

SCHOOL DISTRICT
OF
FREEHOLD TOWNSHIP
OF MONMOUTH COUNTY

Freehold Township School District
Freehold, New Jersey

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2022

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

Of the

Freehold Township School District
of Monmouth County

Freehold, New Jersey

For the Fiscal Year Ended June 30, 2022

Prepared by

Freehold Township School District
Finance Department

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INTRODUCTORY SECTION



Freehold Township Schools

Neal Dickstein, Superintendent of Schools

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

ndickstein@freeholdtwp.k12.nj.us

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

February 14, 2023

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

Dear Board Members:

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and New Jersey's OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations, findings, and recommendations, are included in the single audit section of this report.

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

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

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

The Board of Education consists of nine members, each elected to three-year terms. During its meetings and budget workshops, the Board determines district goals and priorities and conducts other business. Board meetings are open to the public and begin at 7:30 PM. Budget workshops are also open to the public and begin at 7 PM. For an updated list of dates and times of Board meetings, please see the district website at www.freeholdtwp.k12.nj.us. Board meetings are live streamed and recorded on the Freehold Township YouTube page.

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

On roll October 15	Student Enrollment	Percent Change
2017	3,741	
2018	3,726	-0.40%
2019	3,687	-1.05%
2020	3,564	-3.34%
2021	3,493	-1.99%
2022	3,443	-1.43%

The Freehold Township School District continues to rely heavily on the local tax levy to provide new revenue to support the district's operations. In 2021 - 2022, the tax levy accounted for 90% of the total general fund revenue collected (not including the on-behalf, non-budgeted funds). State aid increased \$151,125 or 3.3%. Extraordinary aid, which supports local costs for the most severe special needs students, increased \$206,464 or 19%, as the state funded eligible costs increased from the previous year.

Other general fund revenues came in approximately \$162,333 higher than expected. \$91,971 was due to an increase in the enrollment of tuition based preschool students. The district also received an additional \$72,717 in tuition from other school districts for accepting their students with special needs.

The Freehold Township School District did experience some significant budget savings in several key areas in 2021-2022. \$2.3 million of savings were from employee benefits, primarily health care. The district is self-insured and has enjoyed significant savings the last few fiscal years. The district saved \$560,000 in transportation costs. There is a national shortage of CDL licensed drivers. Due to the shortage of labor, there were no available drivers for extra work, such as after school athletics and field trips. With less mileage driven than expected, the district saved on fuel, maintenance and salaries for extra work. The district also saved \$508,000 on out of district placement expenses. Several students that had out of district placements in their IEPs, moved out of or returned to the district to account for some of these savings.

On June 30, the district deposited excess funds into some the district's legal reserve accounts. The Capital Reserve account received \$3,900,000, bringing the total to \$10,871,419. These funds are designated for future capital projects.

The Emergency Reserve account received \$353,200, bringing the total to \$790,990. These funds are to offset future healthcare costs, security improvements or other costs deemed appropriate by statute.

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

3) MAJOR INITIATIVES: 2021-2022 was the second full year of COVID affecting the district's operations. The Board of Education spent a great amount of time and resources to provide an effective education to students during the COVID-19 pandemic. The district received \$1,105,485 in federal grant funding through the Elementary and Secondary School Emergency Relief Fund (ESSER II). These funds are available to the district through September 30, 2023. The grant provided funding to staff a six-week summer program for pre-k through eighth grade students called SPARK. Students received daily instruction in reading, writing, mathematics and STEAM, to make up for lost instruction time during the school year due to COVID. The grant provided funding for mandatory COVID testing, health office assistants to assist in contact tracing and additional teachers to provide intervention services.

The district also received \$2,671,667 in federal grant funding through the American Rescue Plan (ARP). These funds are available for use through September 30, 2024. These funds provided additional teachers to maintain lower classroom size and expand intervention services. The ARP funds provided instruction and academic support outside of the school day to students that required additional intervention services. The grant also provided funding for permanent substitute teachers to ensure adequate substitute coverage and maintain recommended social distancing. In the absence of the substitute teachers, classrooms would have been combine.

The district participated in the Seamless Summer Option (SSO) for food services in 2021-2022. This provided all students in the district with free lunch during the school day. The program provided additional federal funding to offset the costs of providing free meals to all students. The district received \$1,707,185 in funding during the year.

The district continued increasing support for social and emotional learning (SEL) for all students. These supports were critical during the pandemic as more students suffered from emotional stress during an atypical school year. Federal grant funds provided some additional SEL training and programs during the year.

The district continues to allocate resources to maintain and improve our school facilities. In 2021 - 2022, the district completed its \$6.5 million Energy Savings Improvement Plan (ESIP) that started several years prior. The district also completed several projects that were funded in the prior year. This included the repaving and configuring of the parking lot at the Errickson Elementary School. Lastly, the district awarded a \$3,458,000 contract for HVAC replacement at seven schools. The funding for this contract and the design work came from the Capital Reserve fund.

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

benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

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

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

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

8) DEBT ADMINISTRATION: At June 30, 2022, the District's outstanding debt issues included \$29,135,000 of general obligation bonds (Note 9).

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

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

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

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

Respectfully submitted,

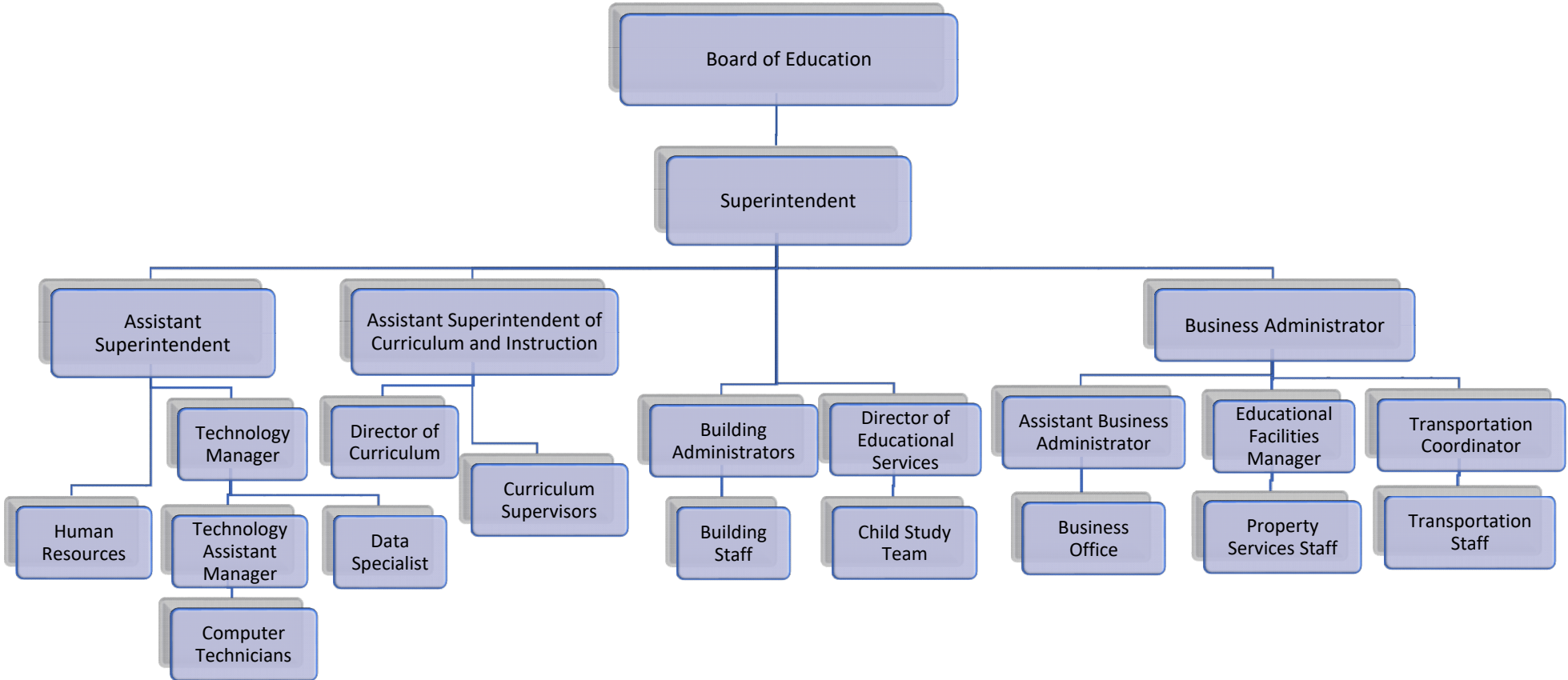


Neal Dickstein
Superintendent of Schools



Robert M. De Vita
Business Administrator/Board Secretary

FREEHOLD TOWNSHIP BOARD OF EDUCATION ORGANIZATION CHART 2022



Freehold Township School District
Freehold, New Jersey

Roster of Officials
June 30, 2022

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Michelle Lambert, President	2024
Michael Amoroso, Vice President	2024
Debra Costanza	2023
Mary Cozzolino	2025
Neil Garguilo	2025
Elena O'Sullivan	2023
Jennifer Patten	2023
Meg Thomann	2024
Kerry Vendittoli	2025

Other Officials

Neal Dickstein, Superintendent

Robert DeVita, Board Secretary/School Business Administrator

Michael Gross, Attorney

Freehold Township School District
Consultants and Advisors

Architect

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

Audit Firm

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

Attorney

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

Official Depositories

Provident Bank
4331 Route 9 North
Freehold, New Jersey 07728

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

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 Freehold Township School District in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above, present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Freehold Township School District in the County of Monmouth, State of New Jersey as of June 30, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Freehold Township 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.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Freehold Township School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 misstatement, 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 and *Government Auditing Standards* 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 Freehold Township School 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 Freehold Township School 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedules related to accounting and reporting for pensions and the schedules related to accounting and reporting for postemployment benefits other than pensions, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise of Freehold Township School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2023 on our consideration of Freehold Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Township School District internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Freehold Township School District's internal control over financial reporting and compliance.

Respectfully Submitted,

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


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

REQUIRED SUPPLEMENTARY INFORMATION - PART I

Freehold Township School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

The discussion and analysis of Freehold Township School District's financial performance provides an overall review of the School Board's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the School Board's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School Board's financial performance.

Financial Highlights

Key financial highlights for June 30, 2022 are as follows:

Net position totaled \$10,872,527, which represents a 763.02 percent increase from June 30, 2021.

General revenues accounted for \$83,752,107 in revenue or 91.59 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$7,689,025 or 8.41 percent of total revenues of \$91,441,132.

Total assets increased by \$2,649,365 as current assets increased by \$2,885,614 and capital assets, net decreased by \$236,249. The majority of this increase in current assets is due to an additional \$1,175,271 in cash and \$1,399,147 in federal receivables. Cash increased as the district collected the majority of expected revenues (taxes and state aid) while experiencing significant savings in the areas of transportation and benefits. Federal receivables increased as COVID related grant funding (ESSER, ARP) was significant in 21-22.

The School Board had \$81,828,429 in expenses; only \$7,689,025 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$83,752,107 were adequate to provide for these programs. The primary source of revenue came from property taxes which represent 90 percent of all revenue.

Among major funds, the General Fund had \$82,373,777 in revenues and \$78,953,144 in expenditures and transfers. The General Fund's balance increased \$3,420,633 over June 30, 2021. The General Fund's balance is \$24,843,674. The increase in fund balance is attributed to savings from our modified operations due to COVID-19. The district experienced significant savings in the areas of transportation, utilities, tuition costs, benefits and salaries.

Using this 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 Freehold Township School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

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

Reporting the School Board as a Whole

Statement of Net Position and the Statement of Activities

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

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

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

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

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

Reporting the School Board's Most Significant Funds

Fund Financial Statement

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

Governmental Funds

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

Enterprise Fund

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

The School Board as a Whole

The Statement of Net Position provides the financial perspective of the School Board as a whole. Table 1 provides a summary comparison of the School Board's net position for June 30, 2022 and 2021.

Table 1

Net Position as of June 30, 2022 and June 30, 2021

	June 30, 2022			June 30, 2021		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets:						
Current and other assets	\$ 27,245,668	\$ 388,032	\$ 27,633,700	\$ 24,501,425	\$ 246,661	\$ 24,748,086
Capital assets, net	55,747,006	168,064	55,915,070	56,008,708	142,611	56,151,319
Total assets	82,992,674	556,096	83,548,770	80,510,133	389,272	80,899,405
Deferred outflow of resources	2,881,984	-	2,881,984	4,752,903	-	4,752,903
Liabilities:						
Current liabilities	2,127,332	120,031	2,247,363	2,043,206	119,950	2,163,156
Long-term liabilities outstanding	55,508,556	-	55,508,556	64,127,588	-	64,127,588
Total liabilities	57,635,888	120,031	57,755,919	66,170,794	119,950	66,290,744
Deferred inflow of resources	17,802,308	-	17,802,308	18,101,740	-	18,101,740
Net position:						
Net investment in capital assets	13,846,742	168,064	14,014,806	10,900,543	142,611	11,043,154
Restricted	20,572,803	-	20,572,803	18,593,047	-	18,593,047
Unrestricted	(23,983,083)	268,001	(23,715,082)	(28,503,088)	126,711	(28,376,377)
Total Net Position	\$ 10,436,462	\$ 436,065	\$ 10,872,527	\$ 990,502	\$ 269,322	\$ 1,259,824

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

The School Board's combined net position was \$10,872,527 on June 30, 2022. This is a change of 763.02 percent from the previous year. As previously discussed, the increase in total net position was due to an increase in current assets of \$2,885,615 and a decrease in long-term liabilities outstanding of \$8,619,032.

Table 2 provides a comparison analysis of School Board's changes in net position from fiscal years June 30, 2022 and 2021.

