplus | | | | 904,857.60 | |
| Committed for year-end encumbrances | | | | 87,298.30 | |
| Reserve for Excess Surplus - Designated for Subsequent Year Expenditures | | | | 1,602,668.17 | |
| Assigned - FFCRA/SEMI - Designated | | | | 14,170.62 | |
| Unassigned - Unreserved | | | | <u>586,690.95</u> | |
| | | | | \$ 6,775,775.81 | |
| Less: Last two (2) state aid payments not recognized on GAAP basis | | | | <u>(1,896,965.00)</u> | |
| Fund balance per governmental funds (GAAP) | | | | <u>\$ 4,878,810.81</u> | |

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | <u>Transfers/ Adjustments</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--------------------------------|-----------------------------------|-------------------------|------------------------|-------------------------------------|
| <u>Revenues</u> | | | | |
| State Sources: | | | | |
| Preschool Education | \$ 1,402,471.77 | \$ 1,402,471.77 | \$ 938,897.01 | \$ 463,574.76 |
| Non-Public Textbooks | 15,005.00 | 15,005.00 | 13,740.00 | 1,265.00 |
| Non-Public Nursing | 28,000.00 | 28,000.00 | 25,648.00 | 2,352.00 |
| Non-Public Security | 43,750.00 | 43,750.00 | 38,224.00 | 5,526.00 |
| Non-Public Technology | 10,500.00 | 10,500.00 | 9,637.00 | 863.00 |
| Non-Public Auxiliary | 46,039.00 | 46,039.00 | 40,028.00 | 6,011.00 |
| Non-Public Handicapped | 56,822.00 | 56,822.00 | 45,356.00 | 11,466.00 |
| Non-Public Home Instruction | 39.88 | 39.88 | 39.88 | - |
| SDA Grant | 36,166.00 | 36,166.00 | - | 36,166.00 |
| | <u>1,638,793.65</u> | <u>1,638,793.65</u> | <u>1,111,569.89</u> | <u>527,223.76</u> |
| Total State Sources | | | | |
| Federal Sources: | | | | |
| Title I | 978,948.00 | 978,948.00 | 978,145.64 | 802.36 |
| Title II, Part A | 75,431.00 | 75,431.00 | 70,695.82 | 4,735.18 |
| Title III | 82,552.00 | 82,552.00 | 64,142.63 | 18,409.37 |
| Title III - Immigrant | 12,122.00 | 12,122.00 | 5,849.41 | 6,272.59 |
| Title IV | 36,172.00 | 36,172.00 | 34,481.61 | 1,690.39 |
| I.D.E.A. Part B, Basic | 557,338.00 | 557,338.00 | 495,363.83 | 61,974.17 |
| I.D.E.A. Part B, Preschool | 19,821.00 | 19,821.00 | 19,821.00 | - |
| CARES ESSER | 93,295.81 | 93,295.81 | 458.81 | 92,837.00 |
| CRRSA ESSER II | 3,001,476.00 | 3,001,476.00 | 381,875.41 | 2,619,600.59 |
| CRRSA Learning Acceleration | 194,321.00 | 194,321.00 | 114,779.82 | 79,541.18 |
| CRRSA Mental Health | 45,000.00 | 45,000.00 | 12,608.28 | 32,391.72 |
| ARP Learning Coach | 196,562.00 | 196,562.00 | 72,842.41 | 123,719.59 |
| ARP ESSER | 6,805,218.00 | 6,805,218.00 | 744,448.70 | 6,060,769.30 |
| ARP Beyond the School Day | 40,000.00 | 40,000.00 | - | 40,000.00 |
| ARP Summer | 40,000.00 | 40,000.00 | 993.07 | 39,006.93 |
| ARP Mental Health | 45,000.00 | 45,000.00 | 42,953.22 | 2,046.78 |
| ARP I.D.E.A. Part B, Basic | 108,593.00 | 108,593.00 | 95,747.54 | 12,845.46 |
| ARP I.D.E.A. Part B, Preschool | 9,205.00 | 9,205.00 | - | 9,205.00 |
| 21st Century | 848,904.23 | 848,904.23 | 571,361.05 | 277,543.18 |
| Other | 3,184.86 | 3,184.86 | - | 3,184.86 |
| | <u>13,193,143.90</u> | <u>13,193,143.90</u> | <u>3,706,568.25</u> | <u>9,486,575.65</u> |
| Total Federal Sources | | | | |
| Local Sources: | | | | |
| Student Activities | 74,055.97 | 74,055.97 | 53,045.19 | 21,010.78 |
| Scholarships | 1,334.80 | 1,334.80 | 755.00 | 579.80 |
| Other | 45,793.89 | 45,793.89 | 20,457.48 | 25,336.41 |
| | <u>121,184.66</u> | <u>121,184.66</u> | <u>74,257.67</u> | <u>46,926.99</u> |
| Total Local Sources | | | | |
| Total Revenues | <u>\$ 14,953,122.21</u> | <u>\$ 14,953,122.21</u> | <u>\$ 4,892,395.81</u> | <u>\$ 10,060,726.40</u> |

**BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

| | <u>Transfers/ Adjustments</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|-----------------------------------|-------------------------|-----------------|-------------------------------------|
| <u>Expenditures</u> | | | | |
| Instruction: | | | | |
| Salaries of Teachers | \$ 1,716,997.76 | \$ 1,716,997.76 | \$ 1,395,027.35 | \$ 321,970.41 |
| Other Salaries for Instruction | 360,036.55 | 360,036.55 | 248,393.28 | 111,643.27 |
| Purchased Professional and Technical Services | 559,653.13 | 559,653.13 | 367,146.36 | 192,506.77 |
| Other Purchased Services | 391,593.00 | 391,593.00 | 374,176.44 | 17,416.56 |
| General Supplies | 1,360,231.70 | 1,360,231.70 | 971,060.34 | 389,171.36 |
| Textbooks | 15,005.00 | 15,005.00 | 13,740.00 | 1,265.00 |
| Other Objects | 21,335.00 | 21,335.00 | 1,500.00 | 19,835.00 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Instruction | 4,424,852.14 | 4,424,852.14 | 3,371,043.77 | 1,053,808.37 |
| Support Services: | | | | |
| Salaries | \$ 71,183.00 | \$ 71,183.00 | \$ 61,977.50 | \$ 9,205.50 |
| Salaries of Directors | 59,041.10 | 59,041.10 | 58,961.06 | 80.04 |
| Salaries of Other Professional Staff | 251,591.20 | 251,591.20 | 200,288.35 | 51,302.85 |
| Salaries of Secretarial and Clerical Assistants | 46,604.00 | 46,604.00 | 41,675.99 | 4,928.01 |
| Salaries of Facilitators | 39,029.40 | 39,029.40 | 39,029.40 | - |
| Other Salaries | 290,242.99 | 290,242.99 | 242,625.04 | 47,617.95 |
| Employee Benefits | 1,066,407.08 | 1,066,407.08 | 812,331.73 | 254,075.35 |
| Purchased Professional and Technical Services | 327,893.00 | 327,893.00 | 237,219.99 | 90,673.01 |
| Other Purchased Services | 46,760.14 | 46,760.14 | 22,822.91 | 23,937.23 |
| Purchased Property Services | 40,000.00 | 40,000.00 | 39,480.00 | 520.00 |
| Supplies and Materials | 47,805.39 | 47,805.39 | 37,881.73 | 9,923.66 |
| Other Objects | 78,265.77 | 78,265.77 | 54,402.44 | 23,863.33 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Support Services | 2,364,823.07 | 2,364,823.07 | 1,848,696.14 | 516,126.93 |
| Total Expenditures | <hr/> | <hr/> | <hr/> | <hr/> |
| | 6,789,675.21 | 6,789,675.21 | 5,219,739.91 | 1,569,935.30 |
| Facilities Acquisition and Construction Services | | | | |
| Instructional Equipment | 57,620.00 | 57,620.00 | 46,868.15 | 10,751.85 |
| Non-Instructional Equipment | 8,105,827.00 | 8,105,827.00 | 34,300.00 | 8,071,527.00 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 8,163,447.00 | 8,163,447.00 | 81,168.15 | 8,082,278.85 |
| Total Outflows | <hr/> | <hr/> | <hr/> | <hr/> |
| | \$ 14,953,122.21 | \$ 14,953,122.21 | \$ 5,300,908.06 | \$ 9,652,214.15 |
| Excess/(Deficiency) of Revenues Over/(Under) | | | | |
| Expenditures | <hr/> | <hr/> | <hr/> | <hr/> |
| | - | - | (408,512.25) | 408,512.25 |
| Other Financing Sources/(Uses) | | | | |
| Transfer from General Fund | <hr/> | <hr/> | <hr/> | <hr/> |
| | | | \$ 407,910.00 | |
| Fund Balance July 1 | | | <hr/> | |
| | | | 21,590.58 | |
| Fund Balance June 30 | | | <hr/> | |
| | | | \$ 20,988.33 | |
| Recapitulation: | | | | |
| Restricted: | | | | |
| Scholarships | | | \$ 1,084.80 | |
| Student Activities | | | <hr/> | |
| | | | 19,903.53 | |
| Total Fund Balance | | | <hr/> | |
| | | | \$ 20,988.33 | |

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

| <u>Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures</u> | <u>General Fund</u> | <u>Special Revenue Fund</u> |
|---|-----------------------------|-----------------------------|
| Sources/Inflows of Resources: | | |
| Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule | C-1 \$ 36,872,758.73 | C-2 \$ 4,892,395.81 |
| Difference - Budget to GAAP: | | |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. | | |
| June 30, 2021 | None | None |
| June 30, 2022 | None | None |
| State aid payments recognized for GAAP statements in the current year, previously recognized for budgetary purposes. | 1,579,170.00 | 179,988.56 |
| State aid payments recognized for budgetary purposes, not recognized for GAAP statements. | <u>(1,896,965.00)</u> | <u>(80,443.24)</u> |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. | B-2 \$ <u>36,554,963.73</u> | B-2 \$ <u>4,991,941.13</u> |
| Uses/Outflows of Resources: | | |
| Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule | C-1 \$ 35,490,820.63 | C-2 \$ 5,300,908.06 |
| Difference - Budget to GAAP: | | |
| Encumbrances for supplies and equipment ordered but not received is reported in the year the order are placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes. | | |
| June 30, 2021 | None | None |
| June 30, 2022 | <u>None</u> | <u>None</u> |
| Total expenditures as reported on the statement of revenues, expenditures, and change in fund balance - governmental funds. | B-2 \$ <u>35,490,820.63</u> | B-2 \$ <u>5,300,908.06</u> |

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST NINE (9) FISCAL YEARS*

| <u>Year</u> | <u>District's proportion of the net pension liability (asset)</u> | <u>District's proportionate share of the net pension liability (asset)</u> | <u>District's covered- employee payroll</u> | <u>District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</u> | <u>Plan fiduciary net position as a percentage of the total pension liability</u> |
|-------------|---|--|---|--|---|
| 2022 | 0.0361896617 % | \$ 4,287,208 | \$ 2,822,959 | 152% | 70.33% |
| 2021 | 0.0345253577 | 5,630,183 | 2,640,712 | 213% | 58.32% |
| 2020 | 0.0343578834 | 6,190,759 | 2,637,982 | 235% | 56.27% |
| 2019 | 0.0360279900 | 7,093,730 | 2,485,670 | 285% | 46.40% |
| 2018 | 0.0345554134 | 8,043,948 | 2,477,067 | 324% | 48.10% |
| 2017 | 0.0335004260 | 9,921,865 | 2,476,951 | 400% | 40.14% |
| 2016 | 0.0319265844 | 7,166,878 | 2,335,002 | 307% | 47.92% |
| 2015 | 0.0334081536 | 6,254,920 | 2,262,692 | 276% | 48.72% |
| 2014 | 0.0310488841 | 5,934,059 | 2,139,216 | 360% | 52.08% |

Note: Only the last nine (9) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) years schedule will be compiled.

Notes to Required Supplementary Information:

Benefit Changes - There were none.

Changes of Assumptions - The discount rate remained unchanged from 7.00% as of June 30, 2020 to 7.00% as of June 30, 2021.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST NINE (9) FISCAL YEARS*

| <u>Year</u> | <u>Contractually required contribution</u> | <u>Contributions in relation to the contractually required contribution</u> | <u>Contribution deficiency (excess)</u> | <u>District's covered- employee payroll</u> | <u>Contributions as a percentage of covered-employee payroll</u> |
|-------------|--|---|---|---|--|
| 2022 | \$ 423,823 | \$ 423,823 | None | \$ 2,822,959 | 15.01% |
| 2021 | 377,961 | 377,961 | None | 2,640,712 | 14.31% |
| 2020 | 334,203 | 334,203 | None | 2,637,982 | 12.67% |
| 2019 | 358,362 | 358,362 | None | 2,485,670 | 14.42% |
| 2018 | 329,290 | 329,290 | None | 2,477,067 | 13.29% |
| 2017 | 297,613 | 297,613 | None | 2,476,951 | 12.02% |
| 2016 | 260,534 | 260,534 | None | 2,335,062 | 11.16% |
| 2015 | 257,942 | 257,942 | None | 2,262,692 | 11.40% |
| 2014 | 256,590 | 256,590 | None | 2,139,216 | 11.99% |

Note: Only the last nine (9) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) years schedule will be compiled.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHERS PENSION AND ANNUITY FUND (TPAF)
LAST NINE (9) FISCAL YEARS*

| Year | District's Proportion of Net Pension Liability | Proportionate Share of Net Pension Liability (Asset) | | | District's Covered-Employee Payroll | District's Proportionate Share of Net Pension Liability (asset) as Percentage of Covered-Employee Payroll | Plan Fiduciary Net Position as Percentage of Total Pension Liability |
|------|--|---|---------------|---------------|---|---|---|
| | | District | State | Total | | | |
| 2022 | 0.1039992179 % | \$ None | \$ 49,997,820 | \$ 49,997,820 | \$ 13,309,146 | None | 35.52% |
| 2021 | 0.0957842634 | None | 63,072,785 | 63,072,785 | 11,787,000 | None | 24.60% |
| 2020 | 0.0933683124 | None | 57,301,075 | 57,301,075 | 14,436,609 | None | 26.95% |
| 2019 | 0.0926271510 | None | 58,927,404 | 58,927,404 | 11,179,175 | None | 26.48% |
| 2018 | 0.0895374944 | None | 60,369,407 | 60,369,407 | 10,127,412 | None | 25.41% |
| 2017 | 0.0860139147 | None | 67,664,022 | 67,664,022 | 9,717,992 | None | 22.33% |
| 2016 | 0.0807544290 | None | 51,040,248 | 51,040,248 | 9,409,200 | None | 28.71% |
| 2015 | 0.0842835590 | None | 45,046,819 | 45,046,819 | 8,796,726 | None | 33.64% |
| 2014 | 0.0880326060 | None | 44,490,987 | 44,490,987 | 8,463,685 | None | 33.76% |

Note: Only the last nine (9) years of information are presented as GASB 68

Notes to Required Supplementary Information:

Benefit Changes - There were none.

Changes of Assumptions - The discount rate changed from 5.40% as of June 30, 2020 to 7.00% as of June 30, 2021.

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S
TOTAL OPEB LIABILITY FOR PERS AND TPAF AND RELATED RATIOS
LAST FIVE (5) FISCAL YEARS *

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total OPEB Liability | | | | | |
| Service cost | \$ 3,753,470 | \$ 1,942,870 | \$ 1,917,672 | \$ 2,131,476 | \$ 2,566,278 |
| Interest cost | 1,623,615 | 1,409,947 | 1,676,314 | 1,805,471 | 1,553,031 |
| Changes of benefit terms | (66,618) | | | | - |
| Changes of assumptions | 61,748 | 12,507,963 | 580,216 | (4,816,496) | (6,659,090) |
| Differences between expected and actual experience | (10,020,781) | 14,855,485 | (6,072,727) | (4,902,608) | - |
| Benefit payments | (1,278,954) | (1,192,087) | (1,194,554) | (1,122,316) | (1,131,184) |
| Contributions from members | 41,508 | 36,132 | 35,410 | 38,789 | 41,653 |
| Net changes in total OPEB liability | (5,886,012) | 29,560,310 | (3,057,669) | (6,865,684) | (3,629,312) |
| Total OPEB liability - beginning | 68,474,634 | 38,914,324 | 41,971,993 | 48,837,677 | 52,466,989 |
| Total OPEB liability - ending | <u>\$ 62,588,622</u> | <u>\$ 68,474,634</u> | <u>\$ 38,914,324</u> | <u>\$ 41,971,993</u> | <u>\$ 48,837,677</u> |
| | | | | | |
| Covered-employee payroll (PERS and TPAF) | <u>\$ 16,132,105</u> | <u>\$ 14,427,712</u> | <u>\$ 17,074,891</u> | <u>\$ 13,664,845</u> | <u>\$ 12,604,479</u> |
| | | | | | |
| Total OPEB liability as a percentage of covered-employee payroll | <u>None</u> | <u>None</u> | <u>None</u> | <u>None</u> | <u>None</u> |

Note: Only last five (5) years of information is presented as GASB 75 was implemented during fiscal year ended June 30, 2018. Eventually a full ten (10) years schedule will be compiled.

Notes to Required Supplementary Information:

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

Changes of Assumptions - The discount rate utilized was 2.21% as of June 30, 2020 and 2.16% as of June 30, 2021.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Exhibit E-1

| | Total Brought Forward (Exh. E-1a) | Title III Immigrant Part A | Title III Part A | Title II Part A | Title I Part A | Title IV Part A | IDEA Part B | | ARP | | Totals 2022 | |
|--|--------------------------------------|----------------------------------|---------------------|---------------------|----------------------|---------------------|----------------------|---------------------|----------------------|--------------------------------|----------------|------------------------|
| | | | | | | | Regular Program | Preschool | ESSER 2021-2022 | Learning Coach 2021-2022 | | |
| REVENUES: | | | | | | | | | | | | |
| State sources | \$ 1,111,569.89 | | | | | | | | | | | \$ 1,111,569.89 |
| Federal sources | 1,220,777.20 | \$ 5,849.41 | \$ 64,142.63 | \$ 70,695.82 | \$ 978,145.64 | \$ 34,481.61 | \$ 495,363.83 | \$ 19,821.00 | \$ 744,448.70 | \$ 72,842.41 | | 3,706,568.25 |
| Local sources | 74,257.67 | | | | | | | | | | | 74,257.67 |
| Total revenues | \$ 2,406,604.76 | \$ 5,849.41 | \$ 64,142.63 | \$ 70,695.82 | \$ 978,145.64 | \$ 34,481.61 | \$ 495,363.83 | \$ 19,821.00 | \$ 744,448.70 | \$ 72,842.41 | | \$ 4,892,395.81 |
| EXPENDITURES: | | | | | | | | | | | | |
| Instruction: | | | | | | | | | | | | |
| Salaries of teachers | \$ 777,458.95 | | \$ 33,465.00 | | \$ 482,250.40 | \$ 15,330.00 | | | \$ 86,523.00 | | | \$ 1,395,027.35 |
| Other salaries for instruction | 182,632.88 | | | | | | | \$ 19,821.00 | | \$ 45,939.40 | | 248,393.28 |
| Purchased professional and technical services | 217,218.87 | | 2,688.75 | | 44,391.00 | 13,518.00 | \$ 89,329.74 | | | | | 367,146.36 |
| Other purchased professional services (series 400-500) | 5,760.00 | | | | | | 400.00 | 368,016.44 | | | | 374,176.44 |
| General supplies | 401,227.06 | | 3,906.92 | | 46,172.47 | 4,060.48 | | | 515,693.41 | | | 971,060.34 |
| Textbooks | 13,740.00 | | | | | | | | | | | 13,740.00 |
| Other objects | 1,500.00 | | | | | | | | | | | 1,500.00 |
| Total instruction | 1,599,537.76 | | 40,060.67 | | 572,813.87 | 33,308.48 | 457,346.18 | \$ 19,821.00 | 602,216.41 | 45,939.40 | | 3,371,043.77 |
| Support services: | | | | | | | | | | | | |
| Salaries | | \$ 3,870.00 | 9,357.50 | \$ 35,475.00 | 13,275.00 | | | | | | | 61,977.50 |
| Salaries of principals/assistant principals/program directors | 58,961.06 | | | | | | | | | | | 58,961.06 |
| Salaries of other professional staff | 155,644.33 | | | | | | | | 44,644.02 | | | 200,288.35 |
| Salaries of secretarial and clerical assistants | 41,675.99 | | | | | | | | | | | 41,675.99 |
| Other salaries | 198,591.59 | | | | | | | | 44,033.45 | | | 242,625.04 |
| Salaries of facilitators, math coaches, literary coaches and master teachers | 39,029.40 | | | | | | | | | | | 39,029.40 |
| Personal services-employee benefits | 380,669.11 | 296.08 | 3,252.60 | 2,695.25 | 346,287.73 | 1,173.13 | | | 53,554.82 | 24,403.01 | | 812,331.73 |
| Purchased professional and technical services | 130,347.28 | 1,683.33 | | 19,381.67 | 45,290.06 | | 38,017.65 | | | 2,500.00 | | 237,219.99 |
| Other purchased professional services | 2,620.91 | | 4,126.00 | 4,076.00 | | | | | | | | 10,822.91 |
| Miscellaneous services | 12,000.00 | | | | | | | | | | | 12,000.00 |
| Purchased property services | 39,480.00 | | | | | | | | | | | 39,480.00 |
| Supplies and materials | 20,988.99 | | 7,345.86 | 9,067.90 | 478.98 | | | | | | | 37,881.73 |
| Other objects | 54,402.44 | | | | | | | | | | | 54,402.44 |
| Total support services | 1,134,411.10 | 5,849.41 | 24,081.96 | 70,695.82 | 405,331.77 | 1,173.13 | 38,017.65 | | 142,232.29 | 26,903.01 | | 1,848,696.14 |
| Facilities acquisition and construction services: | | | | | | | | | | | | |
| Non-Instructional equipment | 34,300.00 | | | | | | | | | | | 34,300.00 |
| Instructional equipment | 46,868.15 | | | | | | | | | | | 46,868.15 |
| Total facilities acquisition and construction services | 81,168.15 | | | | | | | | | | | 81,168.15 |
| Total expenditures | \$ 2,815,117.01 | \$ 5,849.41 | \$ 64,142.63 | \$ 70,695.82 | \$ 978,145.64 | \$ 34,481.61 | \$ 495,363.83 | \$ 19,821.00 | \$ 744,448.70 | \$ 72,842.41 | | \$ 5,300,908.06 |
| Excess/(deficiency of revenues over/ (under) expenditures | (408,512.25) | | | | | | | | | | | (408,512.25) |
| Other financing sources/(uses) Transfer from general fund | 407,910.00 | | | | | | | | | | | 407,910.00 |
| Fund balance, beginning of year | 21,590.58 | | | | | | | | | | | 21,590.58 |
| Fund balance, end of year | \$ 20,988.33 | | | | | | | | | | | \$ 20,988.33 |

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Exhibit E-1a

| | Total Brought Forward (Exh. E-1b) | ARP | | | CARES ESSER I 2020-2021 | CRRSA | | Total Carried Forward (Exh. E-1) |
|--|--------------------------------------|----------------------------|-------------------------|---------------------|-------------------------------|-----------------------|----------------------------|-------------------------------------|
| | | Mental Health 2021-2022 | IDEA Basic 2021-2022 | Summer 2021-2022 | | ESSER II 2021-2022 | Mental Health 2021-2022 | |
| REVENUES: | | | | | | | | |
| State sources | \$ 1,111,569.89 | | | | | | | \$ 1,111,569.89 |
| Federal sources | 571,361.05 | \$ 42,953.22 | \$ 95,747.54 | \$ 993.07 | \$ 458.81 | \$ 381,875.41 | \$ 12,608.28 | \$ 1,220,777.20 |
| Local sources | 74,257.67 | | | | | | | 74,257.67 |
| Total revenues | \$ 1,757,188.61 | \$ 42,953.22 | \$ 95,747.54 | \$ 993.07 | \$ 458.81 | \$ 381,875.41 | \$ 12,608.28 | \$ 2,406,604.76 |
| EXPENDITURES: | | | | | | | | |
| Instruction: | | | | | | | | |
| Salaries of teachers | \$ 678,705.63 | | | | | \$ 53,618.32 | \$ 45,135.00 | \$ 777,458.95 |
| Other salaries for instruction | 177,045.38 | | | | | | 5,587.50 | 182,632.88 |
| Purchased professional and technical services | 185,690.79 | | \$ 31,528.08 | | | | | 217,218.87 |
| Other purchased professional services (series 400-500) | | | | | \$ 360.00 | | \$ 5,400.00 | 5,760.00 |
| General supplies | 84,551.02 | | 64,219.46 | | 98.81 | 209,072.38 | 1,001.00 | 401,227.06 |
| Textbooks | 13,740.00 | | | | | | | 13,740.00 |
| Other objects | 1,500.00 | | | | | | | 1,500.00 |
| Total instruction | 1,141,232.82 | | 95,747.54 | | 458.81 | 262,690.70 | 6,401.00 | 1,599,537.76 |
| Support services: | | | | | | | | |
| Salaries | | | | | | | | |
| Salaries of principals/assistant principals/program directors | 58,961.06 | | | | | | | 58,961.06 |
| Salaries of other professional staff | 143,419.33 | | | | | | 12,225.00 | 155,644.33 |
| Salaries of secretarial and clerical assistants | 38,803.49 | | | \$ 922.50 | | | 1,950.00 | 41,675.99 |
| Other salaries | 170,539.59 | \$ 28,052.00 | | | | | | 198,591.59 |
| Salaries of facilitators, math coaches, literary coaches and master teachers | 39,029.40 | | | | | | | 39,029.40 |
| Personal services-employee benefits | 331,816.26 | 14,901.22 | | 70.57 | | 28,916.05 | 4,965.01 | 380,669.11 |
| Purchased professional and technical services | 122,475.00 | | | | | | 6,207.28 | 130,347.28 |
| Other purchased professional services | 1,652.99 | | | | | | | 2,620.91 |
| Miscellaneous services | 12,000.00 | | | | | | 967.92 | 12,000.00 |
| Purchased property services | | | | | | 39,480.00 | | 39,480.00 |
| Supplies and materials | 4,500.33 | | | | | 16,488.66 | | 20,988.99 |
| Other objects | 54,402.44 | | | | | | | 54,402.44 |
| Total support services | 977,599.89 | 42,953.22 | | 993.07 | | 84,884.71 | 6,207.28 | 1,134,411.10 |
| Facilities acquisition and construction services: | | | | | | | | |
| Non-Instructional equipment | | | | | | 34,300.00 | | 34,300.00 |
| Instructional equipment | 46,868.15 | | | | | | | 46,868.15 |
| Total facilities acquisition and construction services | 46,868.15 | | | | | 34,300.00 | | 81,168.15 |
| Total expenditures | \$ 2,165,700.86 | \$ 42,953.22 | \$ 95,747.54 | \$ 993.07 | \$ 458.81 | \$ 381,875.41 | \$ 12,608.28 | \$ 2,815,117.01 |
| Excess/(deficiency of revenues over/ (under) expenditures | (408,512.25) | | | | | | | (408,512.25) |
| Other financing sources/(uses) | | | | | | | | |
| Transfer from general fund | 407,910.00 | | | | | | | 407,910.00 |
| Fund balance, beginning of year | 21,590.58 | | | | | | | 21,590.58 |
| Fund balance, end of year | \$ 20,988.33 | | | | | | | \$ 20,988.33 |

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Exhibit E-1b

| | Total Brought Forward (Exh. E-1c) | 21st Century CLC | | NJ Chapter 192 Auxiliary | | Non-Public Technology | Non-Public Security | Total Carried Forward (Exh. E-1a) |
|---|--|----------------------|----------------------|------------------------------|---------------------|--------------------------|------------------------|--|
| | | 2021-2022 | 2020-2021 | Non-Public Comp Education | Non-Public Est. | | | |
| REVENUES: | | | | | | | | |
| State sources | \$ 1,023,680.89 | | | \$ 27,769.00 | \$ 12,259.00 | \$ 9,637.00 | \$ 38,224.00 | \$ 1,111,569.89 |
| Federal sources | | \$ 442,316.38 | \$ 129,044.67 | | | | | 571,361.05 |
| Local sources | 74,257.67 | | | | | | | 74,257.67 |
| Total revenues | \$ 1,097,938.56 | \$ 442,316.38 | \$ 129,044.67 | \$ 27,769.00 | \$ 12,259.00 | \$ 9,637.00 | \$ 38,224.00 | \$ 1,757,188.61 |
| EXPENDITURES: | | | | | | | | |
| Instruction: | | | | | | | | |
| Salaries of teachers | \$ 445,217.00 | \$ 155,443.63 | \$ 78,045.00 | | | | | \$ 678,705.63 |
| Other salaries for instruction | 177,045.38 | | | | | | | 177,045.38 |
| Purchased professional and technical services | 92,872.40 | 1,569.39 | 3,360.00 | \$ 27,769.00 | \$ 12,259.00 | \$ 9,637.00 | \$ 38,224.00 | 185,690.79 |
| Other purchased professional services (series 400-500) | | | | | | | | |
| General supplies | 27,536.31 | 48,014.32 | 5,000.39 | | | | | 84,551.02 |
| Textbooks | 13,740.00 | | | | | | | 13,740.00 |
| Other objects | | 1,500.00 | | | | | | 1,500.00 |
| Total instruction | 756,411.09 | 206,527.34 | 90,405.39 | 27,769.00 | 12,259.00 | 9,637.00 | 38,224.00 | 1,141,232.82 |
| Support services: | | | | | | | | |
| Salaries | | | | | | | | |
| Salaries of principals/assistant principals/program directors | 58,961.06 | | | | | | | 58,961.06 |
| Salaries of other professional staff | 143,419.33 | | | | | | | 143,419.33 |
| Salaries of secretarial and clerical assistants | 38,803.49 | | | | | | | 38,803.49 |
| Other salaries | 3,000.00 | 139,103.29 | 28,436.30 | | | | | 170,539.59 |
| Salaries of facilitators, math coaches, literary coaches and master teachers | 39,029.40 | | | | | | | 39,029.40 |
| Personal services-employee benefits | 286,754.00 | 36,951.48 | 8,110.78 | | | | | 331,816.26 |
| Purchased professional and technical services | 122,475.00 | | | | | | | 122,475.00 |
| Other purchased professional services | | 1,560.79 | 92.20 | | | | | 1,652.99 |
| Miscellaneous services | | 10,000.00 | 2,000.00 | | | | | 12,000.00 |
| Purchased property services | | | | | | | | |
| Supplies and materials | | 4,500.33 | | | | | | 4,500.33 |
| Other objects | 54,402.44 | | | | | | | 54,402.44 |
| Total support services | 746,844.72 | 192,115.89 | 38,639.28 | | | | | 977,599.89 |
| Facilities acquisition and construction services: | | | | | | | | |
| Non-Instructional equipment | | | | | | | | |
| Instructional equipment | 3,195.00 | 43,673.15 | | | | | | 46,868.15 |
| Total facilities acquisition and construction services | 3,195.00 | 43,673.15 | | | | | | 46,868.15 |
| Total expenditures | \$ 1,506,450.81 | \$ 442,316.38 | \$ 129,044.67 | \$ 27,769.00 | \$ 12,259.00 | \$ 9,637.00 | \$ 38,224.00 | \$ 2,165,700.86 |
| Excess/(deficiency of revenues over/ (under) expenditures | (408,512.25) | | | | | | | (408,512.25) |
| Other financing sources/(uses) Transfer from general fund | 407,910.00 | | | | | | | 407,910.00 |
| Fund balance, beginning of year | 21,590.58 | | | | | | | 21,590.58 |
| Fund balance, end of year | \$ 20,988.33 | | | | | | | \$ 20,988.33 |