Table 2

Changes in Net Position

	June 30, 2022			June 30, 2021		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues						
Program revenues:						
Charges for services	\$ 781,802	\$ 6,255	\$ 788,057	\$ 505,609	\$ 2,252	\$ 507,861
Operating and capital grants and contributions	5,052,498	1,848,470	6,900,968	4,844,571	530,462	5,375,033
General revenues:						
Property taxes	73,481,737	-	73,481,737	72,866,706	-	72,866,706
Federal and state aid	9,622,303	-	9,622,303	7,541,112	-	7,541,112
Investment earnings	35,907	-	35,907	141,955	-	141,955
Miscellaneous	612,160	-	612,160	212,859	-	212,859
Total revenues	89,586,407	1,854,725	91,441,132	86,112,812	532,714	86,645,526
Expenses						
Instructional services	33,160,895	-	33,160,895	31,424,890	-	31,424,890
Support services	45,892,731	1,687,982	47,580,713	47,001,046	583,173	47,584,219
Interest on long-term liabilities	1,086,821	-	1,086,821	1,248,195	-	1,248,195
Total expenses	80,140,447	1,687,982	81,828,429	79,674,131	583,173	80,257,304
Change in net position	9,445,960	166,743	9,612,703	6,438,681	(50,459)	6,388,222
Net position(deficit) - beginning	990,502	269,322	1,259,824	(5,955,828)	319,781	(5,636,047)
Prior period adjustment	-	-	-	507,649	-	507,649
Net position - beginning restated	\$ 990,502	\$ 269,322	\$ 1,259,824	\$ (5,448,179)	\$ 319,781	\$ (5,128,398)
Net position (deficit) - ending	\$ 10,436,462	\$ 436,065	\$ 10,872,527	\$ 990,502	\$ 269,322	\$ 1,259,824

Total revenues increased by \$4,795,606 or 5.53 percent. \$615,031 or 12.82 percent of the total revenue increase was due to the tax levy increase. The tax levy increase was necessary to cover increased costs in salaries and benefits, utilities, the debt service and capital improvements. Property taxes are the majority of total revenues and account for 80.36 percent. Federal and State aid increased by \$2,081,191 due to increases in state aid, including extraordinary aid. Grants and contributions also increased by \$1,525,935 primarily due to an \$1,318,008 increase in food service reimbursement. All student lunches were free during 21-22, which increased food service reimbursements by 248%.

Total expenses increased \$1,571,125 or 1.96 percent. The majority of this was due to an increase in regular instruction costs of \$975,522.

The increase in total revenues lead to an increase of the net position by \$9,612,703 or 763.02 percent.

Expenses for Fiscal Year June 30, 2022

Business-Type Activities

Revenues for the District's business-type activities (food service program) were comprised of charges for services and reimbursement from the State and Federal government for participation in the National School Lunch Program. For the year, total Enterprise Fund revenues exceeded expenses by \$166,743.

Charges for services represent \$6,255 of revenue. This represents the amount paid by patrons for daily food service. As lunch was free for all students, this amount represents snack sales to the students. Operating revenue increased by \$4,003 or 177.75 percent from June 30, 2021. Operating expenses increased by \$1,104,809 or 189 percent. Since meals were free, we saw a significant increase in the number of meals provided, which increased the operating expenses of the program from 20-21.

Federal and state reimbursements for meals, including interest, payments for free lunches and donated commodities was \$1,848,470. These reimbursements increased by \$1,318,008 or 248.46 percent from June 30, 2021. As more meals were served, the District qualified for less federal and state reimbursements.

Governmental Activities

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

Table 3

Governmental Activities

	2022		2021	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$ 33,160,895	\$ 32,396,308	\$ 31,424,890	\$ 30,920,496
Support Services:				
Pupils and Instructional Staff	15,477,579	10,425,081	14,375,477	9,530,906
General Administration, School Administration, Business Operation and Maintenance of Facilities	26,259,290	26,259,290	28,972,075	28,972,075
Pupil Transportation	4,155,862	4,138,647	3,653,494	3,652,279
Interest and Fiscal Charges	<u>1,086,821</u>	<u>1,086,821</u>	<u>1,248,195</u>	<u>1,248,195</u>
Total Expenses	<u>\$ 80,140,447</u>	<u>\$ 74,306,147</u>	<u>\$ 79,674,131</u>	<u>\$ 74,323,951</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities. The District was able to offset those costs by \$764,587 in 2022 which was a 51.59 percent increase from the prior year. The revenues to offset the expenses come from tuition charged to other LEAs for special education programs, residents for the full-day preschool program and staff that live outside of the Township for tuition to bring their children to school in the District.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development. The District was able to offset those expenses by \$5,052,498 in 2022 which was a 4.29 percent increase from the prior year. The revenues to offset the expenses represent money that the State pays on behalf of the District for FICA and pension costs for employees enrolled in the TPAF pension system.

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

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

Pupil transportation includes activities involved with the conveyance of students to and from school, to school curricular and athletic activities and field trips as provided by state law. The District was able to offset these costs by \$17,215 in 2022 which was a 1,316.87 percent increase from the prior year. The revenues to offset the expenses are derived from parent paid transportation to the pre-school for typical students. In the prior year, COVID restricted in person learning, so the need for transportation was less.

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

The School Board's Funds

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

As the School Board completed the fiscal year ended June 30, 2022, it reported a combined fund balance of \$25,118,336, which is an increase of \$2,660,117. The increase is due to annual revenues being greater than actual expenditures in 2021-2022. The Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds, Exhibit B-2, presents the reader with a detailed explanation of the increase in fund balance for the fiscal year.

The following schedule presents a summary of General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund revenues for the fiscal year ended June 30, 2022. The increase in Local Sources is due primarily to the tax levy increase of \$615,031. The increase in funding from State Sources is due primarily to a increase in Extraordinary Aid and other reimbursements. Federal Sources increased due to additional funding for Federal Grants (ESSER and ARP).

<u>Revenue</u>	<u>2022 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2021</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 74,911,606	83.62 %	\$ 1,184,477	1.61 %
State Sources	11,239,963	12.55	646,484	6.10
Federal Sources	<u>3,434,838</u>	<u>3.83</u>	<u>1,642,634</u>	<u>91.65</u>
Total	<u>\$ 89,586,407</u>	<u>100.00 %</u>	<u>\$ 3,473,595</u>	<u>4.03 %</u>

The following schedule presents a summary of General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2022. Instruction increased by \$1,736,005 as we returned to more normalized operations in 21-22. With a return to in person learning, we required substitute teachers again and additional staff to manage social distancing. The same is true with the increase in undistributed expenditures of \$1,765,146. Capital outlay decreased due to fewer equipment purchases and capital improvement funded through the general fund budget.

<u>Expenditures</u>	<u>2022 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2021</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expenditures:				
Instruction	\$ 33,160,895	38.15 %	\$ 1,736,005	5.52 %
Undistributed Expenditures	47,250,049	54.36	1,765,146	3.88
Capital Outlay	2,878,771	3.31	(545,044)	(15.92)
Debt Service:				
Principal	2,165,000	2.49	165,000	8.25
Interest	<u>1,471,575</u>	<u>1.69</u>	<u>(98,750)</u>	<u>(6.29)</u>
Total	<u>\$ 86,926,290</u>	<u>100.00 %</u>	<u>\$ 3,022,357</u>	<u>3.60 %</u>

General Fund Budgeting Highlights

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

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

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

The General Fund finished the fiscal year approximately \$11,146,063 better than had been budgeted in terms of expenditures. The district achieved savings in energy, transportation, tuition costs, health care and salaries. Revenue-wise, the General Fund fared about \$832,034 better than expected. The majority of the increase in revenues came from Extraordinary Aid, which represents an increase of \$647,820 from the budgeted amount. The State continued to fund a larger percentage of their obligation for the aid.

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

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

Capital Reserve	10,871,419
Maintenance Reserve	3,590,383
Emergency Reserve	790,990
Unemployment Claims	582,133

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

Capital Assets and Debt Administration

Capital Assets. At the end of the fiscal year June 30, 2022, the School Board had \$55,915,070 invested in land, buildings, and machinery and equipment.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2022 and June 30, 2021

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 2,117,793	\$ 2,117,793	\$ -	\$ -	\$ 2,117,793	\$ 2,117,793
Construction in Progress	419,330	2,755,948	-	-	419,330	2,755,948
Building and Improvements	49,570,610	47,276,516	-	-	49,570,610	47,276,516
Machinery and Equipment	3,639,273	3,858,451	168,064	142,611	3,807,337	4,001,062
Total	\$ 55,747,006	\$ 56,008,708	\$ 168,064	\$ 142,611	\$ 55,915,070	\$ 56,151,319

During the current fiscal year, \$6,024,812 of capital assets were capitalized as additions. Increases in capital assets were offset by depreciation expense for the year.

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Bonds Payable (net)	\$ 29,135,000	\$ 31,300,000
Capital Leases payable	7,409,419	8,067,566
Pension Liability-PERS	16,524,358	22,709,334
Compensated Absences payable	<u>2,439,779</u>	<u>2,050,688</u>
Total long-term liabilities	\$ <u>55,508,556</u>	\$ <u>64,127,588</u>

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

Economic Factors and Next Year's Budget

For the 2021-2022 school year, the School Board was able to sustain its budget through the local tax levy, state education aid and local revenue sources. Approximately 16.38% of the School Board's revenue is from federal, state and other aid (restricted and not restricted), while 83.62% of total revenue is from local sources.

The \$(23,983,083) in unrestricted net position for all governmental activities represents the accumulated results of all past years' operations. It means that if the School Board had to pay off all bills today, including all of the School Board's non-capital liabilities (compensated absences, etc.), the School Board would owe this value to debtors.

The 2021-2022 budget was, as discussed previously, impacted by the COVID-19 pandemic. Total expenditures were less than expected for health care, energy, transportation and substitute salaries due to the District going all virtual from March 13 through June 30. The District also received less revenue for SEMI, tuition and facility use due to the shut down and inability to provide the services that would generate revenue.

The 2022-2023 budget was adopted in April of 2022, only a month into the pandemic. By May the Board of Education recognized that they would have to alter planned expenditures to account for the new reality and requirements of operating a school during the pandemic. This included not filling budgeted positions that were not required to deliver instruction, lease purchasing buses versus buying them outright and using savings from not providing budgeted services in the summer (hiring painters, summer custodians and providing transportation for the ESY program) for PPE and other staff to safely operate schools in September.

Contacting the School Board's Financial Management

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

BASIC FINANCIAL STATEMENTS

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 23,624,973	\$ 262,880	\$ 23,887,853
Receivables - other	61,248	-	61,248
Receivables - state	1,426,357	2,544	1,428,901
Receivables - federal	1,695,397	113,306	1,808,703
Inventory	-	9,302	9,302
Due from other funds	80	-	80
Prepaid expenses	437,613	-	437,613
Capital assets, non-depreciable	2,537,123	-	2,537,123
Capital assets, depreciable, net:	53,209,883	168,064	53,377,947
Total assets	<u>82,992,674</u>	<u>556,096</u>	<u>83,548,770</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - PERS	2,553,605	-	2,553,605
Deferred charge on refunding	328,379	-	328,379
Total deferred outflows of resources	<u>2,881,984</u>	<u>-</u>	<u>2,881,984</u>
LIABILITIES			
Accounts payable	670,125	86,074	756,199
Other liabilities	1,298,852	-	1,298,852
Due to other funds	-	80	80
Unearned revenue	158,355	33,877	192,232
Noncurrent liabilities:			
Due within one year	3,582,525	-	3,582,525
Due beyond one year	51,926,031	-	51,926,031
Total liabilities	<u>57,635,888</u>	<u>120,031</u>	<u>57,755,919</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - PERS	12,118,084	-	12,118,084
Deferred premium on refunding	5,684,224	-	5,684,224
Total deferred inflows of resources	<u>17,802,308</u>	<u>-</u>	<u>17,802,308</u>
NET POSITION			
Net investment in capital assets	13,846,742	168,064	14,014,806
Restricted for:			
Debt service	-	-	-
Capital projects	11,112,567	-	11,112,567
Other purposes	9,438,080	-	9,438,080
Unrestricted	(23,960,927)	268,001	(23,692,926)
Total net position	<u>\$ 10,436,462</u>	<u>\$ 436,065</u>	<u>\$ 10,872,527</u>

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Current:							
Regular instruction	\$ 21,831,903	\$ 764,587	-	\$ -	\$ (21,067,316)	\$ -	\$ (21,067,316)
Special schools instruction	9,629,183	-	-	-	(9,629,183)	-	(9,629,183)
Other special instruction	1,699,809	-	-	-	(1,699,809)	-	(1,699,809)
Support services and undistributed costs:							
Instruction	843,661	-	-	-	(843,661)	-	(843,661)
Health services	826,006	-	-	-	(826,006)	-	(826,006)
Other support services	8,048,511	-	-	-	(8,048,511)	-	(8,048,511)
Educational media services	575,640	-	-	-	(575,640)	-	(575,640)
Instruction staff training	131,263	-	-	-	(131,263)	-	(131,263)
General administrative services	1,117,209	-	-	-	(1,117,209)	-	(1,117,209)
School administrative services	2,502,997	-	-	-	(2,502,997)	-	(2,502,997)
Central services	873,802	-	-	-	(873,802)	-	(873,802)
Admin info technology	908,534	-	-	-	(908,534)	-	(908,534)
Allowed maintenance for school facilities	1,215,011	-	-	-	(1,215,011)	-	(1,215,011)
Other operation & maintenance of plant	6,811,583	-	-	-	(6,811,583)	-	(6,811,583)
Care and upkeep of grounds	306,094	-	-	-	(306,094)	-	(306,094)
Security	155,652	-	-	-	(155,652)	-	(155,652)
Student transportation services	4,155,862	17,215	-	-	(4,138,647)	-	(4,138,647)
Allocated employee benefits	-	-	-	-	-	-	-
Unallocated employee benefits	12,368,408	-	-	-	(12,368,408)	-	(12,368,408)
Non-budgeted expenses	5,052,498	-	5,052,498	-	-	-	-
Transfer to Charter school	-	-	-	-	-	-	-
Interest expense	1,086,821	-	-	-	(1,086,821)	-	(1,086,821)
Total governmental activities	<u>80,140,447</u>	<u>781,802</u>	<u>5,052,498</u>	<u>-</u>	<u>(74,306,147)</u>	<u>-</u>	<u>(74,306,147)</u>
Business-type activities:							
Food service	1,687,982	6,255	1,848,470	-	-	166,743	166,743
Total business-type activities	<u>1,687,982</u>	<u>6,255</u>	<u>1,848,470</u>	<u>-</u>	<u>-</u>	<u>166,743</u>	<u>166,743</u>
Total primary government	<u>\$ 81,828,429</u>	<u>\$ 788,057</u>	<u>6,900,968</u>	<u>\$ -</u>	<u>\$ (74,306,147)</u>	<u>\$ 166,743</u>	<u>\$ (74,139,404)</u>
General revenues:							
Taxes:							
Property taxes levied for general purpose					69,883,720	-	69,883,720
Taxes levied for debt service					3,598,017	-	3,598,017
Federal and state aid - not restricted					6,052,996	-	6,052,996
Federal and state aid -restricted					93,886	-	93,886
State aid - restricted					3,475,421	-	3,475,421
Miscellaneous income					516,755	-	516,755
Investment earnings - restricted					35,907	-	35,907
Total general revenues					<u>83,752,107</u>	<u>-</u>	<u>83,752,107</u>
Change in net position					9,445,960	166,743	9,612,703
Net position, July 1					990,502	269,322	1,259,824
Net position—ending					<u>\$ 10,436,462</u>	<u>\$ 436,065</u>	<u>\$ 10,872,527</u>