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Exhibit E-1c

| | Total Brought Forward E-1d | New Jersey Chapter 226 Non-Public Nursing | New Jersey Chapter 193 Handicapped | | | Initial Evaluations | Non-Public Textbooks | Non-Public Home Instruction | Pre-School 2021-2022 | Total Carried Forward E-1b |
|---|----------------------------------|---|---|---------------------------------|------------------------------------|------------------------|-------------------------|-----------------------------------|-------------------------|-------------------------------------|
| | | | Non-Public Supplemental Instruction | Non-Public Exam and Class | Non-Public Corrective Speech | | | | | |
| REVENUES: | | | | | | | | | | |
| State sources | | \$ 25,648.00 | \$ 13,365.00 | \$ 14,588.00 | \$ 13,466.00 | \$ 3,937.00 | \$ 13,740.00 | \$ 39.88 | \$ 938,897.01 | \$ 1,023,680.89 |
| Federal sources | | | | | | | | | | |
| Local sources | \$ 74,257.67 | | | | | | | | | 74,257.67 |
| Total revenues | \$ 74,257.67 | \$ 25,648.00 | \$ 13,365.00 | \$ 14,588.00 | \$ 13,466.00 | \$ 3,937.00 | \$ 13,740.00 | \$ 39.88 | \$ 938,897.01 | \$ 1,097,938.56 |
| EXPENDITURES: | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Salaries of teachers | | | | | | | | \$ 445,217.00 | \$ 445,217.00 | |
| Other salaries for instruction | | | | | | | | 177,045.38 | 177,045.38 | |
| Purchased professional and technical services | | \$ 25,648.00 | \$ 13,365.00 | \$ 14,588.00 | \$ 13,466.00 | \$ 3,937.00 | | \$ 39.88 | 21,828.52 | 92,872.40 |
| Other purchased professional services (series 400-500) | | | | | | | | | | |
| General supplies | \$ 20,457.48 | | | | | | | | 7,078.83 | 27,536.31 |
| Textbooks | | | | | | | \$ 13,740.00 | | | 13,740.00 |
| Other objects | | | | | | | | | | |
| Total instruction | \$ 20,457.48 | 25,648.00 | 13,365.00 | 14,588.00 | 13,466.00 | 3,937.00 | 13,740.00 | 39.88 | 651,169.73 | 756,411.09 |
| Support services: | | | | | | | | | | |
| Salaries | | | | | | | | | | |
| Salaries of principals/assistant principals/program directors | | | | | | | | | 58,961.06 | 58,961.06 |
| Salaries of other professional staff | | | | | | | | | 143,419.33 | 143,419.33 |
| Salaries of secretarial and clerical assistants | | | | | | | | | 38,803.49 | 38,803.49 |
| Other salaries | | | | | | | | | 3,000.00 | 3,000.00 |
| Salaries of facilitators, math coaches, literary coaches and master teachers | | | | | | | | | 39,029.40 | 39,029.40 |
| Personal services-employee benefits | | | | | | | | | 286,754.00 | 286,754.00 |
| Purchased professional and technical services | | | | | | | | | 122,475.00 | 122,475.00 |
| Other purchased professional services | | | | | | | | | | |
| Miscellaneous services | | | | | | | | | | |
| Purchased property services | | | | | | | | | | |
| Supplies and materials | | | | | | | | | | |
| Other objects | 54,402.44 | | | | | | | | | 54,402.44 |
| Total support services | 54,402.44 | | | | | | | | 692,442.28 | 746,844.72 |
| Facilities acquisition and construction services: | | | | | | | | | | |
| Non-Instructional equipment | | | | | | | | | 3,195.00 | 3,195.00 |
| Instructional equipment | | | | | | | | | | |
| Total facilities acquisition and construction services | | | | | | | | | 3,195.00 | 3,195.00 |
| Total expenditures | \$ 74,859.92 | \$ 25,648.00 | \$ 13,365.00 | \$ 14,588.00 | \$ 13,466.00 | \$ 3,937.00 | \$ 13,740.00 | \$ 39.88 | \$ 1,346,807.01 | 1,506,450.81 |
| Excess/(deficiency of revenues over/ (under) expenditures | (602.25) | | | | | | | | (407,910.00) | (408,512.25) |
| Other financing sources/(uses) | | | | | | | | | | |
| Transfer from general fund | | | | | | | | | 407,910.00 | 407,910.00 |
| Fund balance, beginning of year | 21,590.58 | | | | | | | | | 21,590.58 |
| Fund balance, end of year | \$ 20,988.33 | | | | | | | | | \$ 20,988.33 |

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Exhibit E-1d

| | Freehold Education Foundation 2018-2019 | Freehold Education Foundation 2019-2020 | Freehold Education Foundation 2020-2021 | Freehold Education Foundation 2021-2022 | Local | | Student Activities | Scholarships | Total Carried Forward (Exh. E-1c) |
|---|--|--|--|--|-------------------------------|-------------------------------|-----------------------|--------------|--|
| | | | | | Program Income Support 22' | Program Income Support 21' | | | |
| REVENUES: | | | | | | | | | |
| State sources | | | | | | | | | |
| Federal sources | | | | | | | | | |
| Local sources | \$ 1,183.92 | \$ 10,009.88 | \$ 443.01 | \$ 1,423.17 | \$ 1,837.50 | \$ 5,560.00 | \$ 53,045.19 | \$ 755.00 | \$ 74,257.67 |
| Total revenues | \$ 1,183.92 | \$ 10,009.88 | \$ 443.01 | \$ 1,423.17 | \$ 1,837.50 | \$ 5,560.00 | \$ 53,045.19 | \$ 755.00 | \$ 74,257.67 |
| EXPENDITURES: | | | | | | | | | |
| Instruction: | | | | | | | | | |
| Salaries of teachers | | | | | | | | | |
| Other salaries for instruction | | | | | | | | | |
| Purchased professional and technical services | | | | | | | | | |
| Other purchased professional services (series 400-500) | | | | | | | | | |
| General supplies | \$ 1,183.92 | \$ 10,009.88 | \$ 443.01 | \$ 1,423.17 | \$ 1,837.50 | \$ 5,560.00 | | | \$ 20,457.48 |
| Textbooks | | | | | | | | | |
| Other objects | | | | | | | | | |
| Total instruction | 1,183.92 | 10,009.88 | 443.01 | 1,423.17 | 1,837.50 | 5,560.00 | | | 20,457.48 |
| Support services: | | | | | | | | | |
| Salaries | | | | | | | | | |
| Salaries of principals/assistant principals/program directors | | | | | | | | | |
| Salaries of other professional staff | | | | | | | | | |
| Salaries of secretarial and clerical assistants | | | | | | | | | |
| Other salaries | | | | | | | | | |
| Salaries of facilitators, math coaches, literary coaches and master teachers | | | | | | | | | |
| Personal services-employee benefits | | | | | | | | | |
| Purchased professional and technical services | | | | | | | | | |
| Other purchased professional services | | | | | | | | | |
| Miscellaneous services | | | | | | | | | |
| Purchased property services | | | | | | | | | |
| Supplies and materials | | | | | | | | | |
| Other objects | | | | | | | \$ 54,152.44 | \$ 250.00 | 54,402.44 |
| Total support services | | | | | | | 54,152.44 | 250.00 | 54,402.44 |
| Facilities acquisition and construction services: | | | | | | | | | |
| Non-Instructional equipment | | | | | | | | | |
| Instructional equipment | | | | | | | | | |
| Total facilities acquisition and construction services | | | | | | | | | |
| Total expenditures | \$ 1,183.92 | \$ 10,009.88 | \$ 443.01 | \$ 1,423.17 | \$ 1,837.50 | \$ 5,560.00 | \$ 54,152.44 | \$ 250.00 | \$ 74,859.92 |
| Excess/(deficiency of revenues over/ (under) expenditures | | | | | | | (1,107.25) | 505.00 | (602.25) |
| Other financing sources/(uses) | | | | | | | | | |
| Transfer from general fund | | | | | | | | | |
| Fund balance, beginning of year | | | | | | | 21,010.78 | 579.80 | 21,590.58 |
| Fund balance, end of year | | | | | | | \$ 19,903.53 | \$ 1,084.80 | \$ 20,988.33 |

FREEHOLD BORO BOARD OF EDUCATION SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
PRESCHOOL - ALL PROGRAMS
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | Original Budget | Final Budget | Actual | Variance |
|---|------------------------|------------------------|------------------------|---------------------|
| REVENUES: | | | | |
| State sources | \$ 987,101.00 | \$ 987,101.00 | \$ 938,897.01 | \$ 48,203.99 |
| Total revenues | <u>\$ 987,101.00</u> | <u>\$ 987,101.00</u> | <u>\$ 938,897.01</u> | <u>\$ 48,203.99</u> |
| EXPENDITURES: | | | | |
| Instruction: | | | | |
| Salaries of teachers | \$ 433,653.00 | \$ 445,217.01 | \$ 445,217.00 | \$ 0.01 |
| Other salaries for instructors | 168,048.00 | 178,811.50 | 177,045.38 | 1,766.12 |
| Purchased professional and technical services | 34,965.00 | 54,008.00 | 21,828.52 | 32,179.48 |
| General supplies | 9,108.00 | 9,108.00 | 7,078.83 | 2,029.17 |
| Total instruction | <u>\$ 645,774.00</u> | <u>\$ 687,144.51</u> | <u>\$ 651,169.73</u> | <u>\$ 35,974.78</u> |
| Support services: | | | | |
| Salaries of principals/assistant principals/program directors | \$ 58,356.00 | \$ 59,041.10 | \$ 58,961.06 | \$ 80.04 |
| Salaries of other professional staff | 139,265.00 | 143,516.20 | 143,419.33 | 96.87 |
| Salaries of secretarial and clerical assistants | 28,245.00 | 38,804.00 | 38,803.49 | 0.51 |
| Other salaries | 3,000.00 | 3,000.00 | 3,000.00 | - |
| Salaries of facilitators, math coaches, literary coaches | 37,960.00 | 39,029.40 | 39,029.40 | - |
| Personal services-employee benefits | 351,251.00 | 291,745.79 | 286,754.00 | 4,991.79 |
| Other purchased educational services | 126,660.00 | 126,660.00 | 122,475.00 | 4,185.00 |
| Other objects | 3,000.00 | 2,875.00 | - | 2,875.00 |
| Total support services | <u>\$ 747,737.00</u> | <u>\$ 704,671.49</u> | <u>\$ 692,442.28</u> | <u>\$ 12,229.21</u> |
| Facilities acquisition and construction services: | | | | |
| Instructional equipment | \$ 1,500.00 | \$ 3,195.00 | \$ 3,195.00 | - |
| Total Facilities acquisition and construction services | <u>\$ 1,500.00</u> | <u>\$ 3,195.00</u> | <u>\$ 3,195.00</u> | <u>-</u> |
| Total expenditures | <u>\$ 1,395,011.00</u> | <u>\$ 1,395,011.00</u> | <u>\$ 1,346,807.01</u> | <u>\$ 48,203.99</u> |
| Excess/(deficiency) of revenues over/(under) expenditures | <u>\$ (407,910.00)</u> | <u>\$ (407,910.00)</u> | <u>\$ (407,910.00)</u> | <u>-</u> |
| Other Financing Sources/(Uses) | | | | |
| Transfer from general fund | <u>\$ 407,910.00</u> | <u>\$ 407,910.00</u> | <u>\$ 407,910.00</u> | <u>-</u> |

CALCULATION OF BUDGET & CARRYOVER

| | |
|---|---------------------|
| Total 2021 - 2022 PreK Aid Allocation | \$ 942,480.00 |
| Add: Actual PreK Aid Carryover June 30, 2021 | \$ 44,621.00 |
| Add: Transfer from general fund | <u>407,910.00</u> |
| Total Funds Available for 2021 - 2022 Budget | \$ 1,395,011.00 |
| Less: 2021 - 2022 Budgeted PreK (Including prior year budgeted carryover) | <u>1,346,807.01</u> |
| Available & Unbudgeted Funds as of June 30, 2022 | <u>\$ 48,203.99</u> |

CAPITAL PROJECTS FUND

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2022

| <u>Number</u> | <u>Issue/Project Title</u> | <u>Original Date</u> | <u>Appropriations</u> | <u>Expenditures to Date</u> | | <u>Cancellation of Grant Receivable</u> | <u>Transfers</u> | <u>Unexpended Balance June 30, 2022</u> |
|------------------|------------------------------|----------------------|-------------------------|-----------------------------|------------------------|---|------------------------|---|
| | | | | | <u>Prior Years</u> | | | |
| 1640-070-17-2000 | Additions/Rehab. - PAE & FIS | 01/11/17 | \$ 28,920,395.00 | \$ 22,161,929.07 | \$ 1,148,172.96 | \$ (159,301.24) | \$ 5,450,991.73 | |
| 1640-040-17-1000 | Additions/Rehab. - FLC | 01/11/17 | 12,073,310.00 | 11,656,716.73 | 575,894.51 | 159,301.24 | - | |
| | | | <u>\$ 40,993,705.00</u> | <u>\$ 33,818,645.80</u> | <u>\$ 1,724,067.47</u> | <u>\$ -</u> | <u>\$ 5,450,991.73</u> | |

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
ADDITIONS & REHABILITATION TO PARK AVENUE ELEMENTARY AND FREEHOLD INTERMEDIATE SCHOOLS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|--|-------------------------|--------------------------|-------------------------|--|
| Revenues and Other Financing Sources | | | | |
| State sources - SDA Grant | \$ 14,794,980.00 | (1,148,172.96) | \$ 13,646,807.04 | \$ 13,646,807.04 |
| Transfer from Capital Reserve | 685.00 | | 685.00 | 685.00 |
| Bond Sale Proceeds | <u>14,124,730.00</u> | <u>(159,301.24)</u> | <u>13,965,428.76</u> | <u>13,965,428.76</u> |
| Total revenues | <u>\$ 28,920,395.00</u> | <u>(1,307,474.20)</u> | <u>\$ 27,612,920.80</u> | <u>\$ 27,612,920.80</u> |
| Expenditures and Other Financing Uses | | | | |
| Salaries | \$ 42,302.00 | | \$ 42,302.00 | \$ 42,302.00 |
| Purchased professional and technical services | 2,674,355.57 | | 2,674,355.57 | 2,674,355.57 |
| Construction services | 18,855,203.46 | | 18,855,203.46 | 18,855,203.46 |
| Equipment | 418,306.34 | | 418,306.34 | 418,306.34 |
| Other purchased services | 67,761.89 | | 67,761.89 | 67,761.89 |
| Supplies | 102,469.81 | | 102,469.81 | 102,469.81 |
| Other objects | <u>1,530.00</u> | | <u>1,530.00</u> | <u>1,530.00</u> |
| Total expenditures | <u>\$ 22,161,929.07</u> | <u>\$</u> | <u>\$ 22,161,929.07</u> | <u>\$ 22,161,929.07</u> |
| Excess (deficiency) or revenues over/(under) expenditures | <u>\$ 6,758,465.93</u> | <u>\$ (1,307,474.20)</u> | <u>\$ 5,450,991.73</u> | <u>\$ 5,450,991.73</u> |

Additional project information:

| | |
|--|------------------|
| DOE Project Number | 1640-070-17-2000 |
| SDA Project Number | 1640-070-17-G3LT |
| Grant Number | G5-6403 |
| Grant Date | 1/11/2017 |
| Bond Authorization Date | 6/19/2017 |
| Bonds Authorized | \$ 14,124,730.00 |
| Bonds Issued | \$ 14,124,730.00 |
| Original Authorized Cost | \$ 27,835,015.00 |
| Additional Authorized Cost (Cancelled) | \$ 1,085,380.00 |
| Revised Authorized Cost | \$ 27,612,920.80 |

Percentage Increase over Original

| | |
|---------------------------------|------------|
| Authorized Cost | |
| Percentage completion | 100.00% |
| Original target completion date | 12/31/2020 |

| Allocation: | <u>Prior Periods</u> | <u>Current Year</u> | <u>Total</u> |
|-------------|-------------------------|------------------------|-------------------------|
| Grants | \$ 10,915,437.09 | \$ 2,731,369.95 | \$ 13,646,807.04 |
| Local | <u>11,246,491.98</u> | <u>2,719,621.78</u> | <u>13,966,113.76</u> |
| | <u>\$ 22,161,929.07</u> | <u>\$ 5,450,991.73</u> | <u>\$ 27,612,920.80</u> |