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 14,023,051	\$ (1,510,645)	\$ 241,148	\$ -	\$ 12,753,554
Capital reserve	10,871,419	-	-	-	10,871,419
Receivables, net	60,977	271	-	-	61,248
Due from other funds	80	-	-	-	80
Receivables - State	1,426,357	-	-	-	1,426,357
Receivables - Federal	-	1,695,397	-	-	1,695,397
Prepaid expenses	437,613	-	-	-	437,613
Total assets	<u>\$ 26,819,497</u>	<u>\$ 185,023</u>	<u>\$ 241,148</u>	<u>\$ -</u>	<u>\$ 27,245,668</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 651,858	\$ 18,267	\$ -	\$ -	\$ 670,125
Payroll deductions and withholdings payable	386,581	-	-	-	386,581
Other liabilities	912,000	-	-	-	912,000
Unearned revenue	25,384	132,971	-	-	158,355
Due to grantor	-	271	-	-	271
Total liabilities	<u>1,975,823</u>	<u>151,509</u>	<u>-</u>	<u>-</u>	<u>2,127,332</u>
Fund Balances:					
Restricted for:					
Capital reserve account	10,871,419	-	-	-	10,871,419
Maintenance reserve account	3,590,383	-	-	-	3,590,383
Emergency reserve account	790,990	-	-	-	790,990
Unemployment compensation	582,133	-	-	-	582,133
Student activities	-	33,514	-	-	33,514
Excess surplus	-	-	-	-	-
Excess surplus -- designated for subsequent year's expenditures	-	-	-	-	-
Committed to:					
Other purposes	-	-	-	-	-
Debt service fund	-	-	-	-	-
Capital projects fund	-	-	241,148	-	241,148
Assigned to:					
Other purposes	5,056,707	-	-	-	5,056,707
Designated by the BOE for subsequent year's expenditures	2,000,000	-	-	-	2,000,000
Unassigned to:					
General fund	1,952,042	-	-	-	1,952,042
Total Fund balances	<u>24,843,674</u>	<u>33,514</u>	<u>241,148</u>	<u>-</u>	<u>25,118,336</u>
Total liabilities and fund balances	<u>\$ 26,819,497</u>	<u>\$ 185,023</u>	<u>\$ 241,148</u>	<u>\$ -</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets are \$121,075,944, and the accumulated depreciation is \$65,328,938.	55,747,006
Deferred outflows related to the PERS pension plan	2,553,605
Deferred inflows related to the PERS pension plan	(12,118,084)
Bond issuance costs are being amortized over the life of the related bonds. The amortization is not recorded in the funds. The original costs were \$888,390.	328,379
Bond premium is being amortized over the life of the related bonds. The amortization is not recorded in the funds. The original costs were \$7,618,957.	(5,684,224)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(55,508,556)
Net position of governmental activities	<u>\$ 10,436,462</u>

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the 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>
REVENUES					
Local sources:					
Local tax levy	\$ 69,883,720	\$ -	\$ -	\$ 3,598,017	\$ 73,481,737
Tuition charges	764,587	-	-	-	764,587
Interest on investments	10,145	-	112	-	10,257
Interest earned on capital reserve funds	24,581	-	-	-	24,581
Interest earned on unemployment	1,069	-	-	-	1,069
Transportation fees	17,215	-	-	-	17,215
Rents and royalties	95,405	-	-	-	95,405
Miscellaneous	377,675	139,080	-	-	516,755
Total - Local Sources	<u>71,174,397</u>	<u>139,080</u>	<u>112</u>	<u>3,598,017</u>	<u>74,911,606</u>
State sources	11,105,494	95,911	-	38,558	11,239,963
Federal sources	93,886	3,340,952	-	-	3,434,838
Total revenues	<u>\$ 82,373,777</u>	<u>\$ 3,575,943</u>	<u>\$ 112</u>	<u>\$ 3,636,575</u>	<u>\$ 89,586,407</u>
EXPENDITURES					
Current:					
Regular instruction	\$ 19,785,475	\$ 2,046,428	\$ -	\$ -	\$ 21,831,903
Special education instruction	9,629,183	-	-	-	9,629,183
Other special instruction	1,699,809	-	-	-	1,699,809
Undistributed - current:					
Instruction	843,661	-	-	-	843,661
Health services	826,006	-	-	-	826,006
Other support services	6,626,750	1,421,761	-	-	8,048,511
Educational media services	575,640	-	-	-	575,640
Instruction staff training	131,263	-	-	-	131,263
General administrative services	1,117,209	-	-	-	1,117,209
School administrative services	2,502,997	-	-	-	2,502,997
Allowed maintenance for school facilities	1,215,011	-	-	-	1,215,011
Other operation & maintenance of plant	4,329,257	-	-	-	4,329,257
Care and upkeep of grounds	306,094	-	-	-	306,094
Security	155,652	-	-	-	155,652
Student transportation services	4,155,862	-	-	-	4,155,862
Central services	873,802	-	-	-	873,802
Admin info technology	908,534	-	-	-	908,534
Allocated employee benefits	-	-	-	-	-
Unallocated employee benefits	16,208,052	-	-	-	16,208,052
Non-budgeted expenditures	5,052,498	-	-	-	5,052,498
Transfer to charter school	-	-	-	-	-
Debt service:					
Principal	-	-	-	2,165,000	2,165,000
Interest and other charges	-	-	-	1,471,575	1,471,575
Capital outlay	2,010,389	85,679	782,703	-	2,878,771
Total expenditures	<u>78,953,144</u>	<u>3,553,868</u>	<u>782,703</u>	<u>3,636,575</u>	<u>86,926,290</u>
Excess (Deficiency) of revenues over expenditures	<u>3,420,633</u>	<u>22,075</u>	<u>(782,591)</u>	<u>-</u>	<u>2,660,117</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	3,420,633	22,075	(782,591)	-	2,660,117
Fund balance—July 1	<u>21,423,041</u>	<u>11,439</u>	<u>1,023,739</u>	<u>-</u>	<u>22,458,219</u>
Fund balance—June 30	<u>\$ 24,843,674</u>	<u>\$ 33,514</u>	<u>\$ 241,148</u>	<u>\$ -</u>	<u>\$ 25,118,336</u>

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2022

Total net change in fund balances - governmental funds (from B-2) **\$ 2,660,117**

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

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

	Depreciation expense	(3,488,298)	
	Capital outlays	<u>3,227,582</u>	(260,716)

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

	Accumulated depreciation on capital assets sold or retired during the fiscal year ended June 30, 2022	1,047,953	
	Cost basis of capital assets sold or retired during the fiscal year ended June 30, 2022	<u>(1,048,939)</u>	(986)

In the Statement of Activities, the PERS pension expense is the amount paid plus net change in the Deferred Outflows, Deferred Inflows and pension liability as reported by the State of New Jersey 4,228,735

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 2,165,000

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

Capital leases are an other financing source in the Governmental Funds; however, the acquisition increases long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities. (470,585)

In the Statement of Activities, the amortization of bond premium is recorded as a reduction to interest expense . In the governmental funds, the amortization is not recorded. 448,799

In the Statement of Activities, the principal payments on capital leases are recorded as a reduction in the long-term liability. In the governmental funds, the payments are an expenditure. (Amount is net of payments included in capital outlay) 1,128,732

In the statement of activities, certain operating expenses, e.g., compensated absences (sick leave) and special termination benefits (early retirement incentive) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used, essentially, the amounts actually paid. (389,091)

Change in net position of governmental activities **\$ 9,445,960**

**Freehold Township School District
Statement of Net Position
Proprietary Funds
June 30, 2022**

		<u>Business-type Activities - Enterprise Funds</u> <u>Food Service</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$	262,880
Accounts receivable - State		2,544
Account receivable - Federal		113,306
Inventories		<u>9,302</u>
Total current assets		<u>388,032</u>
Noncurrent assets:		
Furniture, machinery & equipment		678,053
Less accumulated depreciation		<u>(509,989)</u>
Total noncurrent assets		<u>168,064</u>
Total assets	\$	<u>556,096</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$	86,074
Deposits payable		33,877
Interfund payable		<u>80</u>
Total current liabilities		<u>120,031</u>
NET POSITION		
Investment in capital assets		168,064
Unrestricted		<u>268,001</u>
Total net position		<u>436,065</u>
Total liabilities and net position	\$	<u>556,096</u>

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Fund	
	Fixed Price Contract (B)	Food Service
Operating revenues:		
Charges for services:		
Daily sales	\$ 6,255	\$ 6,255
Miscellaneous	-	-
Total operating revenues	<u>6,255</u>	<u>6,255</u>
Operating expenses:		
Cost of sales	1,378,978	1,378,978
Salaries	141,941	141,941
Utilities	88,208	88,208
General supplies	63,026	63,026
Depreciation	15,829	15,829
Total Operating Expenses	<u>1,687,982</u>	<u>1,687,982</u>
Operating income (loss)	<u>(1,681,727)</u>	<u>(1,681,727)</u>
Nonoperating revenues (expenses):		
State sources:		
State school lunch program	37,960	37,960
Federal sources:		
Emergency Operational Costs Program - Schools	26,577	26,577
P-EBT Admin Cost Reimbursement	1,242	1,242
Summer food service program for children	1,707,185	1,707,185
Food distribution program	75,506	75,506
Total nonoperating revenues (expenses)	<u>1,848,470</u>	<u>1,848,470</u>
Change in net position	166,743	166,743
Total net position—beginning	269,322	269,322
Total net position—ending	<u>\$ 436,065</u>	<u>\$ 436,065</u>

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

	Food Service
Cash Flows from Operating Activities:	
Receipts from customers and other funds	\$ 6,255
Payments to employees	(141,941)
Payments for utilities	(88,208)
Payments to management company	(1,327,012)
Payments to suppliers	(29,084)
Net cash provided by (used in) operating activities	(1,579,990)
 Cash Flows from Noncapital Financing Activities	
State sources	39,830
Federal sources	1,702,283
Net cash provided by (used in) noncapital financing activities	1,742,113
 Cash Flows from Capital and Related Financing Activities	
Purchases of capital assets	(41,282)
Net cash provided by (used in) capital and related financing activities	(41,282)
Net increase (decrease) in cash and cash equivalents	120,841
Balances-beginning of the year	142,039
Balances-end of the year	\$ 262,880
 Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (1,681,727)
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:	
Depreciation	15,829
Federal commodities	75,506
Change in assets and liabilities:	
(Increase) decrease in interfund receivable	65
(Increase) decrease in accounts receivable	-
(Increase) decrease in inventory	10,321
Increase (decrease) in deferred revenue	33,877
Increase (decrease) in accounts payable	(33,861)
Total adjustments	101,737
Net cash provided by (used in) operating activities	\$ (1,579,990)

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

1. Summary of Significant Accounting Policies

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

A. Reporting Entity:

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

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

B. Basis of Presentation

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

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

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

B. Basis of Presentation(Cont'd)

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

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

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

The District reports the following governmental funds:

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

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

B. Basis of Presentation (Cont'd)

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

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

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

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

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

The District reports the following proprietary fund:

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

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

B. Basis of Presentation (Cont'd)

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

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

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

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others if applicable.

Basis of Accounting

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

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

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

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

B. Basis of Presentation (Cont'd)

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

C. Property Taxes

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

D. Budgets/Budgetary Control

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

All budget amendments/transfers must be approved by School Board resolution. Budget amendments during the year ended June 30, 2022 were insignificant.

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

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

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

E. Encumbrances

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

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

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

F. Cash, Cash Equivalents and Investments

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

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

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

G. Tuition Receivable

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

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

H. Tuition Payable

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

I. Inventories and Prepaid Expenses

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

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

J. Short-Term Interfund Receivables/Payables

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

K. Capital Assets

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

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

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

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

K. Capital Assets (Cont'd)

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

L. Compensated Absences

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

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

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

M. Unearned Revenue

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

N. Accrued Liabilities and Long-Term Obligations

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

O. Deferred Outflows/Inflows of Resources

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

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

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

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

P. Net Position

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

Q. Fund Balance Reserves

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

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

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

R. Revenues - Exchange and Non-exchange Transactions

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

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

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

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

S. Operating Revenues and Expenses

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

T. Management Estimates

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

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

U. Change in Accounting Principles

On June 30, 2022, the District implemented the Governmental Accounting Standards Boards (GASB) Statement No 87, Leases. GASB Statement 87 enhances the relevance and consistency of information of the district's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. 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. These changes were reviewed for the District's June 30, 2022 financial statements and had no effect on the beginning net position of the District. The District did not have any leases that rose to an amount that required disclosure. The District will review new leases annually to determine proper disclosure.