Expenditures allocation:

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

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
ADDITIONS & REHABILITATION TO FREEHOLD LEARNING CENTER
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022**

| | Prior Periods | Current Year | Totals | Revised Authorized Cost |
|--|-------------------|-----------------|------------------|-------------------------------|
| Revenues and Other Financing Sources | | | | |
| State sources - SDA Grant | \$ 10,593,040.00 | (575,894.51) | \$ 10,017,145.49 | \$ 10,017,145.49 |
| Transfer from Capital Reserve | | | | |
| Bond Sale Proceeds | 1,480,270.00 | 159,301.24 | 1,639,571.24 | 1,639,571.24 |
| Total revenues | \$ 12,073,310.00 | (416,593.27) | \$ 11,656,716.73 | \$ 11,656,716.73 |
| Expenditures and Other Financing Uses | | | | |
| Salaries | \$ 39,717.00 | | \$ 39,717.00 | \$ 39,717.00 |
| Legal | 659.30 | | 659.30 | 659.30 |
| Purchased professional and technical services | 1,492,780.49 | \$ | 1,492,780.49 | 1,492,780.49 |
| Construction services | 9,474,260.64 | | 9,474,260.64 | 9,474,260.64 |
| Equipment | 558,460.82 | | 558,460.82 | 558,460.82 |
| Other purchased services | 48,203.54 | | 48,203.54 | 48,203.54 |
| Supplies | 41,476.13 | | 41,476.13 | 41,476.13 |
| Other objects | 1,158.81 | | 1,158.81 | 1,158.81 |
| Total expenditures | \$ 11,656,716.73 | \$ | \$ 11,656,716.73 | \$ 11,656,716.73 |
| Excess (deficiency) or revenues over/(under) expenditures | \$ 416,593.27 | \$ (416,593.27) | \$ | \$ |
| Additional project information: | | | | |
| DOE Project Number | 1640-040-17-1000 | | | |
| SDA Project Number | 1640-040-17-G3LS | | | |
| Grant Number | G5-6402 | | | |
| Grant Date | 1/11/2017 | | | |
| Bond Authorization Date | 6/19/2017 | | | |
| Bonds Authorized | \$ 1,480,270.00 | | | |
| Bonds Issued | \$ 1,480,270.00 | | | |
| Original Authorized Cost | \$ 13,416,520.00 | | | |
| Additional Authorized Cost (Cancelled) | \$ (1,343,210.00) | | | |
| Revised Authorized Cost | \$ 11,656,716.73 | | | |
| Percentage Increase over Original Authorized Cost | | | | |
| Percentage completion | 100.00% | | | |
| Original target completion date | 12/31/2020 | | | |
| Revised target completion date | | | | |
| Allocation: | Prior Periods | Current Year | Total | |
| Grants | \$ 10,620,854.27 | \$ (603,708.78) | \$ 10,017,145.49 | |
| Local | 1,035,862.46 | 603,708.78 | 1,639,571.24 | |
| | \$ 11,656,716.73 | \$ - | \$ 11,656,716.73 | |
| Expenditures allocation: | | | | |
| Grants | 88.9892 % | | | |
| Local | <u>11.0108</u> | | | |
| | <u>100.0000</u> | | | |

NONCURRENT DEBT

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
NONCURRENT DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2022**

| <u>Issue</u> | <u>Original</u> | | <u>Annual Maturities</u> | | <u>Interest Rate</u> | <u>Balance July 1, 2021</u> | <u>Issued</u> | <u>Retired</u> | <u>Balance June 30, 2022</u> |
|----------------------|-------------------------------|------------------------|--------------------------|---------------|----------------------|-----------------------------|---------------|----------------------|------------------------------|
| | <u>Date of Original Issue</u> | <u>Amount of Issue</u> | <u>Date</u> | <u>Amount</u> | | | | | |
| 2011 Refunding Bonds | 7/7/2011 | \$ 2,485,000.00 | | | | \$ 280,000.00 | | \$ 280,000.00 | \$ - |
| 2017 School Bonds | 8/13/2017 | 15,605,000.00 | 8/15/2022 | 810,000.00 | 2.50% | | | | |
| | | | 8/15/2023 | 825,000.00 | 2.50% | | | | |
| | | | 8/15/2024 | 855,000.00 | 2.50% | | | | |
| | | | 8/15/2025 | 875,000.00 | 3.00% | | | | |
| | | | 8/15/2026 | 900,000.00 | 3.00% | | | | |
| | | | 8/15/2027 | 900,000.00 | 3.00% | | | | |
| | | | 8/15/2028 | 900,000.00 | 3.00% | | | | |
| | | | 8/15/2029 | 900,000.00 | 3.00% | | | | |
| | | | 8/15/2030 | 900,000.00 | 3.00% | | | | |
| | | | 8/15/2031 | 900,000.00 | 3.00% | | | | |
| | | | 8/15/2032 | 900,000.00 | 3.00% | | | | |
| | | | 8/15/2033 | 900,000.00 | 3.00% | | | | |
| | | | 8/15/2034 | 900,000.00 | 3.00% | | | | |
| | | | 8/15/2035 | 900,000.00 | 3.00% | | | | |
| | | | 8/15/2036 | 900,000.00 | 3.00% | | | | |
| | | | 8/15/2037 | 900,000.00 | 3.00% | | | | |
| | | | | | | <u>14,675,000.00</u> | | <u>510,000.00</u> | <u>14,165,000.00</u> |
| Total | | | | | | \$ <u>14,955,000.00</u> | | \$ <u>790,000.00</u> | \$ <u>14,165,000.00</u> |

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | <u>Original Budget</u> | <u>Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|----------------------------|------------------|-------------------------|-----------------|-------------------------------------|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 662,789.00 | _____ | \$ 662,789.00 | \$ 662,789.00 | _____ |
| State Sources: | | | | | |
| Debt Service Aid | \$ 528,086.00 | _____ | \$ 528,086.00 | \$ 528,086.00 | _____ |
| Total Revenues | \$ 1,190,875.00 | _____ | \$ 1,190,875.00 | \$ 1,190,875.00 | _____ |
| EXPENDITURES: | | | | | |
| Regular Debt Service: | | | | | |
| Interest | \$ 425,875.00 | _____ | \$ 425,875.00 | \$ 425,875.00 | \$ _____ |
| Redemption of Principal | 790,000.00 | _____ | 790,000.00 | 790,000.00 | _____ |
| Total Regular Debt Service | \$ 1,215,875.00 | _____ | \$ 1,215,875.00 | \$ 1,215,875.00 | \$ _____ |
| Total Expenditures | \$ 1,215,875.00 | _____ | \$ 1,215,875.00 | \$ 1,215,875.00 | \$ _____ |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures | (25,000.00) | _____ | (25,000.00) | \$ (25,000.00) | _____ |
| Other Financing Sources: | | | | | |
| Operating Transfer In: | | | | | |
| Capital Projects Fund | _____ | _____ | _____ | \$ 3,966.63 | \$ 3,966.63 |
| Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures | (25,000.00) | _____ | (25,000.00) | \$ (21,033.37) | \$ 3,966.63 |
| Fund Balance, July 1 | \$ 127,478.10 | _____ | \$ 127,478.10 | 127,478.10 | _____ |
| Fund Balance, June 30 | \$ 102,478.10 | ===== | \$ 102,478.10 | \$ 106,444.73 | \$ 3,966.63 |

STATISTICAL TABLES (SECTION)
(UNAUDITED)

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

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

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

FINANCIAL TRENDS

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

| | Fiscal Year Ending June 30, | | | | | | | | | |
|--|-----------------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Governmental activities | | | | | | | | | | |
| Invested in capital assets | \$ 4,132,408 | \$ 4,762,647 | \$ 5,498,976 | \$ 6,392,287 | \$ 8,862,920 | \$ 8,322,052 | \$ 24,025,271 | \$ 25,298,663 | \$ 26,598,982 | \$ 27,148,003 |
| Restricted | 880,248 | 864,913 | 1,250,488 | 1,332,286 | 1,808,155 | 13,115,479 | 7,777,904 | 5,405,478 | 4,394,098 | 6,002,089 |
| Unrestricted | 795,716 | 1,187,662 | (5,220,455) | (5,474,726) | (6,011,289) | (7,429,966) | (6,607,840) | (6,059,534) | (4,141,929) | (3,186,286) |
| Total governmental activities net assets | \$ 5,808,372 | \$ 6,815,222 | \$ 1,529,009 | \$ 2,249,847 | \$ 4,659,786 | \$ 14,007,565 | \$ 25,195,335 | \$ 24,644,607 | \$ 26,851,150 | \$ 29,963,806 |
| Business-type activities | | | | | | | | | | |
| Invested in capital assets | \$ 45,656 | \$ 54,700 | \$ 56,563 | \$ 66,413 | \$ 91,771 | \$ 83,250 | \$ 112,965 | \$ 97,155 | \$ 82,360 | \$ 68,255 |
| Unrestricted | 232,487 | 258,674 | 284,237 | 362,224 | 426,235 | 526,882 | 512,263 | 321,346 | 106,164 | 247,191 |
| Total business-type activities net assets | \$ 278,143 | \$ 313,374 | \$ 340,800 | \$ 428,637 | \$ 518,006 | \$ 610,132 | \$ 625,228 | \$ 418,501 | \$ 188,524 | \$ 315,446 |
| District-wide | | | | | | | | | | |
| Invested in capital assets | \$ 4,178,064 | \$ 4,817,347 | \$ 5,555,539 | \$ 6,458,700 | \$ 8,954,691 | \$ 8,405,302 | \$ 24,138,236 | \$ 25,395,817 | \$ 26,681,342 | \$ 27,216,258 |
| Restricted | 880,248 | 864,913 | 1,250,488 | 1,332,286 | 1,808,155 | 13,115,479 | 7,777,904 | 5,405,478 | 4,394,098 | 6,002,089 |
| Unrestricted | 1,028,203 | 1,446,336 | (4,936,218) | (5,112,502) | (5,585,054) | (6,903,084) | (6,095,577) | (5,738,188) | (4,035,765) | (2,939,095) |
| Total district net position | \$ 6,086,515 | \$ 7,128,596 | \$ 1,869,809 | \$ 2,678,484 | \$ 5,177,792 | \$ 14,617,697 | \$ 25,820,564 | \$ 25,063,107 | \$ 27,039,674 | \$ 30,279,252 |

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

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

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

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

| | Fiscal Year Ending June 30, | | | | | | | | | |
|---|-----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Expenses | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular | \$ 8,840,598 | \$ 9,016,413 | \$ 10,228,333 | \$ 11,489,638 | \$ 12,721,154 | \$ 9,992,268 | \$ 9,869,747 | \$ 10,278,640 | \$ 11,083,683 | \$ 11,262,658 |
| Special education | 2,660,173 | 3,026,315 | 3,237,427 | 3,804,410 | 4,431,357 | 8,663,747 | 9,018,138 | 8,948,180 | 10,586,374 | 9,868,318 |
| Other special education | 1,056,890 | 846,143 | 942,388 | 1,055,485 | 3,857 | 180,309 | 1,856,713 | 1,917,595 | 1,586,759 | 2,168,798 |
| Other instruction | 129,790 | 123,514 | 162,765 | 176,171 | 1,436,137 | 1,576,131 | 187,268 | 190,040 | 142,931 | 192,105 |
| Support Services: | | | | | | | | | | |
| Tuition | 920,169 | 924,247 | 1,033,465 | 808,801 | 925,634 | 1,123,214 | 978,195 | 798,341 | 1,086,565 | 1,316,289 |
| Student & instruction related services | 3,527,885 | 3,375,872 | 1,047,754 | 4,509,672 | 5,342,679 | 5,724,636 | 5,431,348 | 5,328,011 | 5,871,542 | 5,920,113 |
| School Administrative service | 1,023,196 | 973,086 | 3,299,923 | 855,257 | 1,379,214 | 1,436,866 | 1,423,057 | 1,359,671 | 1,476,842 | 1,400,171 |
| General administration | 1,622,290 | 1,630,102 | 3,023,706 | 2,290,224 | 2,122,881 | 2,266,900 | 2,403,517 | 2,170,217 | 2,316,684 | 2,298,864 |
| Central Services | | | | | | | | | | |
| Plant operations and maintenance | 1,668,166 | 1,677,194 | 2,114,376 | 2,220,136 | 2,326,561 | 2,511,295 | 3,016,125 | 3,095,091 | 3,607,179 | 3,852,452 |
| Pupil transportation | 765,072 | 656,820 | 779,883 | 1,006,637 | 1,051,525 | 1,637,561 | 1,521,543 | 1,436,719 | 1,745,983 | 2,400,490 |
| Other support services | | | | | | | | | | |
| Interest on long-term debt | 189,826 | 160,571 | 134,624 | 105,749 | 81,298 | 438,363 | 528,483 | 449,353 | 449,505 | 440,338 |
| Total governmental activities expenses | 22,404,054 | 22,410,277 | 26,004,644 | 28,322,180 | 31,822,297 | 35,551,288 | 36,234,134 | 35,971,859 | 39,954,047 | 41,120,596 |
| Business-type activities: | | | | | | | | | | |
| Food service | 765,615 | 846,112 | 919,418 | 985,409 | 1,016,129 | 1,012,411 | 1,075,748 | 1,200,008 | 849,551 | 1,234,180 |
| Total business-type activities expense | 765,615 | 846,112 | 919,418 | 985,409 | 1,016,129 | 1,012,411 | 1,075,748 | 1,200,008 | 849,551 | 1,234,180 |
| Total district expenses | \$ 23,169,669 | \$ 23,256,389 | \$ 26,924,062 | \$ 29,307,589 | \$ 32,838,426 | \$ 36,563,699 | \$ 37,309,882 | \$ 37,171,867 | \$ 40,803,598 | \$ 42,354,776 |

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

| | Fiscal Year Ending June 30, | | | | | | | | | |
|--|-----------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Instruction (tuition) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Pupil transportation | | | | | | | | | | |
| Central and other support services | | | | | | | | | | |
| Special schools | | | | | | | | | | |
| Operating grants and contributions | 2,373,943 | 2,438,157 | 2,520,098 | 3,038,795 | 3,173,672 | 3,609,872 | 3,465,132 | 3,280,809 | 4,263,214 | 5,404,708 |
| Capital grants and contributions | | | | | | | | | | |
| Total governmental activities program revenues | 2,373,943 | 2,438,157 | 2,520,098 | 3,038,795 | 3,173,672 | 3,609,872 | 3,465,132 | 3,280,809 | 4,263,214 | 5,404,708 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Food service | \$ 142,253 | \$ 145,086 | \$ 143,804 | \$ 163,247 | \$ 164,614 | \$ 163,435 | \$ 178,408 | \$ 113,170 | \$ 6,634 | \$ 96,951 |
| Operating grants and contributions | 687,798 | 736,257 | 803,040 | 908,925 | 940,885 | 941,103 | 912,436 | 879,961 | 612,940 | 1,264,151 |
| Total business type activities program revenues | 830,051 | 881,343 | 946,844 | 1,072,172 | 1,105,499 | 1,104,537 | 1,090,844 | 993,131 | 619,574 | 1,361,102 |
| Total district program revenues | \$ 3,203,995 | \$ 3,319,500 | \$ 3,466,942 | \$ 4,110,967 | \$ 4,279,171 | \$ 4,714,409 | \$ 4,555,975 | \$ 4,273,940 | \$ 4,882,788 | \$ 6,765,810 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | \$ (20,030,111) | \$ (19,972,120) | \$ (23,484,546) | \$ (25,283,385) | \$ (28,648,625) | \$ (31,941,416) | \$ (32,769,002) | \$ (32,691,050) | \$ (35,690,833) | \$ (35,715,888) |
| Business-type activities | 64,437 | 35,231 | 27,426 | 86,763 | 89,370 | 92,126 | 15,096 | (206,877) | (229,977) | 126,922 |
| Total district-wide net expense | \$ (19,965,674) | \$ (19,936,889) | \$ (23,457,120) | \$ (25,196,622) | \$ (28,559,255) | \$ (31,849,290) | \$ (32,753,906) | \$ (32,897,927) | \$ (35,920,810) | \$ (35,588,966) |
| General Revenues and Other Change in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes levied for general purposes, net | \$ 8,434,346 | \$ 8,911,720 | \$ 9,725,469 | \$ 10,566,139 | \$ 11,054,967 | \$ 11,235,266 | \$ 10,235,266 | \$ 10,119,336 | \$ 10,138,841 | \$ 10,081,604 |
| Taxes levied for debt service | 667,928 | 556,871 | 545,380 | 556,881 | 524,928 | 353,320 | 590,351 | 655,836 | 636,331 | 662,789 |
| Unrestricted grants and contributions | 11,502,743 | 11,311,988 | 13,749,934 | 14,848,687 | 17,171,566 | 19,405,432 | 21,110,444 | 21,687,495 | 26,030,019 | 26,566,143 |
| Restricted grants | | | | | 2,015,788 | | | | | |
| Tuition Received | | | | | | | | | | |
| Investment earnings | | | | | 991 | | | | | |
| Miscellaneous income | 157,116 | 95,383 | 147,490 | 124,974 | 299,771 | 190,932 | 265,476 | 168,790 | 138,982 | 501,213 |
| Transfers | 13,437 | 103,008 | 15,983 | | 685 | | | | | |
| Special and Extraordinary Items | | | | (92,457) | (10,133) | 10,104,251 | 11,755,229 | (491,136) | 589,596 | 1,025,754 |
| Total governmental activities | \$ 20,775,569 | \$ 20,978,970 | \$ 24,184,256 | \$ 26,004,224 | \$ 31,058,563 | \$ 41,289,201 | \$ 43,956,766 | \$ 32,140,321 | \$ 37,533,769 | \$ 38,837,503 |