V. GASB Pronouncements

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

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

Statement No. 99, *Omnibus 2022*, The primary objective of this Statement is to enhance comparability of authoritative literature by addressing requirements (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 requirements of Statement No. 99 are effective immediately.

Statement No. 100, *Accounting Changes and Error Corrections*, An Amendment GASB Statement No. 62. The primary objective of this Statement is to enhance accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decision or assessing accountability. Statement No. 100 is effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

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

V. GASB Pronouncements (Cont'd)

Statement No. 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. Statement No. 101 is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

2. **Cash and Cash Equivalents and Investments**

Operating cash, in the form of Negotiable Order of Withdrawal ("NOW") accounts, is held in the District's name by a commercial banking institution. At June 30, 2022, the carrying amount of the District's deposits was \$23,887,853 and the bank balance was \$24,526,815. Of the bank balance, \$500,000 was insured with Federal Deposit Insurance.

Pursuant to Government Accounting Standards, the District's NOW accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2022, all of the District's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The District does not have a policy for custodial credit risk.

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

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

3. Investments

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

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

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

In order to maximize liquidity, the District utilized the New Jersey Cash Management Fund ("NJCMF") as its sole investment. The NJCMF is administered by the New Jersey Department of Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments. These investments include: Treasuries, short-term Commercial Paper, U.S. Agency Bonds, Corporate Bonds, and investment rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty. At June 30, 2022, the District's balance was \$-.

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

3. Investments (Cont'd)

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

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

4. Capital Reserve Account

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

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

The activity of the Capital Reserve for the July 01, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance	\$ 10,689,194
Interest Earned	24,581
Deposits	
Approved at June 2022 Meeting	3,900,000
Budgeted	500,000
Withdrawals	
Approved at June 2022 Meeting	(3,901,000)
Budgeted	<u>(341,356)</u>
Ending Balance	<u>\$ 10,871,419</u>

The June 30, 2022 LRFP balance of local support costs of uncompleted capital projects is \$54,519,905.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

5. Maintenance Reserve Account

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

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

The balance in the maintenance reserve does not exceed four percent of the replacement cost of the school district's school facilities for the current year at June 30, 2022.

The activity of the Maintenance Reserve for the July 01, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance	\$ 3,781,388
Add:	
Interest Earned	8,995
Deposits	
Approved at June 2022 Meeting	-
Withdrawals	
Budgeted transfer out	<u>(200,000)</u>
Ending Balance	<u>\$ 3,590,383</u>

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

6. Emergency Reserve Account

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

The activity of the Emergency Reserve for the July 01, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance	\$ 798,590
Add:	
Interest Earned	1,150
Deposits	
Approved at June 2022 Meeting	353,250
Withdrawals	
Budgeted transfer out	<u>(362,000)</u>
Ending Balance	<u>\$ 790,990</u>

7. Receivables

Receivables at June 30, 2022, consisted of accounts (rent and tuition), accrued interest, interfund, intergovernmental, and property taxes. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	District-Wide Financial <u>Statements</u>
State Aid	\$ 1,426,357	\$ 1,428,901
Federal Aid	1,695,397	1,808,703
Interfunds	80	80
Other	<u>61,248</u>	<u>61,248</u>
Gross Receivables	3,183,082	3,298,932
Allowance for Uncollectible	-	-
Total Receivables, Net	<u>\$ 3,183,082</u>	<u>\$ 3,298,932</u>

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

8. Capital Assets

Capital Assets consisted of the following at June 30, 2022:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 2,117,793	\$ -	\$ -	\$ 2,117,793
Construction in Progress	<u>2,755,948</u>	<u>419,330</u>	<u>(2,755,948)</u>	<u>419,330</u>
Total Capital Assets Not Being Depreciated	<u>4,873,741</u>	<u>419,330</u>	<u>(2,755,948)</u>	<u>2,537,123</u>
Capital Assets Being Depreciated				
Site Improvements	-	-	-	-
Building and Building Improvements	101,038,995	4,986,860	-	106,025,855
Machinery and Equipment	<u>12,984,565</u>	<u>577,340</u>	<u>(1,048,939)</u>	<u>12,512,966</u>
Totals at Historical Cost	<u>114,023,560</u>	<u>5,564,200</u>	<u>(1,048,939)</u>	<u>118,538,821</u>
Less Accumulated Depreciation for:				
Site Improvements	-	-	-	-
Building and Building Improvements	(53,762,479)	(2,692,766)	-	(56,455,245)
Machinery and Equipment	<u>(9,126,114)</u>	<u>(795,532)</u>	<u>1,047,953</u>	<u>(8,873,693)</u>
Total Accumulated Depreciation	<u>(62,888,593)</u>	<u>(3,488,298)</u>	<u>1,047,953</u>	<u>(65,328,938)</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>51,134,967</u>	<u>2,075,902</u>	<u>(986)</u>	<u>53,209,883</u>
Government Activity Capital Assets, Net	<u>\$ 56,008,708</u>	<u>\$ 2,495,232</u>	<u>\$ (2,756,934)</u>	<u>\$ 55,747,006</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Equipment	\$ 636,771	41,282	-	\$ 678,053
Less: Accumulated Depreciation	<u>(494,160)</u>	<u>(15,829)</u>	<u>-</u>	<u>(509,989)</u>
Business-Type Capital Assets, Net	<u>\$ 142,611</u>	<u>\$ 25,453</u>	<u>-</u>	<u>\$ 168,064</u>

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ <u>3,488,298</u>
Total depreciation expense	\$ <u><u>3,488,298</u></u>

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

9. Non-current Liabilities

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

	Balance <u>July 01, 2021</u>	Increase/ <u>(Decrease)</u>	Balance <u>June 30, 2022</u>	Due within <u>one year</u>
Bonds payable	\$ 31,300,000	(2,165,000)	29,135,000	\$ 2,345,000
Obligations under capital leases	8,067,566	(658,147)	7,409,419	1,030,186
Compensated absences payable	2,050,688	389,091	2,439,779	207,339
Pension liability - PERS	<u>22,709,334</u>	<u>(6,184,976)</u>	<u>16,524,358</u>	-
	<u>\$ 64,127,588</u>	<u>(8,619,032)</u>	<u>55,508,556</u>	<u>\$ 3,582,525</u>

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

A. Bonds Payable

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

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

Year ended June 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 2,345,000	\$ 1,361,825	\$ 3,706,825
2024	2,545,000	1,243,075	3,788,075
2025	2,755,000	1,113,950	3,868,950
2023	3,155,000	977,900	4,132,900
2027	3,395,000	834,150	4,229,150
2028-2031	12,360,000	1,811,800	14,171,800
2032	<u>2,580,000</u>	<u>129,000</u>	<u>2,709,000</u>
	<u>\$ 29,135,000</u>	<u>\$ 7,471,700</u>	<u>\$ 36,606,700</u>

B. Bonds Authorized But Not Issued

As of June 30, 2022 the District had no authorized but not issued bonds.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

9. Non-current Liabilities (Con'td)

C. Finance Purchases Payable

The District is leasing equipment under various finance purchase agreements. The following is a schedule of the remaining future minimum lease payments under the finance purchase agreements and the present value of the net minimum lease payments at June 30, 2022:

Year ended June 30,	
2023	\$ 1,231,276
2024	1,044,700
2025	717,097
2026	552,121
2027	468,320
2028-2032	2,548,281
2033-2036	<u>2,313,900</u>
Total minimum lease payments	8,875,695
Less: amounts representing interest	<u>(1,466,276)</u>
Present value of lease payments	<u>\$ 7,409,419</u>

Amortization of the equipment under the finance purchase agreements is included with depreciation expense.

10. Pension Plans

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's 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.

The following represents the membership tiers for PERS:

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

10. Pension Plans (cont'd)

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

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

Contributions - The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2021, the State's pension contribution was less than the actuarial determined amount.

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

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2021, the School District reported a liability of \$16,524,358 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined using update procedure to roll forward the total pension liability from an actuarial valuation as of July 1, 2020, to the measurement date of June 30, 2021. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2021. The School District's proportion measured as of June 30, 2021, was .1394872657%, which was an increase of .0002292915% from its proportion measured as of June 30, 2020.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

10. Pension Plans (cont'd)

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

For the year ended June 30, 2022, the School District recognized full accrual pension expense of \$(833,748) in the government-wide financial statements consisting of employer contributions of \$1,633,558 and non-employer contributions of \$(2,467,306). This pension expense was based on the pension plans June 30, 2021 measurement date. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 260,610	\$ 118,295
Changes of assumptions	86,059	5,882,778
Net difference between projected and actual earnings on pension plan investments	-	4,352,950
Changes in proportion and differences between District contributions and proportionate share of contributions	523,486	1,764,061
District contributions subsequent to the measurement date	<u>1,683,450</u>	<u>-</u>
Total	<u>\$ 2,553,605</u>	<u>\$ 12,118,084</u>

\$1,683,450 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2021-2022 total salaries for PERS employees multiplied by an employer contribution rate. The payable is due on April 1, 2023 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ (4,382,377)
2023	(3,129,007)
2024	(2,133,449)
2025	(1,603,720)
2026	623
Thereafter	-
Total	<u>\$ (11,247,930)</u>

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

10. Pension Plans (cont'd)

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	5.16	-
June 30, 2021	5.13	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	5.13	-
Net Difference between projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2016	5.00	5.00
June 30, 2017	5.00	5.00
June 30, 2018	5.00	5.00
June 30, 2019	5.00	5.00
June 30, 2020	5.00	5.00
June 30, 2021	5.00	5.00

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.13, 5.16, 5.21, 5.63, 5.48, and 5.57 years for the 2021, 2020, 2019, 2018, 2017, and 2016 amounts, respectively.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

10. Pension Plans (cont'd)

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

Actuarial Assumptions - The collective 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 assumptions:

Inflation Rate

Price	2.75%
Wage	3.25%

Salary Increases:

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

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

10. Pension Plans (cont'd)

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) 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 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00 %	8.09 %
Non-U.S. Developed Markets Equity	13.50 %	8.71 %
Emerging Markets Equity	5.50 %	10.96 %
Private Equity	13.00 %	11.30 %
Real Assets	3.00 %	7.40 %
Real Estate	8.00 %	9.15 %
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 %

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

10. Pension Plans (cont'd)

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

Discount Rate

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	22,742,705	16,524,358	11,572,847

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

	<u>6/30/22</u>	<u>6/30/21</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
School District's Portion	.1394872657%	.1392579742%

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

10. Pension Plans (cont'd)

B. Teachers' Pension and Annuity (TPAF)

Plan Description - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's 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. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

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

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

10. Pension Plans (cont'd)

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

Contributions - The contribution policy for TPAF is set by *N.J.S.A. 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2021, the State's pension contribution was less than the actuarial determined amount.

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

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2021 was \$133,281,257. The School District's proportionate share was \$0.

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 July 1, 2020, which was rolled forward to June 30, 2021. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2021, the State proportionate share of the TPAF net pension liability attributable to the School District was .2772350162%, which was a decrease of .0065825014% from its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the State of New Jersey recognized a pension expense in the amount of \$11,535,327 for the State's proportionate share of the TPAF pension expense attributable to the School District. This pension expense was based on the pension plans June 30, 2021 measurement date.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

10. Pension Plans (cont'd)

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

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

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

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

10. Pension Plans (cont'd)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00 %	8.09 %
Non-U.S. Developed Markets Equity	13.50 %	8.71 %
Emerging Markets Equity	5.50 %	10.96 %
Private Equity	13.00 %	11.30 %
Real Assets	3.00 %	7.40 %
Real Estate	8.00 %	9.15 %
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 %

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 made based on 100% of the actuarially determined contributions to the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments in determining the total pension liability.

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

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

10. Pension Plans (Cont'd)

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
State's proportionate share of the net pension liability	157,991,836	133,281,257	112,989,103

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

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

	<u>6/30/22</u>	<u>6/30/21</u>
Collective Deferred Outflows of Resources	6,373,530,834	9,626,548,228
Collective Deferred Inflows of Resources	27,363,797,906	14,591,988,841
Collective Net Pension Liability	48,165,991,182	65,993,498,688
School District's Portion	0.27723502%	0.28381752%

Defined Contribution Retirement Plan (DCRP)

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

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

10. Pension Plans (Cont'd)

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

The District's contributions to the DCRP for June 30, 2022 were \$49,683. The liability for unpaid contributions at June 30, 2022 was \$0.

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

11. Post-Retirement Benefits

General Information about the OPEB Plan

Plan description and benefits provided

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

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

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

11. Post-Retirement Benefits (cont'd)

Basis of Presentation

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

Employees covered by benefit terms

At June 30, 2020, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	150,427
Active plan members	<u>213,901</u>
Total	<u><u>364,328</u></u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2021 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:

Inflation Rate	2.50%
Salary Increases through 2026	PERS 2.00%-6.00% PFRS 3.25%-15.25% TPAF 1.55%-4.45%
Salary Increases after 2026	PERS 3.00%-7.00% PFRS - N/A TPAF 2.75%-5.65%
Discount Rate	2.16%
Healthcare Cost Trend Rates	4.5%-5.6%
Retirees' Share of Benefit Related Costs	1.5% of projected health insurance premiums for retirees

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

11. Post-Retirement Benefits (cont'd)

Total Nonemployer OPEB Liability (cont'd)

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, July 1, 2014 - June 30, 2018, and July 1, 2013 - June 30, 2018 for TPAF, PERS and PFRS, respectively.