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

| | Fiscal Year Ending June 30, | | | | | | | | | |
|--|-----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| General Revenues and Other Change in Net Position (Continued) | | | | | | | | | | |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | | | | | | | | | | |
| Transfers | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special and Extraordinary Items | | | | 1,074 | - | - | - | - | - | - |
| Total business-type activities | - | - | - | 1,074 | - | - | - | - | - | - |
| Total district-wide | <u>\$ 20,775,569</u> | <u>\$ 20,978,970</u> | <u>\$ 24,184,256</u> | <u>\$ 26,005,298</u> | <u>\$ 31,058,563</u> | <u>\$ 41,289,201</u> | <u>\$ 43,956,766</u> | <u>\$ 32,140,321</u> | <u>\$ 37,533,769</u> | <u>\$ 38,837,503</u> |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ 745,459 | \$ 1,006,850 | \$ 699,710 | \$ 720,839 | \$ 2,409,938 | \$ 9,347,785 | \$ 11,187,764 | \$ (550,729) | \$ 1,842,936 | \$ 3,121,615 |
| Business-type activities | 64,437 | 35,231 | 27,426 | 87,837 | 89,370 | 92,126 | 15,096 | (206,877) | (229,977) | 126,922 |
| Total district | <u>\$ 809,895</u> | <u>\$ 1,042,081</u> | <u>\$ 727,136</u> | <u>\$ 808,676</u> | <u>\$ 2,499,308</u> | <u>\$ 9,439,911</u> | <u>\$ 11,202,860</u> | <u>\$ (757,606)</u> | <u>\$ 1,612,959</u> | <u>\$ 3,248,537</u> |

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

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

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

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

| | <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> | <u>2022</u> |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| General Fund | | | | | | | | | | |
| Reserved | | | | | | | | | | |
| Unreserved | | | | | | | | | | |
| Restricted | \$ 1,787,608 | \$ 1,731,217 | \$ 2,361,604 | \$ 2,482,537 | \$ 3,410,733 | \$ 2,588,884 | \$ 2,173,570 | \$ 1,006,640 | \$ 4,220,409 | \$ 4,777,342 |
| Assigned | 34,988 | 97,351 | 138,473 | 175,669 | 23,535 | 902,785 | 1,684,316 | 2,021,490 | 14,171 | 101,469 |
| Unassigned | | | | | | | | | | |
| Total general fund | <u>\$ 1,822,596</u> | <u>\$ 1,828,568</u> | <u>\$ 2,500,077</u> | <u>\$ 2,658,206</u> | <u>\$ 3,434,268</u> | <u>\$ 3,491,670</u> | <u>\$ 3,857,886</u> | <u>\$ 3,028,130</u> | <u>\$ 4,234,580</u> | <u>\$ 4,878,811</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | | | | | | | | | | |
| Unreserved (deficit), reported in: | | | | | | | | | | |
| Special revenue fund | \$ (14,598) | \$ (17,391) | \$ (15,020) | \$ (18,181) | \$ (18,181) | \$ (21,343) | \$ (21,343) | \$ (68,443) | \$ (89,955) | \$ 20,988 |
| Capital projects fund | 359,602 | 179,802 | 179,801 | 89,571 | 39,235,747 | 21,787,764 | 7,612,167 | 7,214,090 | 7,175,059 | 5,450,992 |
| Debt service fund | 10,507 | 89,923 | 348 | 360 | 1,003 | 95,920 | 174,440 | 193,166 | 127,478 | 106,445 |
| Total all other governmental funds | <u>\$ 355,511</u> | <u>\$ 252,334</u> | <u>\$ 165,130</u> | <u>\$ 71,750</u> | <u>\$39,218,569</u> | <u>\$21,862,341</u> | <u>\$ 7,765,264</u> | <u>\$ 7,338,813</u> | <u>\$ 7,212,582</u> | <u>\$ 5,578,425</u> |

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

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

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

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|---------------------|-------------------|-------------------|-------------------|
| Revenues | | | | | | | | | | |
| Tax levy | \$ 9,102,274 | \$ 9,468,591 | \$ 10,270,849 | \$ 11,123,020 | \$ 11,579,895 | \$ 11,588,586 | \$ 10,825,617 | \$ 10,775,172 | \$ 10,775,172 | \$ 10,744,393 |
| Bonds Proceeds | | | | | 15,605,000 | | | | | |
| Miscellaneous | 157,116 | 153,285 | 208,051 | 158,037 | 348,172 | 225,052 | 265,477 | 168,790 | 182,949 | 498,018 |
| State sources | 11,571,783 | 11,688,720 | 12,100,225 | 12,409,447 | 38,557,060 | 14,200,513 | 18,161,020 | 20,937,558 | 22,936,151 | 27,633,934 |
| Federal sources | 2,290,535 | 2,003,523 | 2,129,142 | 3,017,166 | 3,310,413 | 3,443,579 | 3,425,108 | 2,173,364 | 3,265,359 | 3,865,399 |
| Total revenue | 23,121,708 | 23,314,119 | 24,708,267 | 26,707,670 | 69,400,540 | 29,457,730 | 32,677,222 | 34,054,884 | 37,159,631 | 42,741,744 |
| Expenditures | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular instruction | 6,415,514 | 6,691,137 | 6,863,550 | 7,538,855 | 7,480,927 | 5,699,285 | 6,123,649 | 6,414,620 | 6,494,526 | 7,190,695 |
| Special education instruction | 1,827,625 | 2,124,971 | 2,060,345 | 2,397,490 | 2,476,351 | 4,744,879 | 5,145,846 | 5,584,316 | 6,203,126 | 6,999,794 |
| Other special instruction | 726,233 | 594,131 | 599,749 | 665,153 | 2,155 | 98,750 | 1,059,460 | 1,196,719 | 929,767 | 1,379,904 |
| Other instruction | 89,178 | 86,727 | 103,586 | 111,021 | 802,548 | 863,200 | 106,857 | 118,599 | 83,751 | 122,228 |
| Support Services: | | | | | | | | | | |
| Tuition | 920,169 | 924,247 | 1,033,465 | 808,801 | 925,634 | 1,123,214 | 978,195 | 798,341 | 1,086,565 | 1,316,289 |
| Student & inst. related services | 2,568,857 | 2,501,284 | 2,810,741 | 2,954,040 | 3,157,622 | 3,275,749 | 3,392,976 | 3,325,067 | 3,440,452 | 3,988,361 |
| General administration | 469,794 | 477,322 | 522,965 | 1,443,270 | 770,738 | 786,929 | 1,371,472 | 1,354,373 | 1,357,470 | 1,465,268 |
| School administrative services | 707,602 | 685,221 | 740,856 | 538,972 | 1,186,318 | 1,246,102 | 812,011 | 848,534 | 865,361 | 895,119 |
| Central services | 414,271 | 412,805 | 416,507 | | | | | | | |
| Admin. information technology | 237,624 | 256,628 | 244,004 | | | | | | | |
| Plant operations and maintenance | 1,150,508 | 1,177,666 | 1,345,619 | 1,399,101 | 1,300,139 | 1,375,362 | 1,721,033 | 1,931,562 | 2,113,640 | 2,451,133 |
| Pupil transportation | 527,658 | 461,196 | 496,329 | 634,370 | 587,618 | 896,844 | 868,209 | 896,617 | 1,023,066 | 1,527,318 |
| Employee benefits | 5,680,303 | 5,512,353 | 5,874,573 | 6,585,190 | 7,709,836 | 8,708,269 | 9,382,292 | 9,604,192 | 10,570,878 | 12,061,381 |
| Capital outlay | 744,540 | 706,168 | 240,771 | 683,046 | 2,337,192 | 17,326,815 | 14,434,673 | 1,694,469 | 1,446,117 | 1,394,239 |
| Debt service: | | | | | | | | | | |
| Principal | 630,000 | 650,000 | 650,000 | 690,000 | 675,000 | 305,000 | 300,000 | 745,000 | 770,000 | 790,000 |
| Interest and other charges | 179,200 | 149,169 | 121,231 | 93,612 | 65,581 | 48,331 | 711,408 | 474,375 | 451,050 | 425,875 |
| Total expenditures | 23,289,076 | 23,411,025 | 24,124,291 | 26,542,921 | 29,477,659 | 46,498,729 | 46,408,082 | 34,986,785 | 36,835,769 | 42,007,604 |
| Excess (Deficiency) of revenues over (under) expenditures | (167,368) | (96,906) | 583,976 | 164,749 | 39,922,881 | (17,040,999) | (13,730,860) | (931,900) | 323,862 | 734,140 |

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

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|---------------------|--------------------|-------------------|------------------|----------------------|------------------------|------------------------|---------------------|-------------------|---------------------|
| Other Financing sources (uses) | | | | | | | | | | |
| Capital leases (non-budgeted) | \$ 65,477 | | | | | \$ (257,830) | | | | (1,724,067) |
| Cancellation of Grant Receivable | | | | \$ (100,000) | | | | | | |
| Transfers out | (6) | | | | | | | | | |
| Total other financing sources (uses) | <u>65,471</u> | <u>-</u> | <u>-</u> | <u>(100,000)</u> | <u>-</u> | <u>(257,830)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,724,067)</u> |
| Net change in fund balances | <u>\$ (101,897)</u> | <u>\$ (96,906)</u> | <u>\$ 583,976</u> | <u>\$ 64,749</u> | <u>\$ 39,922,881</u> | <u>\$ (17,298,829)</u> | <u>\$ (13,730,860)</u> | <u>\$ (931,900)</u> | <u>\$ 323,862</u> | <u>\$ (989,927)</u> |
| Debt service as a percentage of noncapital expenditures | 3.59% | 3.52% | 3.23% | 3.03% | 2.73% | 1.21% | 3.16% | 3.66% | 3.45% | 2.99% |

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

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

| Fiscal Year Ending June 30, | <u>Interest on Investments</u> | <u>E-Rate</u> | <u>Miscellaneous</u> | <u>Tuition</u> | <u>Refund of Prior Year Expenditures</u> | <u>Use of Building</u> | <u>Annual Totals</u> |
|--------------------------------|------------------------------------|---------------|----------------------|----------------|--|------------------------|----------------------|
| 2013 | \$ - | \$ 25,939 | 68,734 | 9,709 | 32,570 | \$ 5,770 | \$ 142,721 |
| 2014 | - | 27,639 | 44,350 | 4,928 | 14,666 | 3,771 | 95,354 |
| 2015 | - | 65,541 | 59,654 | 8,148 | 11,328 | 2,800 | 147,471 |
| 2016 | - | 40,119 | 31,465 | 12,470 | 39,229 | 1,680 | 124,963 |
| 2017 | 45 | 40,055 | 223,835 | 25,655 | 8,606 | 1,575 | 299,771 |
| 2018 | 237 | 42,198 | 30,086 | 15,701 | 6,841 | 940 | 96,003 |
| 2019 | 3,187 | 33,649 | 29,124 | - | 19,004 | 2,205 | 87,169 |
| 2020 | 3,334 | 28,409 | 402 | 9,445 | 1,819 | 1,645 | 45,054 |
| 2021 | 26,157 | 107,152 | 6,027 | 7,694 | - | - | 147,030 |
| 2022 | - | 101,789 | 100,604 | 2,986 | 67,393 | 2,015 | 274,787 |

Source: District records

REVENUE CAPACITY

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

| Fiscal Year Ended June 30, | Vacant Land | Residential | Farm Reg. | Qfarm | Commercial | Industrial | Apartment | Total Assessed Value | Public Utilities ^a | Tax-Exempt Property | Net Valuation | Estimated Actual (County Equalized) Value | Total Direct School Tax Rate ^b |
|----------------------------|-------------|-------------|-----------|-------|-------------|------------|------------|----------------------|-------------------------------|---------------------|---------------|---|---|
| 2013 | 10,236,400 | 764,565,800 | - | - | 239,840,300 | 25,345,900 | 22,388,400 | 1,062,376,800 | - | 207,086,800 | 1,269,463,600 | 1,029,563,181 | 0.862 |
| 2014 | 10,235,100 | 755,357,200 | - | - | 237,225,100 | 25,345,900 | 22,388,400 | 1,050,551,700 | - | 208,299,500 | 1,258,851,200 | 971,249,860 | 0.934 |
| 2015 | 10,120,100 | 741,225,500 | - | - | 230,456,500 | 25,345,900 | 22,065,400 | 1,029,213,400 | - | 209,864,800 | 1,239,078,200 | 939,635,035 | 1.032 |
| 2016 | 10,627,200 | 739,568,800 | - | - | 229,822,500 | 25,353,000 | 22,454,100 | 1,027,825,600 | - | 205,667,600 | 1,233,493,200 | 989,718,062 | 1.098 |
| 2017 | 9,632,800 | 746,201,020 | - | - | 231,066,700 | 25,373,900 | 32,137,100 | 1,044,411,520 | - | 253,199,400 | 1,297,610,920 | 1,040,633,490 | 1.093 |
| 2018 | 9,600,100 | 754,455,000 | - | - | 233,786,500 | 25,411,800 | 32,216,500 | 1,055,469,900 | - | 253,652,800 | 1,309,122,700 | 1,058,122,769 | 1.057 |
| 2019 | 10,783,000 | 771,996,400 | - | - | 234,733,200 | 25,450,200 | 40,897,000 | 1,083,859,800 | - | 258,960,100 | 1,342,819,900 | 1,100,411,030 | 0.990 |
| 2020 | 8,676,000 | 790,539,300 | - | - | 239,787,500 | 25,327,700 | 41,548,500 | 1,105,879,000 | - | 264,134,000 | 1,370,013,000 | 1,120,266,531 | 0.967 |
| 2021 | 9,459,200 | 817,015,000 | - | - | 243,698,000 | 25,570,200 | 42,155,600 | 1,137,898,000 | - | 267,684,900 | 1,405,582,900 | 1,162,916,666 | 0.941 |
| 2022 | 9,457,000 | 950,045,300 | - | - | 257,186,100 | 26,783,500 | 43,943,200 | 1,287,415,100 | - | 284,117,000 | 1,571,532,100 | 1,236,428,324 | 0.813 |

Source: Municipal Tax Assessor

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

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

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

b Tax rates are per \$100 of Assessed Valuation

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

| Fiscal Year Ended June 30, | Borough of Freehold School District Direct Rate | | | Overlapping Rates | | | Total Direct and Overlapping Tax Rate |
|-------------------------------|---|--|--|-----------------------------|-------------------------------------|-----------------------|---|
| | Basic Rate ^a | General Obligation Debt Service ^b | (From J-6) Total Direct School Tax Rate ^c | Municipality of Freehold | Freehold Regional High School | County of Monmouth | |
| 2013 | 0.810 | 0.052 | 0.862 | 0.883 | 0.321 | 0.277 | 2.343 |
| 2014 | 0.884 | 0.050 | 0.933 | 0.906 | 0.311 | 0.269 | 2.419 |
| 2015 | 0.978 | 0.054 | 1.032 | 0.944 | 0.295 | 0.263 | 2.534 |
| 2016 | 1.043 | 0.055 | 1.098 | 0.976 | 0.320 | 0.261 | 2.655 |
| 2017 | 1.075 | 0.032 | 1.093 | 1.007 | 0.343 | 0.269 | 2.712 |
| 2018 | 1.004 | 0.053 | 1.057 | 1.026 | 0.342 | 0.276 | 2.701 |
| 2019 | 0.940 | 0.050 | 0.990 | 1.026 | 0.364 | 0.270 | 2.650 |
| 2020 | 0.910 | 0.057 | 0.967 | 1.054 | 0.374 | 0.267 | 2.662 |
| 2021 | 0.854 | 0.058 | 0.941 | 1.056 | 0.364 | 0.262 | 2.623 |
| 2022 | 0.763 | 0.050 | 0.813 | 0.951 | 0.363 | 0.230 | 2.357 |

Source: Municipal Tax Collector

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

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

b Rates for debt service are based on each year's requirements.

c Tax rates are per \$100 of assessed valuation.

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

| | 2022 | | | | 2013 | | |
|-----------------------------|-------------------------|-----------------|--|-----------------------------|-------------------------|-----------------|--|
| | Taxable Assessed Value | Rank [Optional] | % of Total District Net Assessed Value | | Taxable Assessed Value | Rank [Optional] | % of Total District Net Assessed Value |
| Nestle USA | \$ 25,004,000 | 1 | 1.94% | Freehold Racing Association | \$ 29,225,300 | 1 | 2.75% |
| Freehold Racing Association | 22,040,600 | 2 | 1.71% | Nestle | 23,674,400 | 2 | 2.23% |
| Bridge-Brookside LLC | 18,062,100 | 3 | 1.40% | AEW Brookside | 14,269,000 | 3 | 1.34% |
| East Coast Post & Coach | 12,284,300 | 4 | 0.95% | East Coast Post & Coach | 6,495,700 | 4 | 0.61% |
| Freefern Associates | 9,578,700 | 5 | 0.74% | Park Plaza Shopping Center | 5,560,900 | 5 | 0.52% |
| Tower Spring Terrance LLC | 7,605,800 | 6 | 0.59% | Freefern Associates | 4,565,000 | 6 | 0.43% |
| Monmouth Apartments LLC | 5,203,200 | 7 | 0.40% | E. Main Street LLC | 3,191,000 | 7 | 0.30% |
| 18-20 E. Main Street LLC | 4,557,000 | 8 | 0.35% | Delli Santi, Nicholas | 3,000,000 | 8 | 0.28% |
| Bio Incestment Group LLC | 4,327,100 | 9 | 0.34% | Bell Atiantic | 3,000,000 | 9 | 0.28% |
| 597 Park Avenue, LLC | 3,515,700 | 10 | 0.27% | Chius Property | 2,650,000 | 10 | 0.25% |
| Total | \$ 112,178,500 | | 8.71% | Total | \$ 95,631,300 | | 9.00% |
| | | | | | | | |
| Total Assessed Value | \$ 1,287,415,100 | | | | \$ 1,062,376,800 | | |

Source: Municipal Tax Assessor

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

| <u>Fiscal Year Ended June 30,</u> | <u>Taxes Levied for the Fiscal Year</u> | <u>Collected within the Fiscal Year of the Fiscal Tax Levy^a</u> | | <u>Collections in Subsequent Years</u> |
|---------------------------------------|---|--|-------------------------------|--|
| | | <u>Amount</u> | <u>Percentage of Levy</u> | |
| 2013 | 25,187,171 | 24,415,921 | 96.94% | 529,992 |
| 2014 | 25,699,245 | 25,076,603 | 97.58% | 624,398 |
| 2015 | 26,373,750 | 25,797,936 | 97.81% | 588,736 |
| 2016 | 27,564,905 | 26,750,029 | 97.04% | 494,461 |
| 2017 | 28,319,712 | 27,974,412 | 96.80% | 711,118 |
| 2018 | 29,030,066 | 28,204,529 | 97.97% | 615,965 |
| 2019 | 28,789,706 | 28,500,571 | 98.17% | 545,753 |
| 2020 | 29,744,824 | 29,044,902 | 97.65% | 567,867 |
| 2021 | 30,156,523 | 29,338,356 | 98.28% | 687,021 |
| 2022 | 30,337,314 | N/A | 96.80% <i>(anticipated)</i> | 500,000 <i>(anticipated)</i> |

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

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

DEBT CAPACITY

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

| Fiscal Year Ended June 30, | Governmental Activities | | | | Business-Type Activities | | Total District | Percentage of Personal Income ^a | Per Capita ^a |
|----------------------------|---------------------------------------|-------------------------------|----------------|--------------------------------|--------------------------|------------|----------------|--|-------------------------|
| | General Obligation Bonds ^b | Certificates of Participation | Capital Leases | Bond Anticipation Notes (BANs) | Capital Leases | | | | |
| 2013 | 4,135,000 | - | 93,007 | - | - | 4,228,007 | 1.71% | 351 | |
| 2014 | 3,485,000 | - | 61,406 | - | - | 3,546,406 | 1.48% | 294 | |
| 2015 | 2,835,000 | - | 40,189 | - | - | 2,875,189 | 1.26% | 239 | |
| 2016 | 2,145,000 | - | 22,773 | - | - | 2,167,773 | 1.02% | 180 | |
| 2017 | 1,470,000 | - | 8,577 | - | - | 1,478,577 | 0.77% | 123 | |
| 2018 | 16,770,000 | - | - | - | - | 16,770,000 | 0.53% | 1,391 | |
| 2019 | 16,470,000 | - | - | - | - | 16,470,000 | 5.97% | 1,367 | |
| 2020 | 15,725,000 | - | - | - | - | 15,725,000 | 5.86% | 1,305 | |
| 2021 | 14,955,000 | - | - | - | - | 14,955,000 | 5.59% | 1,193 | |
| 2022 | 14,165,000 | - | - | - | - | 14,165,000 | 3.89% | 1,130 | |

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

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

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

| <u>General Bonded Debt Outstanding</u> | | | | | |
|--|---|-------------------|--|--|--------------------------------|
| <u>Fiscal Year Ended June 30,</u> | <u>General Obligation Bonds</u> | <u>Deductions</u> | <u>Net General Bonded Debt Outstanding</u> | <u>Percentage of Actual Taxable Value ^a of Property</u> | <u>Per Capita ^b</u> |
| 2013 | 4,135,000 | - | 4,135,000 | 0.32% | 343 |
| 2014 | 3,485,000 | - | 3,485,000 | 0.27% | 289 |
| 2015 | 2,835,000 | - | 2,835,000 | 0.23% | 235 |
| 2016 | 2,145,000 | - | 2,145,000 | 0.22% | 178 |
| 2017 | 1,470,000 | - | 1,470,000 | 0.14% | 122 |
| 2018 | 16,770,000 | - | 16,770,000 | 1.59% | 1,391 |
| 2019 | 16,470,000 | - | 16,470,000 | 1.52% | 1,367 |
| 2020 | 15,725,000 | - | 15,725,000 | 1.42% | 1,305 |
| 2021 | 14,955,000 | - | 14,955,000 | 1.06% | 1,193 |
| 2022 | 14,615,000 | - | 14,615,000 | 0.93% | 1,130 |

Notes:

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

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

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

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2022
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 | | | |
| Borough of Freehold | \$ 28,072,595 | 100.000% | \$ 28,072,595 |
| County of Monmouth | 527,441,538 | 0.842181% | 4,442,010 |
| Other debt | | | |
| Freehold Regional High School District | \$ 14,460,000 | 3.2065238% | 463,663 |
| Regional Sewerage Authority | 2,855,000 | 19.4873% | <u>556,362</u> |
| Subtotal, overlapping debt | | | \$ 33,534,631 |
| Borough of Freehold District Direct Debt: | | | |
| Issued and Outstanding | \$ 14,165,000 | | |
| Authorized but not Issued | <u>None</u> | | <u>14,165,000</u> |
| Total direct and overlapping debt | | | <u>\$ 47,699,631</u> |

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

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

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.

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

Legal Debt Margin Calculation for Fiscal Year 2022

| | | |
|--|---|-------------------------|
| | Equalized valuation basis | |
| | 2021 | \$ 1,226,447,510 |
| | 2020 | 1,153,639,683 |
| | 2019 | <u>1,110,626,704</u> |
| | | <u>\$ 3,490,713,897</u> |
| | Average equalized valuation of taxable property | \$ 1,163,571,299 |
| | Debt limit (3 % of average equalization value) | 34,907,139 ^a |
| | Total Net Debt Applicable to Limit | <u>14,165,000</u> |
| | Legal debt margin | <u>\$ 20,742,139</u> |

| | Fiscal Year | | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <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> | <u>2022</u> |
| Debt limit | \$ 33,494,756 | \$ 27,805,160 | \$ 29,515,627 | \$ 29,125,398 | \$ 29,702,514 | \$ 30,683,381 | \$ 31,738,615 | \$ 32,518,871 | \$ 34,907,139 | \$ 42,582,089 |
| Total net debt applicable to limit | <u>4,135,000</u> | <u>3,485,000</u> | <u>2,835,000</u> | <u>2,145,000</u> | <u>17,075,000</u> | <u>16,770,000</u> | <u>16,470,000</u> | <u>15,725,000</u> | <u>14,955,000</u> | <u>14,165,000</u> |
| Legal debt margin | <u>\$ 29,359,756</u> | <u>\$ 24,320,160</u> | <u>\$ 26,680,627</u> | <u>\$ 26,980,398</u> | <u>\$ 12,627,514</u> | <u>\$ 13,913,381</u> | <u>\$ 15,268,615</u> | <u>\$ 16,793,871</u> | <u>\$ 19,952,139</u> | <u>\$ 28,417,089</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 12.35% | 12.53% | 9.61% | 7.36% | 57.49% | 54.65% | 51.89% | 48.36% | 42.84% | 33.27% |

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

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

| <u>Year</u> | <u>Population ^a</u> | <u>Personal Income ^b</u> | <u>Per Capita Personal Income ^c</u> | <u>Unemployment Rate ^d</u> |
|-------------|--------------------------------|-------------------------------------|--|---|
| 2013 | 12,052 | 281,185,212 | 23,331 | 12.60% |
| 2014 | 12,052 | 281,185,212 | 23,331 | 5.80% |
| 2015 | 12,052 | 281,185,212 | 23,331 | 6.70% |
| 2016 | 12,052 | 281,185,212 | 23,331 | 5.00% |
| 2017 | 12,052 | 281,185,212 | 23,331 | 4.10% |
| 2018 | 12,052 | 281,185,212 | 23,331 | 3.80% |
| 2019 | 12,052 | 281,185,212 | 23,331 | 3.30% |
| 2020 | 12,052 | 281,185,212 | 23,331 | 2.80% |
| 2021 | 12,538 | 364,467,122 | 29,069 | 7.80% |
| 2022 | 12,538 | 364,467,122 | 29,069 | 5.10% |

Source:

^a Population information provided by the 2010 census for 2013 through 2020 and the 2020 census for 2021-2022.

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

^c Per capita personal income by municipality estimated based upon the 2010 census for 2013 through 2020 and 2020 census for 2021-2022 published by the New Jersey Department of Labor.

^d Unemployment data provided by the New Jersey Department of Labor and Workforce Development - previous year benchmark.

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

| <u>Employer</u> | <u>2022</u> | | | <u>2013</u> | | |
|---------------------------------------|------------------|-------------|---|------------------|-------------|---|
| | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total Municipal Employment</u> | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total Municipal Employment</u> |
| County of Monmouth (Est) | 400 | 1 | a | 900 | 1 | a |
| Freehold Borough Board of Education | 262 | 2 | a | 221 | 2 | a |
| Nestle-Hills Coffee Company | 223 | 3 | a | 219 | 3 | a |
| Freehold Regional High School (Est) | 155 | 4 | a | 197 | 4 | a |
| Freehold Racing Association (Est) (*) | 90 | 5 | a | 120 | 5 | a |
| Freehold Borough - Municipality | 50 | 6 | a | 101 | 6 | a |
| | <u>1,180</u> | | <u>a</u> | <u>1,758</u> | | <u>a</u> |

(*) 90 in season, 50 out of season

Source: Borough of Freehold

^a No authoritative source exists for Total Municipal Employment in the Borough.

OPERATING INFORMATION

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

| <u>Function/Program</u> | <u>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> | <u>2022</u> |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Instruction | | | | | | | | | | |
| Regular | 96.9 | 86.8 | 84.8 | 95.0 | 97.0 | 106.79 | 122.00 | 122.00 | 129.00 | 130.00 |
| Special education | 27.5 | 54.5 | 57.0 | 63.0 | 57.0 | 62.25 | 64.00 | 64.00 | 40.00 | 40.00 |
| Other instruction | 40.1 | 9.5 | 10.0 | 10.0 | 12.0 | 12.0 | 5.0 | 5.0 | 7.0 | 10.0 |
| Support Services: | | | | | | | | | | |
| Student & instruction related services | 22.8 | 26.0 | 27.0 | 28.0 | 31.0 | 31.0 | 31.0 | 31.0 | 53.0 | 56.0 |
| General administration | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| School administrative services | 11.0 | 11.0 | 11.0 | 11.0 | 12.0 | 12.0 | 12.0 | 12.0 | 10.0 | 10.0 |
| Central services | 8.8 | 8.8 | 8.8 | 8.8 | 9.0 | 9.0 | 9.0 | 9.0 | 27.0 | 25.0 |
| Plant operations and maintenance | 11.0 | 11.0 | 11.0 | 11.0 | 12.0 | 13.0 | 13.0 | 13.0 | 13.0 | 14.0 |
| Pupil transportation | 3.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | 223.1 | 209.6 | 211.6 | 228.8 | 232.0 | 248.0 | 258.0 | 258.0 | 281.0 | 287.0 |

Source: District Personnel Records

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

| Fiscal Year | Enrollment | Operating Expenditures ^a | Cost Per Pupil ^d | Percentage Change | Teaching Staff ^b | Pupil/Teacher Ratio | | Average Daily Enrollment (ADE) ^c | Average Daily Attendance (ADA) ^c | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|------------|-------------------------------------|-----------------------------|-------------------|-----------------------------|---------------------|---------------|---|---|--------------------------------------|-------------------------------|
| | | | | | | Elementary | Middle School | | | | |
| 2013 | 1,538 | 21,735,337 | 14,132 | 3.15% | 76.00 | 1:22 | 1:23 | 1515.3 | 1,443 | 2.72% | 95.23% |
| 2014 | 1,573 | 21,905,887 | 13,926 | 1.65% | 72.00 | 1:22 | 1:23 | 1567.9 | 1,511 | 6.28% | 96.37% |
| 2015 | 1,633 | 23,112,288 | 14,153 | 0.15% | 75.00 | 1:24 | 1:18 | 1633.4 | 1,586 | 7.79% | 97.09% |
| 2016 | 1,677 | 25,076,263 | 14,953 | 7.37% | 84.00 | 1:23 | 1:18 | 1692.0 | 1,630 | 3.59% | 96.33% |
| 2017 | 1,680 | 26,399,886 | 15,714 | 11.03% | 88.00 | 1:25 | 1:21 | 1704.0 | 1,631 | 0.71% | 96.33% |
| 2018 | 1,684 | 28,955,243 | 17,194 | 14.99% | 93.74 | 1:21 | 1:19 | 1678.0 | 1,611 | -1.53% | 96.01% |
| 2019 | 1,666 | 30,962,001 | 18,585 | 8.85% | 96.00 | 1:18 | 1:19 | 1683.0 | 1,611 | 0.30% | 95.72% |
| 2020 | 1,690 | 26,257,368 | 15,537 | -17.73% | 96.00 | 1:18 | 1:19 | 1663.0 | 1,614 | -1.19% | 97.05% |
| 2021 | 1,657 | 31,187,579 | 18,822 | 17.67% | 124.00 | 1:12 | 1:18 | 1633.0 | 1,657 | -1.80% | 101.47% |
| 2022 | 1,617 | 39,343,087 | 24,331 | 35.46% | 180.00 | 1:12 | 1:18 | 1627.0 | 1,527 | -0.37% | 93.85% |

Sources: District records

Note: Enrollment based on annual October district count.