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

Balance at June 30, 2020	\$ 67,809,962,608
Changes for the year:	
Service cost	3,217,184,264
Interest on the total OPEB liability	1,556,661,679
Changes of benefit terms	(63,870,842)
Differences between expected and actual experiences	(11,385,071,658)
Changes in assumptions	59,202,105
Gross benefit payments by the state	(1,226,213,382)
Contributions from members	<u>39,796,196</u>
Net changes	<u>(7,802,311,638)</u>
Balance at June 30, 2021	<u>\$ 60,007,650,970</u>

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

11. Post-Retirement Benefits (cont'd)

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 the total OPEB liability to changes in the discount rate

The following presents the June 30, 2021 total OPEB liability of the State for school board retirees, as well as the State's total OPEB liability for the school district calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB Liability of the State for School Retirees	\$71,879,745,555	\$60,007,650,970	\$50,659,089,138
Total OPEB Liability of the State Associated with the School District for School Retirees	\$224,190,888	\$187,162,164	\$158,004,264

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates 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 fiscal year 2025 and decreases to 4.50% 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 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

11. Post-Retirement Benefits (cont'd)

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

The following presents the June 30, 2021 total OPEB liability of the State for school board retirees, as well as the State's total OPEB liability for the school district calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Trend Rate	1% Increase
Total OPEB Liability of the State for School Retirees	\$48,576,388,417	\$60,007,650,970	\$75,358,991,782
Total OPEB Liability of the State Associated with the School District for School Retirees	\$151,508,371	\$187,162,164	\$235,042,569

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 \$2,965,199 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB 75 and in which there is a special funding situation.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,045,886,863	\$ 18,009,362,976
Changes of assumptions	10,179,536,966	6,438,261,807
Contributions made in fiscal year ending 2022 after June 30, 2021 measurement date		-
Total	<u>\$ 19,225,423,829</u>	<u>\$ 24,447,624,783</u>

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

11. Post-Retirement Benefits (cont'd)

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

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

Year ended June 30:	
2022	\$ (1,182,303,041)
2023	(1,182,303,041)
2024	(1,182,303,041)
2025	(1,182,303,041)
2026	(840,601,200)
Thereafter	<u>347,612,410</u>
Total	<u>\$ (5,222,200,954)</u>

12. Compensated Absences

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

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

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

13. Deferred Compensation

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

- Brighthouse Financial
- Corebridge Financial (AIG Retirement)
- Equitable
- Lincoln Investment Planning, Inc.
- Metlife Investors (MLR)
- Security Benefit Corp.
- Vanguard Fiduciary Trust

14. Risk Management

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

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

Self Insurance Plan -The District is self- insured for medical and prescription drug coverage of which certain actuarial assumptions are used by the insurance carrier to calculate "Incurred but not reported" (IBNR) amounts at year-end. Such amounts are reflected in the Government-wide Financial Statements as liabilities. At June 30, 2022 the resultant IBNR was \$912,000.

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

District Financial Year	District Contributions	Interest	Amount Reimbursed	Ending Balance
2021-2022	\$ 83,240	1,069	2,570	\$ 582,133
2020-2021	77,973	997	72,933	500,394
2019-2020	292,170	989	108,912	494,357

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

15. Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at June 30, 2022:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 80	\$ -
Enterprise Fund	-	80
	<u>\$ 80</u>	<u>\$ 80</u>

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

16. Inventory

Inventory in the Food Service Fund at June 30, 2022 consisted of the following:

Food	\$ 5,385
Supplies	<u>3,917</u>
	<u>\$ 9,302</u>

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

17. Contingent Liabilities

Grant Programs

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

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

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

18. Fund Balances

General Fund - Of the \$24,843,674 General Fund balance at June 30, 2022, \$5,056,707 is assigned to other purposes, \$10,871,419 is restricted for capital reserve, \$3,590,383 is restricted for maintenance reserve, \$790,990 is restricted for the emergency reserve, \$582,133 is restricted for unemployment compensation, \$0 is restricted for excess surplus for subsequent year expenditures, \$2,000,000 has been classified as assigned fund balance designated for subsequent year expenditures, \$0 is restricted for excess surplus and \$1,952,042 is unassigned.

19. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2022 is \$0. The excess fund balance at June 30, 2021 was \$0.

20. Uncertain Tax Positions

The school district had no unrecognized tax benefits at June 30, 2022. The school district files tax returns in the U.S. federal jurisdiction and various states. The school district has no open year prior to June 30, 2019.

21. Risks and Contingencies

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Therefore, it is uncertain as to the full magnitude that the pandemic will have on school district's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity and operations, suppliers, industry and workforce.

22. Subsequent Events

Management has evaluated subsequent events through February 14, 2023, the date the financial statements were available to be issued.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2022

23. Tax Abatement

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

24. Economic Dependency

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

REQUIRED SUPPLEMENTARY INFORMATION - PART II

FREEHOLD TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 69,883,720	\$ -	\$ 69,883,720	\$ 69,883,720	\$ -
Tuition from individuals	196,500	-	196,500	288,471	91,971
Tuition from other LEAs within the state	403,399	-	403,399	476,116	72,717
Transportation Fees from Individuals	13,260	-	13,260	17,215	3,955
Interest earned on emergency reserve	5,000	(5,000)	-	1,150	1,150
Interest earned on maintenance reserve	20,000	(20,000)	-	8,995	8,995
Interest earned on capital reserve funds	45,000	(45,000)	-	24,581	24,581
Interest earned on unemployment	-	-	-	1,069	1,069
Rents and Royalties	91,170	-	91,170	95,405	4,235
Miscellaneous	354,015	70,000	424,015	377,675	(46,340)
Total - local sources	71,012,064	-	71,012,064	71,174,397	162,333
State sources:					
Transportation aid	709,345	-	709,345	709,345	-
Special education aid	2,860,147	-	2,860,147	2,860,147	-
Extraordinary aid	625,000	-	625,000	1,272,820	647,820
Non public transportation aid	-	-	-	39,730	39,730
Other state aides	-	-	-	-	-
Equalization aid	1,100,169	-	1,100,169	1,100,169	-
Categorical security aid	93,758	-	93,758	93,758	-
TPAF - LTDI (on-behalf - Non-budgeted)	-	-	-	3,943	3,943
TPAF - post retirement medical (on-behalf - Non-budgeted)	-	-	-	2,695,119	2,695,119
Teacher's pension and annuity fund (on-behalf - Non-budgeted)	-	-	-	11,535,327	11,535,327
TPAF social security (reimbursed - Non-budgeted)	-	-	-	2,353,436	2,353,436
Total state sources	5,388,419	-	5,388,419	22,663,794	17,275,375
Federal Sources:					
Medicaid Reimbursement	111,735	-	111,735	93,886	(17,849)
FFCRA/SEMI Revenue	-	-	-	-	-
Total federal sources	111,735	-	111,735	93,886	(17,849)
Total revenues	76,512,218	-	76,512,218	93,932,077	17,419,859
EXPENDITURES:					
Current Expenditures:					
Regular Programs - Instruction:					
Preschool - Salaries of teachers	193,760	61,258	255,018	250,815	4,203
Kindergarten - Salaries of teachers	1,248,359	(74,994)	1,173,365	1,172,803	562
Grades 1-5 - Salaries of teachers	9,541,246	45,686	9,586,932	9,525,204	61,728
Grades 6-8 - Salaries of teachers	6,802,160	(112,360)	6,689,800	6,585,561	104,239
Regular Programs - Home Instruction:					
Salaries of teachers	48,000	19,000	67,000	59,810	7,190
Purchased professional-educational services	31,000	2,100	33,100	19,928	13,172
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	600,993	54,213	655,206	641,216	13,990
Unused Vac Payment to Term/Ret Staff	-	12,600	12,600	12,600	-
Purchased professional technical services	86,800	4,225	91,025	27,395	63,630
Other purchased services (400-500 series)	108,900	(1,030)	107,870	66,465	41,405
General supplies	1,648,814	(37,296)	1,611,518	1,423,158	188,360
Textbooks	-	-	-	-	-
Other objects	-	520	520	520	-
TOTAL REGULAR PROGRAMS - INSTRUCTION	20,310,032	(26,078)	20,283,954	19,785,475	498,479
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of teachers	615,448	167,078	782,526	778,100	4,426
Other salaries for instruction	464,564	(28,905)	435,659	364,736	70,923
Other Purch. Serv. (400-500 series)	4,000	-	4,000	1,236	2,764
General supplies	36,850	3,680	40,530	35,545	4,985
Total Learning and/or Language Disabilities	1,120,862	141,853	1,262,715	1,179,617	83,098
Behavioral Disabilities:					
Salaries of teachers	67,177	-	67,177	63,209	3,968
Other salaries for instruction	161,524	62,064	223,588	216,810	6,778
Purchased professional-educational services	2,000	-	2,000	400	1,600
Other purchased services (400-500 series)	7,005	3,000	10,005	2,682	7,323
General supplies	10,950	3,875	14,825	13,173	1,652
Total Behavioral Disabilities	248,656	68,939	317,595	296,274	21,321

FREEHOLD TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Multiple Disabilities:					
Salaries of teachers	223,496	3,465	226,961	221,180	5,781
Other salaries for instruction	261,075	104,135	365,210	320,727	44,483
Purchased professional-educational services	5,000	8,000	13,000	1,325	11,675
Other Purch. Serv. (400-500 series)	1,550	-	1,550	-	1,550
General supplies	13,477	-	13,477	10,064	3,413
Total Multiple Disabilities	504,598	115,600	620,198	553,296	66,902
Resource Room/Resource Center:					
Salaries of teachers	5,270,966	(372,750)	4,898,216	4,710,863	187,353
Other salaries for instruction	1,246,363	(115,145)	1,131,218	1,125,165	6,053
Purchased technical services	18,000	-	18,000	-	18,000
Other Purch. Serv. (400-500 series)	33,300	-	33,300	5,302	27,998
General supplies	88,850	130	88,980	56,846	32,134
Textbooks	2,000	(2,000)	-	-	-
Other Objects	-	2,000	2,000	1,995	5
Total Resource Room/Resource Center	6,659,479	(487,765)	6,171,714	5,900,171	271,543
Autism:					
Salaries of teachers	356,865	-	356,865	348,922	7,943
Other salaries for instruction	242,808	213,580	456,388	443,616	12,772
Purchased professional-educational services	37,875	(11,000)	26,875	3,631	23,244
Other purchased services (400-500 series)	1,000	-	1,000	300	700
General supplies	28,750	(1,675)	27,075	6,888	20,187
Total Autism	667,298	200,905	868,203	803,357	64,846
Preschool Disabilities - Full Time					
Salaries of teachers	354,644	79,024	433,668	407,731	25,937
Other salaries for instruction	418,645	64,584	483,229	479,089	4,140
Other Purch. Serv. (400-500 series)	1,000	-	1,000	-	1,000
General supplies	12,450	-	12,450	9,648	2,802
Total Preschool Disabilities - Full Time	786,739	143,608	930,347	896,468	33,879
TOTAL SPECIAL EDUCATION - INSTRUCTION	9,987,632	183,140	10,170,772	9,629,183	541,589
Basic Skills/Remedial - Instruction					
Salaries of teachers	841,010	121,467	962,477	960,735	1,742
General Supplies	18,200	(585)	17,615	7,379	10,236
Total Basic Skills/Remedial - Instruction	859,210	120,882	980,092	968,114	11,978
Bilingual Education - Instruction					
Salaries of teachers	309,224	12,688	321,912	290,557	31,355
Other Sal. For Instruction	77,581	(30,000)	47,581	39,409	8,172
Other purchased services (400-500 series)	8,150	-	8,150	8,050	100
General Supplies	8,850	-	8,850	1,303	7,547
Total Bilingual Education - Instruction	403,805	(17,312)	386,493	339,319	47,174
School-Spon. Cocurricular Activities - Instruction					
Salaries	174,320	410	174,730	174,730	-
Supplies and materials	8,665	(410)	8,255	5,936	2,319
Other objects	3,000	279	3,279	1,831	1,448
Total School-Spon. Cocurricular Actvts. - Instruction	185,985	279	186,264	182,497	3,767
School-Spon. Athletics - Instruction					
Salaries	157,550	9,884	167,434	167,284	150
Purchased services (300-500 series)	31,508	(9,884)	21,624	20,450	1,174
Supplies and materials	25,000	-	25,000	19,545	5,455
Total School-Spon. Cocurricular Actvts. - Instruction	214,058	-	214,058	207,279	6,779
Other Instructional Programs - Instruction					
Supplies and materials	4,000	465	4,465	2,600	1,865
Total Other Instructional Programs - Instruction	4,000	465	4,465	2,600	1,865
Total Instruction	31,964,722	261,376	32,226,098	31,114,467	1,111,631
Undistributed Expenditures - Instruction:					
Tuition to other LEAs within the state - regular	39,000	80,812	119,812	47,913	71,899
Tuition to other LEAs within the state - special	-	5,832	5,832	5,820	12
Tuition to CSSD & Reg Day School	174,844	-	174,844	75,985	98,859
Tuition to Priv. Sch. For Handic. in state	1,117,508	(65,654)	1,051,854	713,943	337,911
Total Undistributed Expenditures - Instruction:	1,331,352	20,990	1,352,342	843,661	508,681
Undist. Expend. - Health Services					
Salaries	785,434	1,325	786,759	752,658	34,101
Purchased professional and technical services	23,684	(3,469)	20,215	19,152	1,063
Other Purchd. Serv. (400-500 series)	20,100	(4,495)	15,605	8,992	6,613
Supplies and materials	41,729	7,721	49,450	45,204	4,246
Other objects	150	-	150	-	150
Total Undistributed Expenditures - Health Services	871,097	1,082	872,179	826,006	46,173