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

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

| | <u>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> | <u>2022</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <u>District Building</u> | | | | | | | | | | |
| <u>Elementary School</u> | | | | | | | | | | |
| Freehold Learning Center (1972, 1996 and 2001) | | | | | | | | | | |
| Square Footage | 49,239 | 49,239 | 49,239 | 49,329 | 49,329 | 68,819 | 69,179 | 69,179 | 69,179 | 69,179 |
| Functional Capacity | 460 | 394* | 394 | 394 | 394 | 551 | 553 | 553 | 553 | 553 |
| Enrollment | 552 | 552 | 596 | 593 | 593 | 638 | 605 | 617 | 607 | 615 |
| <u>Elementary/Intermediate School</u> | | | | | | | | | | |
| Park Avenue Complex (1957, 1962, 1969, 1996, 2001 and 2006) | | | | | | | | | | |
| Square Footage | 97,810 | 97,810 | 97,810 | 97,810 | 97,810 | 121,124 | 121,124 | 121,124 | 121,124 | 121,124 |
| Functional Capacity | 660 | 754* | 754 | 754 | 754 | 934 | 934 | 934 | 934 | 934 |
| Enrollment | 949 | 949 | 1046 | 1,084 | 1,084 | 1,043 | 1,043 | 1,055 | 1,025 | 1,032 |
| <u>Other</u> | | | | | | | | | | |
| Central Administration | | | | | | | | | | |
| Square Feet | 1,164 | 1,164 | 1,164 | 1,164 | 1,164 | 1,164 | 1,164 | 1,164 | 1,164 | 1,164 |

Number of Schools at June 30, 2022
 Elementary = 1
 Elementary/Intermediate = 1

Source: District Facilities Office

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

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

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

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

| | * School Facilities Project # (s) | Freehold Learning Center | Park Avenue Complex | Total |
|-------------------------|--------------------------------------|-----------------------------|------------------------|---------------------|
| 2013 | N/A | 46,493 | 92,293 | 138,786 |
| 2014 | N/A | 29,440 | 84,574 | 114,014 |
| 2015 | N/A | 71,374 | 144,937 | 216,311 |
| 2016 | N/A | 158,306 | 318,274 | 476,580 |
| 2017 | N/A | 102,124 | 252,316 | 354,440 |
| 2018 | N/A | 105,251 | 282,851 | 388,102 |
| 2019 | N/A | 109,309 | 219,935 | 329,244 |
| 2020 | N/A | 226,717 | 456,166 | 682,883 |
| 2021 | N/A | 167,785 | 337,591 | 505,376 |
| 2022 | N/A | 135,131 | 271,890 | 407,021 |
| Total School Facilities | | <u>\$ 1,151,930</u> | <u>\$ 2,460,827</u> | <u>\$ 3,612,757</u> |

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

Source: District records

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
INSURANCE SCHEDULE
JUNE 30, 2022
[UNAUDITED]

| <u>Type of Policy</u> | <u>Coverage</u> | <u>Deductible</u> |
|---|-----------------|-------------------|
| School Package Policy - SAIF: | | |
| Property - Blanket Building and Contents | \$ 41,667,208 | \$ 2,500 |
| Employee Benefits Coverage | 5,000,000 | N/A |
| General Liability Coverage: | | |
| Limit of Liability - Aggregate | 10,000,000 | N/A |
| Products - Completed Operations | 10,000,000 | N/A |
| Personal and Advertising Liability | 10,000,000 | N/A |
| Fire Damage | 2,500,000 | N/A |
| Premises Medical Payments | 10,000 | N/A |
| Inland Marine | | |
| Misc. Articles Floater: | | |
| Valuable Papers and Records | 100,000 | 2,500 |
| Electronic Data Processing | 1,500,000 | 2,500 |
| Kitchen/Gym Equip., New Library Desks/Chairs | 1,500,000 | 2,500 |
| Mobile Equipment - Haulmark Trailer | 4,300 | 2,500 |
| Automobile Coverage: | | |
| Liability | 10,000,000 | |
| Physical Damage | | 1,000 |
| Medical Payments | 10,000 | |
| Uninsured/Underinsured Motorist | 15/30/5 | 500 |
| | | property damage |
| Commercial Crime: | | |
| Employee Dishonesty Blanket | 500,000 | 1,000 |
| Money and Securities | 50,000 | 1,000 |
| Commercial Umbrella Policy - for G/L & AL | 10,000,000 | N/A |
| Educators Legal Liability Policy | 5,000,000 | 5,000 |
| Educators Umbrella Policy | 15,000,000 | N/A |
| Boiler & Machinery - Hartford Steam Boiler - Limit for Accident | 41,667,208 | 2,500 |
| Excess Liability (Fireman's Fund) | 50,000,000 | |

SINGLE AUDIT SECTION

SAMUEL KLEIN AND COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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Exhibit K-1
Sheet 1 of 2

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance Department, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Freehold Board of Education, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Borough of Freehold Board of Education's basic financial statements, and have issued our report thereon dated March 9, 2023.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY, LLP

Freehold, New Jersey
March 9, 2023

SAMUEL KLEIN AND COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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Exhibit K-2
Sheet 1 of 4

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Borough of Freehold Board of Education, State of New Jersey's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement and New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Borough of Freehold Board of Education, State of New Jersey's major federal and state programs for the year ended June 30, 2022. The Borough of Freehold Board of Education, State of New Jersey'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.

In our opinion, the Borough of Freehold Board of Education, State of New Jersey 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, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Our responsibilities under those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Borough of Freehold Board of Education, State of New Jersey and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the Borough of Freehold Board of Education, State of New Jersey's compliance with the compliance requirements referred to above.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Borough of Freehold Board of Education, State of New Jersey's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Borough of Freehold Board of Education, State of New Jersey's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB 15-08 will always detect material noncompliance when it exists. The risk of not detecting noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Borough of Freehold Board of Education, State of New Jersey's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a best basis, evidence regarding the Borough of Freehold Board of Education, State of New Jersey's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Borough of Freehold Board of Education, State of New Jersey's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Freehold Board of Education, State of New Jersey's internal control over compliance. Accordingly, no such opinion is expressed.

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and New Jersey OMB 15-08.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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



Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY, LLP

Freehold, New Jersey
March 9, 2023

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

| Federal Grantor / Pass - Through Grantor / Program Title | Assistance Listing Number | Federal FAIN Number | Grant Period | | Award Amount | Balance June 30, 2021 | | Cash Received | Budgetary (Expenditures) | Adjustment | Balance, June 30, 2022 | | |
|--|---------------------------------|---------------------------|--------------|-----------|-----------------|--|---------------------|-------------------|-----------------------------|------------|--------------------------|-------------------|--|
| | | | From | To | | Deferred Revenue/ (Accounts Receivable) | Deferred Revenue | | | | (Accounts Receivable) | Due to Grantor | |
| General Fund: | | | | | | | | | | | | | |
| Medical Assistance Program | 93.778 | 2105NJ5MAP | 7/1/2020 | 6/30/2021 | \$ 158,831.23 | | \$ 158,831.23 | \$ (158,831.23) | | | | | |
| FFCRA/SEMI | 93.778 | 2105NJ5MAP | 7/1/2020 | 6/30/2021 | 14,170.62 | \$ 14,170.62 | | | | | \$ 14,170.62 | | |
| | | | | | | \$ 14,170.62 | \$ 158,831.23 | \$ (158,831.23) | | | 14,170.62 | | |
| Enterprise Fund: | | | | | | | | | | | | | |
| U.S. Department of Agriculture | | | | | | | | | | | | | |
| Passed - Through NJS Department of Education: | | | | | | | | | | | | | |
| Food Distribution Program | 10.565 | 221NJ304N1099 | 7/1/2021 | 6/30/2022 | \$ 76,871.08 | | \$ 76,871.08 | \$ (71,484.09) | | | \$ 5,386.99 | | |
| Food Distribution Program | 10.565 | 211NJ304N1099 | 7/1/2020 | 6/30/2021 | 48,480.75 | \$ 6,852.28 | | (6,852.28) | | | | | |
| School Breakfast Program | 10.553 | 221NJ304N1099 | 7/1/2021 | 6/30/2022 | 163,034.79 | | 149,733.66 | (163,034.79) | | | \$ (13,301.13) | | |
| School Breakfast Program | 10.553 | 211NJ304N1099 | 7/1/2020 | 6/30/2021 | 181,201.10 | (18,441.66) | 18,441.66 | | | | | | |
| National School Lunch Program | 10.555 | 221NJ304N1099 | 7/1/2021 | 6/30/2022 | 886,517.70 | | 819,909.76 | (886,517.70) | | | | (66,607.94) | |
| National School Lunch Program | 10.555 | 211NJ304N1099 | 7/1/2020 | 6/30/2021 | 325,042.47 | (31,405.50) | 31,405.50 | | | | | | |
| Healthy Hunger Free Kids Program | 10.555 | 201NJ304N1099 | 7/1/2019 | 6/30/2020 | 12,372.75 | | | | | | | | |
| After School Snack Program | 10.555 | 221NJ304N1099 | 7/1/2021 | 6/30/2022 | 31,696.00 | | 30,042.00 | (31,696.00) | | | | (1,654.00) | |
| After School Snack Program | 10.555 | 211NJ304N1099 | 7/1/2020 | 6/30/2021 | 1,366.08 | (66.24) | 66.24 | | | | | | |
| Summer Food Service Program | 10.559 | 221NJ304N1099 | 7/1/2021 | 8/30/2022 | 85,227.68 | | 85,227.68 | (85,227.68) | | | | | |
| Summer Food Service Program | 10.559 | 211NJ304N1099 | 7/1/2020 | 8/30/2021 | 53,786.60 | | | | | | | | |
| P-EBT Administrative Cost | 10.649 | 202121S900941 | 7/1/2020 | 6/30/2021 | 3,063.00 | (3,063.00) | 3,063.00 | | | | | | |
| P-EBT Administrative Cost | 10.649 | 212121S900941 | 7/1/2021 | 6/30/2022 | 3,135.00 | | 3,135.00 | (3,135.00) | | | | | |
| Total Enterprise Fund | | | | | | \$ (46,124.12) | \$ 1,217,895.58 | \$ (1,247,947.54) | | | \$ 5,386.99 | \$ (81,563.07) | |

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

| Federal Grantor / Pass - Through Grantor / Program Title | Assistance Listing Number | Federal FAIN Number | Grant Period | | Award Amount | Balance June 30, 2021 | | Cash Received | Budgetary (Expenditures) | Adjustment | Balance, June 30, 2022 | | |
|--|---------------------------------|---------------------------|--------------|-----------|-----------------|--|---------------------|------------------|-----------------------------|------------|--------------------------|-------------------|--|
| | | | From | To | | Deferred Revenue/ (Accounts Receivable) | Deferred Revenue | | | | (Accounts Receivable) | Due to Grantor | |
| | | | | | | | | | | | | | |
| Special Revenue Fund | | | | | | | | | | | | | |
| U.S. Department of Education | | | | | | | | | | | | | |
| Passed - Through NJS Department of Education: | | | | | | | | | | | | | |
| Title I | 84.010A | S010A220030 | 7/1/2021 | 9/30/2022 | \$ 879,461.00 | | \$ 582,089.00 | \$ (978,145.64) | | | \$ (396,056.64) | | |
| Title I | 84.010A | S010A210030 | 7/1/2020 | 6/30/2021 | 923,790.00 | \$ (338,808.87) | 338,809.00 | | \$ (0.13) | | | | |
| Title I Reallocated | 84.010A | S010A210030 | 7/1/2020 | 9/30/2021 | 45,539.00 | (9,164.80) | 9,165.00 | | (0.20) | | | | |
| Title II, Part A | 84.367A | S367A220029 | 7/1/2021 | 9/30/2022 | 54,897.00 | | 46,054.00 | (70,695.82) | | | (24,641.82) | | |
| Title II, Part A | 84.367A | S367A210029 | 7/1/2020 | 9/30/2021 | 75,483.00 | (11,981.45) | 11,981.00 | | 0.45 | | | | |
| Title III, Part A | 84.365A | S365A220030 | 7/1/2021 | 9/30/2022 | 61,346.00 | | 47,450.00 | (64,142.63) | | | (16,692.63) | | |
| Title III, Part A | 84.365A | S365A210030 | 7/1/2020 | 9/30/2021 | 54,755.00 | (40,218.71) | 40,219.00 | | (0.29) | | | | |
| Title III Immigrant | 84.365A | S365A210030 | 7/1/2021 | 9/30/2022 | 4,689.00 | | 4,166.00 | (5,849.41) | | | (1,683.41) | | |
| Title IV | 84.424A | S369A220031 | 7/1/2021 | 9/30/2022 | 17,431.00 | | 29,337.00 | (34,481.61) | | | (5,144.61) | | |
| Title IV | 84.424A | S369A210031 | 7/1/2020 | 9/30/2021 | 67,883.00 | (864.38) | 864.00 | | 0.38 | | | | |
| I.D.E.A. Part B | 84.027A | H027A220100 | 7/1/2021 | 9/30/2022 | 476,418.00 | | 396,617.00 | (495,363.83) | | | (98,746.83) | | |
| I.D.E.A. Part B | 84.027A | H027A210100 | 7/1/2020 | 9/30/2021 | 474,163.00 | (56,142.81) | 56,143.00 | | (0.19) | | | | |
| ARP IDEA Basic | 84.027X | H027X210100 | 7/1/2021 | 9/30/2022 | 108,593.00 | | 90,189.00 | (95,747.54) | | | (5,558.54) | | |
| ARP IDEA Preschool | 84.173X | H173X210114 | 7/1/2021 | 9/30/2022 | 9,205.00 | | | | | | | | |
| I.D.E.A. Preschool | 84.173 | H173A220114 | 7/1/2021 | 9/30/2022 | 19,821.00 | | 19,821.00 | (19,821.00) | | | | | |
| 21st Century CLC Program | 84.287 | S287C220030 | 9/1/2021 | 8/31/2022 | 610,000.00 | | 397,669.00 | (442,316.38) | | | (44,647.38) | | |
| 21st Century CLC Program | 84.287 | S287C210030 | 9/1/2020 | 8/30/2021 | 535,000.00 | (24,819.77) | 153,865.00 | (129,044.67) | | \$ 0.56 | | | |
| Pandemic Fund | 84.425 | S425D200027 | 7/1/2020 | 6/30/2021 | 24,000.00 | (12,000.00) | | | 12,000.00 | | | | |