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Other Support Serv - Students Related Service					
Salaries	1,588,034	(2,000)	1,586,034	1,543,580	42,454
Purchased professional - educational services	128,850	(10,149)	118,701	68,857	49,844
Other Objects	8,500	149	8,649	3,859	4,790
Supplies and materials	16,500	10,064	26,564	24,613	1,951
Total Undist. Expend. - Other Support Serv - Students	1,741,884	(1,936)	1,739,948	1,640,909	99,039
Undist. Expend. - Other Support Services - Students - Extraordinary Services					
Salaries	780,261	(248,051)	532,210	500,457	31,753
Purchased Prof. Ed. Services	-	-	-	-	-
Supplies and materials	-	-	-	-	-
Other Objects	-	-	-	-	-
Total Undist. Expend. - Other Support Services Students - Extraordinary Services	780,261	(248,051)	532,210	500,457	31,753
Undist. Expend. - Other Support Serv Students-Regular					
Salaries of other professional staff	766,439	(1,234)	765,205	751,016	14,189
Salaries of secretarial and clerical assistants	118,794	-	118,794	111,707	7,087
Other Salaries	50,319	(25,092)	25,227	22,088	3,139
Purchased professional - educational services	13,400	-	13,400	13,354	46
Other purchased prof. and tech. services	-	-	-	-	-
Other purchased services (400-500 series)	18,500	250	18,750	3,725	15,025
Supplies and materials	28,650	(30)	28,620	23,008	5,612
Other objects	15	30	45	15	30
Total Undist. Expend. - Other Support Serv - Students-Regular	996,117	(26,076)	970,041	924,913	45,128
Undist. Expend. - Other Support Serv - Students-Special					
Salaries of other professional staff	2,090,944	(60,965)	2,029,979	1,940,141	89,838
Salaries of secretarial and clerical assistants	294,640	(51,215)	243,425	218,550	24,875
Unused Vac Pay to Term/Retired Staff	-	6,921	6,921	6,921	-
Other purchased prof. and tech. services	62,500	-	62,500	44,538	17,962
Other purchased services (400-500 series)	24,633	730	25,363	13,240	12,123
Misc purchased services (400-500 series o/than resid costs)	-	-	-	-	-
Supplies and materials	83,500	(3,000)	80,500	47,100	33,400
Other objects	4,000	2,000	6,000	4,685	1,315
Total Undist. Expend. - Other Supp Services - Students-Special	2,560,217	(105,529)	2,454,688	2,275,175	179,513
Undist. Expend. - Improv of Instruct Serv - Other Sup Serv - Instr					
Salaries of supervisor of instruction	1,082,926	28,475	1,111,401	1,107,202	4,199
Other Salaries	114,345	-	114,345	78,294	36,051
Purchased professional - educational services	16,100	-	16,100	4,652	11,448
Unused Vac Pay to Term/Retired Staff	-	33,007	33,007	31,362	1,645
Other purchased services (400-500)	34,100	778	34,878	17,428	17,450
Supplies and materials	55,799	378	56,177	39,292	16,885
Other objects	12,805	660	13,465	7,066	6,399
Total Undist. Expend. - Improv of Instruct Serv - Other Sup Serv - Instr	1,316,075	63,298	1,379,373	1,285,296	94,077
Undist. Expend. - Educational Media Services/School Library					
Salaries	523,674	-	523,674	518,113	5,561
Supplies and materials	68,314	2,243	70,557	57,527	13,030
Total Undist. Expend. - Educational Media Services/School Library	591,988	2,243	594,231	575,640	18,591
Undist. Expend. - Instruction Staff Training Services					
Salaries of other professional staff	56,100	(1,827)	54,273	48,361	5,912
Unused Vac Pay to Term/Retired Staff	-	-	-	-	-
Purchased professional - educational services	83,500	(10,000)	73,500	25,500	48,000
Other purchased services (400-500)	64,950	-	64,950	56,730	8,220
Supplies and materials	1,000	956	1,956	672	1,284
Total Undist. Expend. - Instruction Staff Training Services	205,550	(10,871)	194,679	131,263	63,416
Undist. Expend. - Support Service - General Administration					
Salaries	495,868	2,078	497,946	497,946	-
Unused Vac Pay to Term/Retired Staff	12,571	-	12,571	12,164	407
Legal services	135,000	8,000	143,000	107,889	35,111
Audit Fees	33,150	1,000	34,150	34,150	-
Architectural/Engineering Services	70,000	160,000	230,000	23,482	206,518
Other purchased professional services	11,281	-	11,281	4,194	7,087
Purchased technical services	41,000	611	41,611	-	41,611
Communications/Telephone	241,675	3,956	245,631	184,792	60,839
BOE Other purchased services	8,800	(850)	7,950	1,925	6,025
Other purchased services (400-500 series)	231,040	(10,000)	221,040	201,673	19,367
General supplies	18,800	(3,260)	15,540	8,670	6,870
Miscellaneous expenditures	11,700	2,214	13,914	12,761	1,153
BOE membership dues and fees	31,000	-	31,000	27,563	3,437
Total Undist. Expend. - Support Service - General Administration	1,341,885	163,749	1,505,634	1,117,209	388,425

FREEHOLD TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Support Service - School Administration					
Salaries of principals/Assistant principals	1,648,948	1	1,648,949	1,574,223	74,726
Salaries of secretarial and clerical assistants	839,269	-	839,269	821,417	17,852
Unused Vac Pay to Term/Retired Staff	-	-	-	-	-
Other purchased services (400-500 series)	92,150	(6,452)	85,698	51,765	33,933
Supplies and materials	58,025	(617)	57,408	39,612	17,796
Other objects	18,960	73	19,033	15,980	3,053
Total Undist. Expend. - Support Service - School Administration	2,657,352	(6,995)	2,650,357	2,502,997	147,360
Undistributed Expenditures - Central Services					
Salaries	754,314	2,438	756,752	747,217	9,535
Unused Vac Pay to Term/Retired Staff	-	7,123	7,123	7,123	-
Purchased professional services	10,156	14,100	24,256	23,138	1,118
Purchased technical services	59,706	7,080	66,786	61,067	5,719
Misc. Purchased Services	5,000	-	5,000	2,310	2,690
Supplies and materials	25,005	(7,862)	17,143	15,053	2,090
Other objects	16,975	2,062	19,037	17,894	1,143
Total Undist. Expend. - Central Services	871,156	24,941	896,097	873,802	22,295
Undist.- Admin. Info. Technology					
Salaries	483,179	52,435	535,614	487,059	48,555
Unused Vac Pay to Term/Retired Staff	-	9,342	9,342	9,342	-
Purchased Professional Services	290,950	24,298	315,248	295,814	19,434
Other Purchased Services	77,594	(9,400)	68,194	37,780	30,414
Supplies and materials	109,000	2,333	111,333	78,539	32,794
Other objects	1,500	-	1,500	-	1,500
Total Undist. Expend - Admin. Info. Technology	962,223	79,008	1,041,231	908,534	132,697
Undist. Expend. - Allowed Maintenance for School Facilities					
Salaries	530,077	3,892	533,969	513,583	20,386
Cleaning, repair and maintenance services	709,249	21,125	730,374	526,078	204,296
Lead Testing of Drinking Water	18,000	-	18,000	14,369	3,631
General supplies	176,525	-	176,525	158,833	17,692
Other objects	1,000	1,400	2,400	2,148	252
Total Undist. Expend. - Allowed Maintenance for School Facilities	1,434,851	26,417	1,461,268	1,215,011	246,257
Undist. Expend. - Other Operation & Maintenance of Plant					
Salaries	2,009,355	6,389	2,015,744	1,929,580	86,164
Salaries of non-instructional aides	263,023	-	263,023	147,544	115,479
Unused Vac Pay to Term/Retired Staff	5,983	5,349	11,332	10,227	1,105
Purchased professional and technical services	2,500	-	2,500	-	2,500
Cleaning, repair and maintenance services	156,250	(6,781)	149,469	68,743	80,726
Lease purchase pymts - energy savings impr prog	536,652	-	536,652	536,651	1
Other purchased property services	138,505	-	138,505	135,835	2,670
Misc Purchased Services	2,500	-	2,500	-	2,500
Insurance	175,167	-	175,167	175,167	-
General supplies	153,601	15,000	168,601	164,722	3,879
Energy (electricity)	1,000,000	(30,738)	969,262	781,802	187,460
Other objects	2,500	-	2,500	918	1,582
Energy (natural gas)	325,550	120,605	446,155	378,068	68,087
Total Undist Expend-Other Operation & Maint Of Plant	4,771,586	109,824	4,881,410	4,329,257	552,153
Undist. Expend. - Care & Upkeep of Grounds					
Salaries	222,675	300	222,975	213,688	9,287
Cleaning, repair and maintenance services	112,000	(36,476)	75,524	54,683	20,841
General supplies	48,650	-	48,650	37,723	10,927
Total Undist Expend-Care & Upkeep of Grounds	383,325	(36,176)	347,149	306,094	41,055
Security					
Purchased Professional and Technical Services	128,723	37,254	165,977	152,104	13,873
Cleaning, repair and maintenance services	15,000	-	15,000	3,548	11,452
General supplies	44,710	(18,845)	25,865	-	25,865
Total Security	188,433	18,409	206,842	155,652	51,190

FREEHOLD TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Student Transportation Services					
Salaries of non-instructional aides	356,792	2,500	359,292	320,018	39,274
Salaries-pupil transport(between home & school)-Regular	1,179,656	(6,453)	1,173,203	1,113,551	59,652
Salaries-pupil transport (between home & school)-Special	587,683	4,001	591,684	520,621	71,063
Salaries-pupil transport(other than home & school)-Regular	78,688	-	78,688	63,662	15,026
Other purchased professional and technical services	16,500	-	16,500	6,341	10,159
Cleaning, repair and maintenance services	465,000	-	465,000	323,341	141,659
Lease purchase payments - School buses	714,998	-	714,998	708,645	6,353
Contract Svc (btw Home & Sch.) - Vendors	4,500	-	4,500	2,400	2,100
Contract Svc - Aid in Lieu Pymts - NonPub Sch	105,000	19,346	124,346	123,963	383
Contract Svc (other btw home & Sch.) - Vendors	3,000	-	3,000	-	3,000
Contract Svc (Sp Ed Stds) - Vendors	11,000	(4,346)	6,654	-	6,654
Contract Svc (Regular students) - ESCs & CTSAs	60,000	(58,286)	1,714	500	1,214
Contract Svc (Spl. Ed. Students) - ESCs & CTSAs	525,000	256,754	781,754	688,638	93,116
General supplies	2,600	-	2,600	2,221	379
Misc Purchased Serv - Transportation	95,993	(29,071)	66,922	65,472	1,450
Transportation supplies	355,000	(36,419)	318,581	212,579	106,002
Misc Expenditures	7,200	-	7,200	3,910	3,290
Total Undist. Expend. - Student Transportation Services	4,568,610	148,026	4,716,636	4,155,862	560,774
Interest Earned on Current Expense Emergency Reserve					
Interest earned on current expense emergency reserve	5,000	(5,000)	-	-	-
Total Interest Earned on Current Expense Emergency Reserve	5,000	(5,000)	-	-	-
Interest Earned on Maintenance Reserve					
Interest earned on maintenance reserve	20,000	(20,000)	-	-	-
Total Interest Earned on Maintenance Reserve	20,000	(20,000)	-	-	-
ALLOCATED EMPLOYEE BENEFITS					
Regular Programs - Instruction					
Unused Vac Pay to Term/Retired Staff	78,485	(78,485)	-	-	-
Total Regular Programs - Instruction	78,485	(78,485)	-	-	-
Special Programs - Instruction					
Unused Vac Pay to Term/Retired Staff	59,950	(59,950)	-	-	-
Total Special Programs - Instruction	59,950	(59,950)	-	-	-
Health Services					
Unused Vac Pay to Term/Retired Staff	5,675	(5,675)	-	-	-
Total Health Services	5,675	(5,675)	-	-	-
Instructional Staff Training Services					
Unused Vac Pay to Term/Retired Staff	625	(625)	-	-	-
Total Instructional Staff Training Services	625	(625)	-	-	-
Other Supp Serv - Child Study Teams					
Unused Vac Pay to Term/Retired Staff	6,000	(6,000)	-	-	-
Total Other Supp Serv - Child Study Teams	6,000	(6,000)	-	-	-
Support Services - School Admin.					
Unused Vac Pay to Term/Retired Staff	5,038	(5,038)	-	-	-
Total Support Services - School Admin.	5,038	(5,038)	-	-	-
Support Services - Central Services					
Unused Vac Pay to Term/Retired Staff	6,000	(6,000)	-	-	-
Total Support Services - Central Services	6,000	(6,000)	-	-	-
Support Services - Custodial Services					
Unused Vac Pay to Term/Retired Staff	350	(350)	-	-	-
Total Support Services - Custodial Services	350	(350)	-	-	-
Student Transportation Services					
Unused Vac Pay to Term/Retired Staff	14,575	(14,575)	-	-	-
Total Student Transportation Services	14,575	(14,575)	-	-	-
TOTAL ALLOCATED EMPLOYEE BENEFITS	176,698	(176,698)	-	-	-
UNALLOCATED EMPLOYEE BENEFITS					
Group insurance	14,700	-	14,700	12,826	1,874
Social security contributions	1,115,672	-	1,115,672	1,005,120	110,552
Other retirement contributions - PERS	1,469,319	217,250	1,686,569	1,683,450	3,119
Unemployment Compensation	20,350	(6,594)	13,756	-	13,756
Workmen's compensation	799,309	(218,250)	581,059	555,185	25,874
Health benefits	14,508,720	271,638	14,780,358	12,653,177	2,127,181
Tuition reimbursement	145,000	9,267	154,267	102,347	51,920
Unused Vac Pay to Term/Retired Staff	-	179,589	179,589	176,581	3,008
Other employee benefits	27,000	2,244	29,244	19,366	9,878
TOTAL UNALLOCATED EMPLOYEE BENEFITS	18,100,070	455,144	18,555,214	16,208,052	2,347,162
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	18,276,768	278,446	18,555,214	16,208,052	2,347,162