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

| Federal Grantor / Pass - Through Grantor / Program Title | Assistance Listing Number | Federal FAIN Number | Grant Period | | Award Amount | Balance June 30, 2021 | | Cash Received | Budgetary (Expenditures) | Adjustment | Balance June 30, 2022 | | |
|--|---------------------------------|---------------------------|--------------|------------|-----------------|--|---------------------|-------------------|-----------------------------|--------------|--------------------------|-------------------|--|
| | | | From | To | | Deferred Revenue/ (Accounts Receivable) | Deferred Revenue | | | | (Accounts Receivable) | Due to Grantor | |
| | | | | | | | | | | | | | |
| Passed - Through NJS Department of Education (Continued) | | | | | | | | | | | | | |
| CARES ESSER I - Grant | 84.425D | S425D200027 | 3/13/2020 | 9/30/2022 | \$ 739,074.00 | \$ (84,594.39) | \$ 85,055.00 | \$ (458.81) | | \$ 2.00 | | | |
| Corona Virus ESSER II | 84.425D | S425D200027 | 3/13/2020 | 9/30/2023 | 3,027,993.00 | (26,516.83) | 458,476.00 | (381,875.41) | \$ (0.17) | 50,083.59 | | | |
| CSRS III Mental Health | 84.425D | S425D210027 | 3/13/2020 | 9/30/2023 | 45,000.00 | | 11,607.00 | (12,608.28) | | | \$ (1,001.28) | | |
| Corona Virus ESSER III Learning Acc | 84.425D | S425D210027 | 3/13/2020 | 9/30/2023 | 194,321.00 | | 110,663.00 | (114,779.82) | | | (4,116.82) | | |
| ARP ESSER III Mental Health | 84.425U | S425U210027 | 3/13/2020 | 9/30/2024 | 45,000.00 | | 28,052.00 | (42,953.22) | | | (14,901.22) | | |
| ARP ESSER III | 84.425U | S425U210027 | 3/13/2020 | 9/30/2024 | 6,805,218.00 | | 696,851.00 | (744,448.70) | | | (47,597.70) | | |
| ARP Instruction ESSER III Learning | 84.425U | S425U210027 | 3/13/2020 | 9/30/2024 | 196,562.00 | | 48,439.00 | (72,842.41) | | | (24,403.41) | | |
| ARP Homeless | 84.425W | S425W210031 | 4/23/2021 | 9/30/2023 | 19,888.00 | | | | | | | | |
| ESSER III Summer | | | 3/13/2020 | 9/30/2024 | 40,000.00 | | | (993.07) | | | (993.07) | | |
| ARP ESSER III Ext Day | | | 3/13/2020 | 9/30/2024 | 40,000.00 | | | | | | | | |
| U.S. Department of Treasury | | | | | | | | | | | | | |
| Passed Through State Department of Education | | | | | | | | | | | | | |
| Non-Public Digital Divide | 21.019 | C8220COVID19 | 7/16/2020 | 10/31/2020 | 8,728.00 | 757.68 | | | | (757.68) | | | |
| Total Special Revenue Fund | | | | | | \$ (604,354.33) | \$ 3,663,581.00 | \$ (3,706,568.25) | \$ 11,242.17 | 50,086.15 | \$ (686,185.36) | | |
| Total Federal Financial Assistance | | | | | | \$ (636,307.83) | \$ 5,040,307.81 | \$ (5,113,347.02) | \$ 11,242.17 | \$ 69,643.76 | \$ (767,748.43) | | |

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

| State Grantor/ Program Title | Grant or State Project Number | Grant Period | | Award Amount | June 30, 2021 | | | Repayment of Prior Year's Balance | Balance, June 30, 2022 | | MEMO | | |
|---|----------------------------------|--------------|-----------|------------------------|---|-------------------|------------------|--|-----------------------------|--|---------------------|-------------------------|-------------------------------------|
| | | From | To | | Defered Revenue/ (Accounts Receivable) | Due to Grantor | Cash Received | | Budgetary (Expenditures) | Defered Revenue (Accounts Receivable) | Due to Grantor | Budgetary Receivable | Cumulative Total Expenditures |
| State Department of Education: | | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | | |
| Categorical Special Education Aid | 22-495-034-5120-089 | 7/1/2021 | 6/30/2022 | \$ 1,438,457.00 | | | | 1,438,457.00 | (1,438,457.00) | | | (142,849.00) | (1,438,457.00) |
| Equalization Aid | 22-495-034-5120-078 | 7/1/2021 | 6/30/2022 | 16,516,446.00 | | | | 16,516,446.00 | (16,516,446.00) | | | (1,640,203.00) | (16,516,446.00) |
| Securing Our Children's Future Bond Act - Alyssa's Law | S010A200030 | 7/1/2021 | 6/30/2022 | 84,470.00 | | | | 84,470.00 | (84,470.00) | | | | (84,470.00) |
| Categorical Security Aid | 22-495-034-5120-084 | 7/1/2021 | 6/30/2022 | 739,721.00 | | | | 739,721.00 | (739,721.00) | | | (73,460.00) | (739,721.00) |
| Categorical Transportation Aid | 22-495-034-5120-014 | 7/1/2021 | 6/30/2022 | 407,350.00 | | | | 407,350.00 | (407,350.00) | | | (40,453.00) | (407,350.00) |
| Extraordinary Aid | 22-100-034-5120-044 | 7/1/2021 | 6/30/2022 | 457,841.00 | | | | | | (457,841.00) | | | (457,841.00) |
| Extraordinary Aid | 21-100-034-5120-044 | 7/1/2020 | 6/30/2021 | 474,877.00 | \$ (474,877.00) | | | 474,877.00 | | | | | |
| Non-Public Transportation - Cost Reimbursement | 22-495-034-5120-014 | 7/1/2021 | 6/30/2022 | 4,060.00 | | | | | (4,060.00) | | (4,060.00) | | (4,060.00) |
| Non-Public Transportation - Cost Reimbursement | 21-495-034-5120-014 | 7/1/2020 | 6/30/2021 | 3,480.00 | (3,480.00) | | | 3,480.00 | | | | | |
| Reimbursed T.P.A.F. Social Security Contributions (Non Budgeted) | 22-495-034-5095-034 | 7/1/2021 | 6/30/2022 | 886,974.14 | | | | 886,974.14 | (886,974.14) | | | | (886,974.14) |
| On-Behalf Teacher's Pension and Annuity Fund | 22-495-034-5064-002 | 7/1/2021 | 6/30/2022 | 4,600,346.00 | | | | 4,600,346.00 | (4,600,346.00) | | | | (4,600,346.00) |
| On-Behalf TPAF - Post Retirement Medical | 22-495-034-5094-001 | 7/1/2021 | 6/30/2022 | 1,074,827.00 | | | | 1,074,827.00 | (1,074,827.00) | | | | (1,074,827.00) |
| On-Behalf TPAF - Non-Contributory Insurance | 22-495-034-5094-004 | 7/1/2021 | 6/30/2022 | 2,036.00 | | | | 2,036.00 | (2,036.00) | | | | (2,036.00) |
| Total General Fund | | | | \$ (478,357.00) | | | | 26,228,984.14 | (26,212,528.14) | | (461,901.00) | (1,896,965.00) | (26,212,528.14) |
| Special Revenue Fund: | | | | | | | | | | | | | |
| N.J. Nonpublic Aid: | | | | | | | | | | | | | |
| Textbook Aid | 22-100-034-5120-064 | 7/1/2021 | 6/30/2022 | \$ 15,005.00 | | | | \$ 15,005.00 | \$ (13,740.00) | \$ (1,265.00) | \$ 1,265.00 | | \$ (13,740.00) |
| Textbook Aid | 21-100-034-5120-064 | 7/1/2020 | 6/30/2021 | 12,279.00 | \$ (16.02) | | | 16.02 | | \$ (16.02) | | | |
| Nursing Services | 22-100-034-5120-070 | 7/1/2021 | 6/30/2022 | 28,000.00 | | | | 28,000.00 | (25,648.00) | | (2,352.00) | 2,352.00 | (25,648.00) |
| Nursing Services | 21-100-034-5120-070 | 7/1/2020 | 6/30/2021 | 20,502.00 | (701.18) | | | 701.18 | | (701.18) | | | |
| Technology | 22-100-034-5120-373 | 7/1/2021 | 6/30/2022 | 10,500.00 | | | | 10,500.00 | (9,637.00) | | (863.00) | 863.00 | (9,637.00) |
| Security | 22-100-034-5120-509 | 7/1/2021 | 6/30/2022 | 43,750.00 | | | | 43,750.00 | (38,224.00) | | (5,526.00) | 5,526.00 | (38,224.00) |
| Security | 21-100-034-5120-509 | 7/1/2020 | 6/30/2021 | 35,175.00 | (5,620.00) | | | 5,620.00 | | (5,620.00) | | - | |
| Auxiliary Services: | | | | | | | | | | | | | |
| Compensatory Education | 22-100-034-5120-067 | 7/1/2021 | 6/30/2022 | 27,769.00 | | | | 27,769.00 | (27,769.00) | | | | (27,769.00) |
| Compensatory Education | 21-100-034-5120-067 | 7/1/2020 | 6/30/2021 | 9,580.00 | (1,837.31) | | | 1,837.31 | | \$ (1,837.31) | | | |
| English as a Second Language | 22-100-034-5120-067 | 7/1/2021 | 6/30/2022 | 18,270.00 | | | | 18,270.00 | (12,259.00) | | \$ (6,011.00) | \$ 6,011.00 | (12,259.00) |
| Home Instruction | 22-495-034-5120-014 | 7/1/2021 | 6/30/2022 | 39.88 | | | | | (39.88) | | (39.88) | | (39.88) |

**BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

| State Grantor/ Program Title | Grant or State Project Number | Grant Period | | Award Amount | June 30, 2021 | | Cash Received | Budgetary (Expenditures) | Repayment of Prior Year's Balance | Balance, June 30, 2022 | | MEMO | |
|--|----------------------------------|--------------|--------------|------------------|--|-------------------|-------------------------|-----------------------------|--|---|---------------------|-------------------------|-------------------------------------|
| | | From | To | | Deferred Revenue/ (Accounts Receivable) | Due to Grantor | | | | Deferred Revenue (Accounts Receivable) | Due to Grantor | Budgetary Receivable | Cumulative Total Expenditures |
| State Department of Education (Continued): | | | | | | | | | | | | | |
| Special Revenue Fund: (Continued) | | | | | | | | | | | | | |
| Handicapped Services: | | | | | | | | | | | | | |
| Supplemental Instruction | 22-100-034-5120-066 | 7/1/2021 | - 6/30/2022 | \$ 15,694.00 | | | \$ 15,694.00 | (13,365.00) | | \$ (2,329.00) | \$ 2,329.00 | | \$ (13,365.00) |
| Supplemental Instruction | 21-100-034-5120-066 | 7/1/2020 | - 6/30/2021 | 16,999.00 | (760.91) | | 760.91 | | \$ (760.91) | | | | |
| Initial Evaluations | 22-100-034-5120-066 | 7/1/2021 | - 6/30/2022 | 6,080.00 | | | 6,080.00 | (3,937.00) | | (2,143.00) | 2,143.00 | | (3,937.00) |
| Initial Evaluations | 21-100-034-5120-066 | 7/1/2020 | - 6/30/2021 | 18,195.00 | (10,994.98) | | 10,994.98 | | (10,994.98) | | | | |
| Examination and Classification | 22-100-034-5120-066 | 7/1/2021 | - 6/30/2022 | 14,588.00 | | | 14,588.00 | (14,588.00) | | | | | (14,588.00) |
| Corrective Speech | 22-100-034-5120-066 | 7/1/2021 | - 6/30/2022 | 20,460.00 | | | 20,460.00 | (13,466.00) | | (6,994.00) | 6,994.00 | | (13,466.00) |
| Corrective Speech | 21-100-034-5120-066 | 7/1/2020 | - 6/30/2021 | 19,139.00 | (1,713.40) | | 1,713.40 | | (1,713.40) | | | | |
| Other: | | | | | | | | | | | | | |
| SDA Architect | | 7/1/2021 | - 6/30/2022 | 36,166.00 | | | 36,166.00 | | | 36,166.00 | | | |
| Preschool Expansion Grant | 20-495-034-5120-086 | 7/1/2019 | - 6/30/2020 | 1,130,642.00 | 44,620.96 | | | | (44,620.96) | | | | |
| Preschool Expansion Grant | 21-495-034-5120-086 | 7/1/2020 | - 6/30/2021 | 1,127,385.00 | (104,842.23) | | 112,303.00 | | | 7,460.77 | | | |
| Preschool Expansion Grant | 22-495-034-5120-086 | 7/1/2021 | - 6/30/2022 | 942,480.00 | | | 893,505.96 | (938,897.01) | 44,620.96 | (45,391.05) | | | (938,897.01) |
| Total Special Revenue Fund | | | | | \$ (81,665.07) | | \$ 1,263,534.76 | \$ (1,111,569.89) | \$ (21,443.80) | \$ (29,287.16) | \$ 27,483.00 | (1,896,965.00) | (1,111,569.89) |
| Enterprise Fund: | | | | | | | | | | | | | |
| National School Lunch Program | | | | | | | | | | | | | |
| (State Share) | 22-100-010-3350-023 | 7/1/2021 | - 6/30/2022 | \$ 20,803.44 | | | \$ 19,270.55 | (20,803.45) | | (1,532.90) | | | (20,803.45) |
| Total Enterprise Fund | | | | | | | \$ 19,270.55 | (20,803.45) | | (1,532.90) | | | (20,803.45) |
| Capital Projects Fund: | | | | | | | | | | | | | |
| Expansion of Schools | | | | | | | | | | | | | |
| PAE/FIS | 16-40-070-17-2000 | 1/11/2017 | - 12/31/2020 | \$ 13,646,807.04 | (507,875.85) | | 608,409.48 | | (2,831,903.58) | | | | (13,646,807.04) |
| FLC | 16-40-040-17-1000 | 1/11/2017 | - 12/31/2020 | 10,017,145.49 | (309,462.95) | | 470,075.04 | | (609,861.87) | | | | (10,017,145.49) |
| Total Capital Projects Fund | | | | | (817,338.80) | | 1,078,484.52 | | (3,441,765.45) | | | | (23,663,952.53) |
| Total State Financial Assistance | | | | | (1,377,360.87) | | \$ 28,590,273.97 | (27,344,901.48) | (3,463,209.25) | (492,721.06) | \$ 27,483.00 | (1,896,965.00) | (51,008,854.01) |
| Total Budgetary (Expenditures) | | | | | | | | \$ (27,344,901.48) | | | | | |
| Less: TPAF on-Behalf | | | | | | | | | | | | | |
| Pension | 22-495-034-5064-002 | | | | | | | 4,600,346.00 | | | | | |
| Medical | 22-495-034-5094-001 | | | | | | | 1,074,827.00 | | | | | |
| Insurance | 22-495-034-5094-004 | | | | | | | 2,036.00 | | | | | |
| | | | | | | | | \$ (21,667,692.48) | | | | | |

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2022**

1. GENERAL

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

2. BASIS OF ACCOUNTING

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

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

**BOARD OF EDUCATION
 BOROUGH OF FREEHOLD SCHOOL DISTRICT
 NOTES TO THE SCHEDULES OF EXPENDITURES OF
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (CONTINUED)
 YEAR ENDED JUNE 30, 2022**

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$317,795.00 for the General Fund and a decrease of \$109,545.32 in the Special Revenue Fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following:

| | <u>Federal</u> | <u>State</u> | <u>Total</u> |
|----------------------|------------------------|-------------------------|-------------------------|
| General Fund | \$ 156,831.23 | \$ 25,894,733.14 | \$ 26,051,564.37 |
| Special Revenue Fund | 3,706,568.25 | 1,211,115.21 | 4,917,683.46 |
| Debt Service Fund | | 528,086.00 | 528,086.00 |
| Food Service Fund | <u>1,236,482.85</u> | <u>20,803.44</u> | <u>1,257,286.29</u> |
| | <u>\$ 5,099,882.33</u> | <u>\$ 27,654,737.79</u> | <u>\$ 32,754,620.12</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. FEDERAL AND STATE LOANS OUTSTANDING

The District had no loans outstanding payable to federal or state entities at June 30, 2022.

6. OTHER

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

The amount reported as TPAF Pension Contribution and Post Retirement Medical Contributions represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2022. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2022.

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

7. INDIRECT COSTS

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

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified, dated
March 9, 2022

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

Type of auditor's report issued on compliance for major programs: Unmodified, dated
March 9, 2022

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of the Uniform Guidance? yes x no

Identification of major programs:

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> |
|--|--|
| <u>84.010A</u> | Title I Cluster: <u>Title I, Part A, Title I Reallocated</u> |
| <u>10.553, 10.555</u> | National School Lunch Cluster: <u>National School Lunch and Breakfast</u> |
| <u>84,027A, 84.027X</u> <u>& 84.173X, 84.425U</u> | IDEA Cluster: <u>IDEA Regular & IDEA Preschool</u> |
| <u>84.425D</u> | Cluster: Education Stabilization <u>CARES ESSER I, CARES ESSER II</u> |
| <u>84.425U</u> | <u>Education Stabilization</u> |

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.00

Auditee qualified as low-risk auditee? yes X no

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022

FOR THE YEAR ENDED JUNE 30, 2021:

There were no findings for the year ended June 30, 2021.