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
ON-BEHALF CONTRIBUTIONS					
On-behalf TPAF LTDI (non-budgeted)	-	-	-	3,943	(3,943)
On-behalf TPAF OPEB (post retirement med) (non-budgeted)	-	-	-	2,695,119	(2,695,119)
On-behalf TPAF Pension Contributions (non-budgeted)	-	-	-	11,535,327	(11,535,327)
Reimbursed TPAF social security contributions (non-budgeted)	-	-	-	2,353,436	(2,353,436)
TOTAL ON-BEHALF CONTRIBUTIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,587,825</u>	<u>(16,587,825)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>45,875,730</u>	<u>475,799</u>	<u>46,351,529</u>	<u>57,363,615</u>	<u>(11,012,086)</u>
TOTAL GENERAL CURRENT EXPENDITURES	<u>77,840,452</u>	<u>737,175</u>	<u>78,577,627</u>	<u>88,478,082</u>	<u>(9,900,455)</u>
CAPITAL OUTLAY					
Increase in Capital Reserve	500,000	(500,000)	-	-	-
Interest Deposit to Capital Reserve	45,000	(45,000)	-	-	-
Equipment					
Regular Programs - Instruction:					
Grades 1-5	-	5,945	5,945	3,103	2,842
Grades 6-8	8,000	7,158	15,158	15,158	-
Special Education - Instruction - Multiple Disabilities	6,000	(6,000)	-	-	-
Undistributed expenditures - Admin Info Tech	-	14,455	14,455	14,455	-
Undistributed expenditures - Required Maint. For Schools	10,000	(2,667)	7,333	7,333	-
Undistributed expenditures - Custodial services	11,000	7,045	18,045	18,045	-
Undistributed expenditures - Care and Upkeep of Grounds	12,000	(3,238)	8,762	8,762	-
Undistributed expenditures - Security	492,000	189,541	681,541	212,525	469,016
Total Equipment	<u>539,000</u>	<u>212,239</u>	<u>751,239</u>	<u>279,381</u>	<u>471,858</u>
Facilities Acquisition and Construction Services					
Construction Services	-	4,731,009	4,731,009	1,293,067	3,437,942
Architectual/engineering Services	-	814,912	814,912	325,969	488,943
Assessment for Debt Service on SDA Funding	111,972	-	111,972	111,972	-
Total Facilities Acquisition and Construction Services	<u>111,972</u>	<u>5,545,921</u>	<u>5,657,893</u>	<u>1,731,008</u>	<u>3,926,885</u>
TOTAL CAPITAL OUTLAY	<u>1,195,972</u>	<u>5,213,160</u>	<u>6,409,132</u>	<u>2,010,389</u>	<u>4,398,743</u>
Transfer of funds to Charter Schools	<u>59,950</u>	<u>-</u>	<u>59,950</u>	<u>-</u>	<u>59,950</u>
TOTAL EXPENDITURES	<u>79,096,374</u>	<u>5,950,335</u>	<u>85,046,709</u>	<u>90,488,471</u>	<u>(5,501,712)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,584,156)</u>	<u>(5,950,335)</u>	<u>(8,534,491)</u>	<u>3,443,606</u>	<u>(11,978,097)</u>
Fund Balance, July 1	<u>21,859,713</u>	<u>-</u>	<u>21,859,713</u>	<u>21,859,713</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 19,275,557</u>	<u>\$ (5,950,335)</u>	<u>\$ 13,325,222</u>	<u>25,303,319</u>	<u>\$ (11,978,097)</u>
Recapitulation:					
Restricted Fund Balance:					
Capital reserve				10,871,419	
Maintenance reserve				3,590,383	
Emergency reserve				790,990	
Unemployment compensation				582,133	
Excess surplus-current year				-	
Excess surplus - designated for subsequent year's expenditures				-	
Assigned Fund Balance:					
Year-end encumbrances				5,056,707	
Designated for subsequent year's expenditures				2,000,000	
Unrestricted/undesignated fund balance				<u>2,411,687</u>	
Reconciliation to governmental funds statements (GAAP)					
Fund balance per governmental funds (Budgetary)				25,303,319	
Last state aid payment not recognized on GAAP basis				(459,645)	
Fund balance per governmental funds (GAAP) - B-1				<u>24,843,674</u>	
Fund balance per governmental funds (GAAP) - B-1				<u>\$ 24,843,674</u>	

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local sources	\$ -	\$ -	\$ -	\$ 139,080	\$ 139,080
State sources	-	-	-	95,911	95,911
Federal sources	-	-	-	3,297,225	3,297,225
Total Revenues	-	-	-	3,532,216	3,532,216
EXPENDITURES					
Instruction:					
Salaries of teachers	1,566,391	839,942	2,406,333	1,830,673	575,660
Purchased professional services	-	-	-	-	-
Textbooks	-	-	-	-	-
Miscellaneous expenditures	-	4,885	4,885	4,495	390
General supplies	5,000	198,035	203,035	122,179	80,856
Tuition	70,182	64,188	134,370	134,370	-
Total instruction	1,641,573	1,107,050	2,748,623	2,091,717	656,906
Support services:					
Other professional staff salaries	-	984,822	984,822	515,378	469,444
Secretarial/clerical salaries	-	-	-	-	-
Personal services - employee benefits	92,897	1,236,055	1,328,952	497,707	831,245
Purchased professional - educational services	76,504	246,089	322,593	97,643	224,950
Other purchased professional services	-	30,843	30,843	21,244	9,599
Supplies & materials	-	131,040	131,040	74,062	56,978
Student activities	-	-	-	29,064	(29,064)
Total support services	169,401	2,628,849	2,798,250	1,332,745	1,465,505
EXPENDITURES (CONT'D):					
Facilities acquisition and const. serv.:					
Instructional equipment	-	85,679	85,679	85,679	-
Total facilities acquisition and const. serv.	-	85,679	85,679	85,679	-
Total expenditures	1,810,974	3,821,578	5,632,552	3,510,141	2,122,411
Other financing sources (uses)					
Transfer in from general fund	-	-	-	-	-
Contribution to whole school reform	-	-	-	-	-
Total outflows	1,810,974	3,821,578	5,632,552	3,510,141	2,122,411
Excess (deficiency) of revenues					
Over (under) expenditures	(1,810,974)	(3,821,578)	(5,632,552)	22,075	5,654,627
Fund Balance, July 1				11,439	
Fund Balance, June 30				<u>\$ 33,514</u>	
Recapitulation:					
Restricted:					
Student Activities				33,514	
Total Fund Balance				<u>\$ 33,514</u>	

Note 1

Note 1 - Not required to budget for these funds.

FREEHOLD TOWNSHIP SCHOOL DISTRICT
 Required Supplementary Information
 Budget-to-GAAP Reconciliation
 Note to Required Supplementary Information
 For the Year Ended June 30, 2022

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

		General Fund		Special Revenue Fund
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 93,932,077	[C-2]	\$ 3,532,216
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-		43,727
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(11,535,327)		
The 2020-21 last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GAAP 33).		436,672		-
The 2021-22 last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GAAP 33).		(459,645)		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	\$ 82,373,777	[B-2]	\$ 3,575,943
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 90,488,471	[C-2]	\$ 3,510,141
Differences - budget to GAAP				
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(11,535,327)		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.				43,727
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$ 78,953,144	[B-2]	\$ 3,553,868

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**Freehold Township School District
Required Supplementary Information
Schedule of the District's Proportionate Share of Net Pension Liability-PERS
For the Year Ended June 30, 2022**

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
District's proportion of the net pension liability	0.1382627295%	0.1401273042%	0.1479643329%	0.0991153647%	0.1479045077%	0.1518164642%	0.1392579742%	0.1394872657%
District's proportionate share of the net pension liability	\$ 27,091,283	\$ 32,770,266	\$ 43,822,791	\$ 23,072,473	\$ 29,121,660	\$ 27,355,024	\$ 22,709,334	\$ 16,524,358
District's covered-employee payroll	\$ -	\$ 9,903,070	\$ 9,699,657	\$ 10,218,973	\$ 10,570,646	\$ 10,368,510	\$ 10,076,942	\$ 9,795,082
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	330.91%	451.80%	225.78%	275.50%	263.83%	225.36%	168.70%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%

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

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

**Freehold Township School District
Required Supplementary Information
Schedule of the District Contributions-PERS
For the Year Ended June 30, 2022**

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Contractually required contributions	\$ 1,139,818	\$ 1,227,572	\$ 1,322,906	\$ 1,382,967	\$ 1,477,164	\$ 1,482,881	\$ 1,523,414	\$ 1,633,558
Contributions in relation to the contractually required contribution	<u>1,154,023</u>	<u>1,227,572</u>	<u>1,339,939</u>	<u>1,394,542</u>	<u>1,514,421</u>	<u>1,516,096</u>	<u>1,555,579</u>	<u>1,683,450</u>
Contribution deficiency (excess)	<u>\$ (14,205)</u>	<u>\$ -</u>	<u>\$ (17,033)</u>	<u>\$ (11,575)</u>	<u>\$ (37,257)</u>	<u>\$ (33,215)</u>	<u>\$ (32,165)</u>	<u>\$ (49,892)</u>
District's covered-employee payroll	\$ 9,903,070	\$ 9,699,657	\$ 10,218,973	\$ 10,570,646	\$ 10,368,510	\$ 10,076,942	\$ 9,795,082	\$ 9,468,773
Contributions as a percentage of covered-employee payroll	0.00%	12.66%	12.95%	13.53%	14.25%	14.72%	15.55%	17.25%

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

**Freehold Township School District
Required Supplementary Information
Schedule of the District's Proportionate Share of Net Pension Liability-TPAF
For the Year Ended June 30, 2022**

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
State's proportion of the net pension liability associated with the District	0.2553368545%	0.2631888032%	0.2754899316%	0.2764119540%	0.2835809589%	0.2814878350%	0.2838175176%	0.2772350162%
State's proportionate share of the net pension liability associated with the District	\$ 136,469,238	\$ 166,346,563	\$ 216,717,921	\$ 186,366,906	\$ 180,408,115	\$ 172,751,741	\$ 186,890,420	\$ 133,281,257
District's covered-employee payroll	28,272,442	29,143,617	29,311,118	30,422,257	30,463,500	30,790,001	31,774,995	32,883,102
Proportionate share of the net pension liability as a percentage of District's covered-employee payroll	482.69%	570.78%	739.37%	612.60%	592.21%	561.06%	588.17%	405.32%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%

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

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

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

**Freehold Township School District
Required Supplementary Information
Schedule of Changes in the Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2022
(Unaudited)**

Last 10 Fiscal Years*

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
State's proportion of the OPEB liability associated with the District					
Service cost	\$ 7,798,702	\$ 6,471,843	\$ 5,639,675	\$ 5,799,288	\$ 10,067,098
Interest cost	5,165,231	5,995,432	5,565,820	4,637,324	4,855,184
Differences between expected and actual experiences	-	(15,492,268)	(20,906,484)	37,274,691	(199,211)
Changes in benefit terms	-	-	-	-	(35,230,578)
Changes in assumptions	(21,782,320)	(16,074,314)	1,915,393	38,576,320	184,650
Member contributions	138,842	129,452	116,894	111,437	124,123
Gross benefit payments	<u>(3,770,573)</u>	<u>(3,745,557)</u>	<u>(3,943,429)</u>	<u>(3,676,564)</u>	<u>(3,824,525)</u>
Net change in total OPEB liability	(12,450,118)	(22,715,412)	(11,612,131)	82,722,496	(24,023,259)
Total State Share of OPEB liability - beginning	<u>175,240,588</u>	<u>162,790,470</u>	<u>140,075,058</u>	<u>128,462,927</u>	<u>211,185,423</u>
Total State Share of OPEB liability - ending	<u>\$ 162,790,470</u>	<u>\$ 140,075,058</u>	<u>\$ 128,462,927</u>	<u>\$ 211,185,423</u>	<u>\$ 187,162,164</u>
District's covered employee payroll	<u>\$ 45,880,853</u>	<u>\$ 46,072,933</u>	<u>\$ 45,587,770</u>	<u>\$ 45,904,114</u>	<u>\$ 48,458,194</u>
Total State's OPEB liability as a percentage of covered employee payroll	355%	304%	282%	460%	386%

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

Freehold Township School District

Notes to Required Supplementary Information - Part III

For the Year Ended June 30, 2022

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None .

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

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None .

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

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None .

Changes in Assumptions - The discount rate changed from 2.21% as of June 30, 2020, to 2.16% as of June 30, 2021.

OTHER SUPPLEMENTARY INFORMATION

D. School Based Budget Schedules
Not Applicable

E. Special Revenue Fund

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedules of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2022

	<u>Title I Part A 21/22</u>	<u>Title III 21/22</u>	<u>Title IV 21/22</u>	<u>Title II Part A 21/22</u>	<u>ARP ESSER SUMMER 21/22</u>	<u>ARP ESSER BSD 21/22</u>
Revenues:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	<u>182,292</u>	<u>32,619</u>	<u>24,957</u>	<u>55,991</u>	<u>39,800</u>	<u>10,387</u>
Total revenues	<u><u>182,292</u></u>	<u><u>32,619</u></u>	<u><u>24,957</u></u>	<u><u>55,991</u></u>	<u><u>39,800</u></u>	<u><u>10,387</u></u>
Expenditures:						
Instruction:						
Salaries of teachers	135,789	-	-	-	-	-
Other salaries/instruction	-	-	-	-	-	-
Purchased professional services	-	-	-	-	-	-
General supplies	-	18,137	876	-	39,800	-
Tuition	-	-	-	-	-	-
Textbooks	-	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-	-
Total instruction	<u>135,789</u>	<u>18,137</u>	<u>876</u>	<u>-</u>	<u>39,800</u>	<u>-</u>
Support services:						
Other support services - students - special:						
Other professional staff salaries	-	8,070	16,000	-	-	10,387
Secretarial/Clerical salaries	-	-	-	-	-	-
Purchased professional services	-	5,795	1,000	34,747	-	-
Other purchased professional services	-	-	-	21,244	-	-
Purchased technical services	-	-	-	-	-	-
Employee benefits	46,503	617	1,224	-	-	-
Travel	-	-	-	-	-	-
Miscellaneous purchased services	-	-	-	-	-	-
General supplies	-	-	5,857	-	-	-
Miscellaneous expenses	-	-	-	-	-	-
Student activities	-	-	-	-	-	-
Total other support services - students - special	<u>46,503</u>	<u>14,482</u>	<u>24,081</u>	<u>55,991</u>	<u>-</u>	<u>10,387</u>
Total support services	<u>46,503</u>	<u>14,482</u>	<u>24,081</u>	<u>55,991</u>	<u>-</u>	<u>10,387</u>
Equipment:						
Regular programs instruction	-	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-	-
Total equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u><u>\$ 182,292</u></u>	<u><u>\$ 32,619</u></u>	<u><u>\$ 24,957</u></u>	<u><u>\$ 55,991</u></u>	<u><u>\$ 39,800</u></u>	<u><u>\$ 10,387</u></u>
Excess (deficiency) of revenues Over (under) expenditures	-	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-	-
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedules of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2022

	<u>IDEA-Part B-Basic Reg Prog 21/22</u>	<u>IDEA-Part B-Preschool Reg Prog 21/22</u>	<u>Cares Emergency Relief 21/22</u>	<u>ARP ESSER 21/22</u>	<u>ARP Learning Coach 21/22</u>
Revenues:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	<u>873,617</u>	<u>39,671</u>	<u>99,617</u>	<u>868,117</u>	<u>53,079</u>
Total revenues	<u>873,617</u>	<u>39,671</u>	<u>99,617</u>	<u>868,117</u>	<u>53,079</u>
Expenditures:					
Instruction:					
Salaries of teachers	650,140	33,077	-	419,239	-
Other salaries/instruction	-	-	-	-	-
Purchased professional services	-	-	-	-	-
General supplies	-	-	-	35,881	-
Tuition	134,370	-	-	-	-
Textbooks	-	-	-	-	-
Miscellaneous expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total instruction	<u>784,510</u>	<u>33,077</u>	<u>-</u>	<u>455,120</u>	<u>-</u>
Support services:					
Other support services - students - special:					
Other professional staff salaries	-	-	93,363	225,577	-
Secretarial/Clerical salaries	-	-	-	-	-
Purchased professional services	-	-	-	-	53,079
Other purchased professional services	-	-	-	-	-
Purchased technical services	-	-	-	-	-
Employee benefits	89,107	6,594	6,254	187,420	-
Travel	-	-	-	-	-
Miscellaneous purchased services	-	-	-	-	-
General supplies	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-
Student activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other support services - students - special	<u>89,107</u>	<u>6,594</u>	<u>99,617</u>	<u>412,997</u>	<u>53,079</u>
Total support services	<u>89,107</u>	<u>6,594</u>	<u>99,617</u>	<u>412,997</u>	<u>53,079</u>
Equipment:					
Regular programs instruction	-	-	-	-	-
Non-instructional equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 873,617</u>	<u>\$ 39,671</u>	<u>\$ 99,617</u>	<u>\$ 868,117</u>	<u>\$ 53,079</u>
Excess (deficiency) of revenues Over (under) expenditures	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedules of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2022

	IDEA-Part ARP Reg Prog 21/22	IDEA-Part ARP Pre-School 21/22	ESSER II 21/22	ESSER II LA 21/22	ESSER II MH 21/22	SDA Emergency 21/22
Revenues:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	85,679
Federal sources	159,507	13,603	770,045	46,766	27,157	-
Total revenues	<u>159,507</u>	<u>13,603</u>	<u>770,045</u>	<u>46,766</u>	<u>27,157</u>	<u>85,679</u>
Expenditures:						
Instruction:						
Salaries of teachers	103,687	13,603	353,607	43,443	-	-
Other salaries/instruction	-	-	-	-	-	-
Purchased professional services	-	-	-	-	-	-
General supplies	-	-	14,917	-	-	-
Tuition	-	-	-	-	-	-
Textbooks	-	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-	-
Total instruction	<u>103,687</u>	<u>13,603</u>	<u>368,524</u>	<u>43,443</u>	<u>-</u>	<u>-</u>
Support services:						
Other support services - students - special:						
Other professional staff salaries	-	-	161,981	-	-	-
Secretarial/Clerical salaries	-	-	-	-	-	-
Purchased professional services	-	-	-	-	-	-
Other purchased professional services	-	-	-	-	-	-
Purchased technical services	-	-	71,530	-	16,519	-
Employee benefits	55,820	-	100,845	3,323	-	-
Travel	-	-	-	-	-	-
Miscellaneous purchased services	-	-	-	-	9,598	-
General supplies	-	-	67,165	-	1,040	-
Miscellaneous expenses	-	-	-	-	-	-
Student activities	-	-	-	-	-	-
Total other support services - students - special	<u>55,820</u>	<u>-</u>	<u>401,521</u>	<u>3,323</u>	<u>27,157</u>	<u>-</u>
Total support services	<u>55,820</u>	<u>-</u>	<u>401,521</u>	<u>3,323</u>	<u>27,157</u>	<u>-</u>
Equipment:						
Regular programs instruction	-	-	-	-	-	85,679
Non-instructional equipment	-	-	-	-	-	-
Total equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,679</u>
Total expenditures	<u>\$ 159,507</u>	<u>\$ 13,603</u>	<u>\$ 770,045</u>	<u>\$ 46,766</u>	<u>\$ 27,157</u>	<u>\$ 85,679</u>
Excess (deficiency) of revenues Over (under) expenditures	-	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedules of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2022

(Continued from prior page)

	<u>Nonpublic Technology 21/22</u>	<u>Nonpublic Textbook 21/22</u>	<u>Nonpublic Nursing 21/22</u>	<u>Nonpublic Security 21/22</u>	<u>Student Activities 21/22</u>	<u>Local 21/22</u>	<u>Total 2022</u>
Revenues:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 51,139	\$ 87,941	\$ 139,080
State sources	1,101	1,614	3,022	4,495	-	-	95,911
Federal sources	-	-	-	-	-	-	3,297,225
Total revenues	<u>1,101</u>	<u>1,614</u>	<u>3,022</u>	<u>4,495</u>	<u>51,139</u>	<u>87,941</u>	<u>3,532,216</u>
Expenditures:							
Instruction:							
Salaries of teachers	-	-	-	-	-	78,088	1,830,673
Other salaries/instruction	-	-	-	-	-	-	-
Purchased professional services	-	-	-	-	-	-	-
General supplies	1,101	1,614	-	-	-	9,853	122,179
Tuition	-	-	-	-	-	-	134,370
Textbooks	-	-	-	-	-	-	-
Miscellaneous expenses	-	-	-	4,495	-	-	4,495
Total instruction	<u>1,101</u>	<u>1,614</u>	<u>-</u>	<u>4,495</u>	<u>-</u>	<u>87,941</u>	<u>2,091,717</u>
Support services:							
Other support services - students - special:							
Other professional staff salaries	-	-	-	-	-	-	515,378
Secretarial/Clerical salaries	-	-	-	-	-	-	-
Purchased professional services	-	-	3,022	-	-	-	97,643
Other purchased professional services	-	-	-	-	-	-	21,244
Purchased technical services	-	-	-	-	-	-	88,049
Employee benefits	-	-	-	-	-	-	497,707
Travel	-	-	-	-	-	-	-
Miscellaneous purchased services	-	-	-	-	-	-	9,598
General supplies	-	-	-	-	-	-	74,062
Miscellaneous expenses	-	-	-	-	-	-	-
Student activities	-	-	-	-	29,064	-	29,064
Total other support services - students - special	<u>-</u>	<u>-</u>	<u>3,022</u>	<u>-</u>	<u>29,064</u>	<u>-</u>	<u>1,332,745</u>
Total support services	<u>-</u>	<u>-</u>	<u>3,022</u>	<u>-</u>	<u>29,064</u>	<u>-</u>	<u>1,332,745</u>
Equipment:							
Regular programs instruction	-	-	-	-	-	-	85,679
Non-instructional equipment	-	-	-	-	-	-	-
Total equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,679</u>
Total expenditures	<u>\$ 1,101</u>	<u>\$ 1,614</u>	<u>\$ 3,022</u>	<u>\$ 4,495</u>	<u>\$ 29,064</u>	<u>\$ 87,941</u>	<u>\$ 3,510,141</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,075</u>	<u>-</u>	<u>22,075</u>
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,439</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,514</u>	<u>\$ -</u>	<u>\$ 22,075</u>

F. Capital Projects Fund
Not Applicable

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

H. Fiduciary Funds
Not Applicable

I. Long-Term Debt

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds
June 30, 2022

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount Of Issue</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</u>	<u>Amount</u>					
Refunding of Additions and Renovations Bond issue (original issue 7/15/97)	4/17/2012	\$ 12,130,000	7/15/2022	1,165,000	5.000%	\$ 4,795,000	\$ -	\$ 1,105,000	\$ 3,690,000
			7/15/2023	1,225,000	5.000%				
			7/15/2024	1,300,000	5.000%				
Refunding of Additions and Renovations Bond issue (original issue 3/9/05)		6,625,000	7/15/2025	1,540,000	4.000%	6,580,000	-	-	6,580,000
			7/15/2026	1,610,000	4.000%				
			7/15/2027	1,675,000	4.000%				
			7/15/2028	1,755,000	4.000%				
Refunding School Bonds Series 2016	2/16/16	23,775,000	2/15/2023	1,180,000	5.000%	19,925,000	-	1,060,000	18,865,000
			2/15/2024	1,320,000	5.000%				
			2/15/2025	1,455,000	5.000%				
			2/15/2026	1,615,000	5.000%				
			2/15/2027	1,785,000	5.000%				
			2/15/2028	1,970,000	5.000%				
			2/15/2029	2,170,000	5.000%				
			2/15/2030	2,330,000	5.000%				
			2/15/2031	2,460,000	5.000%				
			2/15/2032	2,580,000	5.000%				
						<u>\$ 31,300,000</u>	<u>\$ -</u>	<u>\$ 2,165,000</u>	<u>\$ 29,135,000</u>

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Obligations Under Finance Purchases Payable
June 30, 2022

<u>Purpose</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original</u>		<u>Interest Rate</u>	<u>Balance 06/30/21</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 06/30/22</u>
			<u>Principal</u>	<u>Interest</u>					
Equipment	4/7/2017	5 Years	\$ 226,350	\$ 12,115	2.74%	\$ 36,687	\$ -	\$ 36,687	\$ -
Equipment	9/22/2017	5 Years	\$ 916,146	\$ 47,166	2.025%	315,703	-	156,270	159,433
Equipment	7/27/2018	5 Years	\$ 1,314,500	\$ 98,687	2.88%	691,599	-	224,019	467,580
ESIP	1/31/2019	16 Years	\$ 6,560,000	\$ 1,978,056	3.01%	6,059,024	-	356,936	5,702,088
Equipment	9/12/2019	5 Years	\$ 460,511	\$ 18,881	1.99%	276,556	-	90,376	186,180
Equipment	7/30/2020	5 Years	\$ 860,000	\$ 27,256	1.26%	687,997	-	168,783	519,214
Equipment	9/30/2021	5 Years	\$ 470,585	\$ 12,667	1.24%	-	470,585	95,661	374,924
						\$ 8,067,566	470,585	1,128,732	\$ 7,409,419

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 3,598,017	\$ -	\$ 3,598,017	\$ 3,598,017	\$ -
State Sources:					
Debt Service Aid Type II	38,558	-	38,558	38,558	-
Total - State Sources	38,558	-	38,558	38,558	-
Total Revenues	3,636,575	-	3,636,575	3,636,575	-
EXPENDITURES:					
Regular Debt Service:					
Interest	1,471,575	-	1,471,575	1,471,575	-
Redemption of Principal	2,165,000	-	2,165,000	2,165,000	-
Total Regular Debt Service	3,636,575	-	3,636,575	3,636,575	-
Total expenditures	3,636,575	-	3,636,575	3,636,575	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Other Financing Sources (uses):					
Bond premium	-	-	-	-	-
Bond refunding costs	-	-	-	-	-
Interest on bond payoff	-	-	-	-	-
Payoff old bonds	-	-	-	-	-
Issue new bonds	-	-	-	-	-
Operating transfer in	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

**Freehold School District
Statistical Section**

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

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

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 5,868,706	\$ 3,478,290	\$ 2,618,410	\$ 8,131,767	\$ 7,785,018	\$ 6,048,068	\$ (612,548)	\$ 7,560,035	\$ 10,900,543	\$ 13,846,742
Restricted	7,786,350	5,574,187	5,227,613	3,964,061	6,710,601	7,318,182	17,309,776	16,766,939	18,593,047	20,550,647
Unrestricted	620,891	3,629,137	(24,135,848)	(28,153,549)	(29,547,677)	(21,414,049)	(30,565,027)	(30,282,802)	(28,503,089)	(23,960,927)
Total governmental activities net position	<u>\$ 14,275,947</u>	<u>\$ 12,681,614</u>	<u>\$ (16,289,825)</u>	<u>\$ (16,057,721)</u>	<u>\$ (15,052,058)</u>	<u>\$ (8,047,799)</u>	<u>\$ (13,867,799)</u>	<u>\$ (5,955,828)</u>	<u>\$ 990,501</u>	<u>\$ 10,436,462</u>
Business-type activities										
Net investment in capital assets	\$ 8,500	\$ 7,517	\$ 20,068	\$ 17,911	\$ 15,754	\$ 74,453	\$ 90,124	\$ 107,500	\$ 142,611	\$ 168,064
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	21,385	75,648	123,645	163,292	214,152	284,579	179,106	212,281	126,711	268,001
Total business-type activities position	<u>\$ 29,885</u>	<u>\$ 83,165</u>	<u>\$ 143,713</u>	<u>\$ 181,203</u>	<u>\$ 229,906</u>	<u>\$ 359,032</u>	<u>\$ 269,230</u>	<u>\$ 319,781</u>	<u>\$ 269,322</u>	<u>\$ 436,065</u>
District-wide										
Net investment in capital assets	\$ 5,877,206	\$ 3,485,807	\$ 2,638,478	\$ 8,149,678	\$ 7,800,772	\$ 6,122,521	\$ (522,424)	\$ 7,667,535	\$ 11,043,154	\$ 14,014,806
Restricted	7,786,350	5,574,187	5,227,613	3,964,061	6,710,601	7,318,182	17,309,776	16,766,939	18,593,047	20,550,647
Unrestricted	642,276	3,704,785	(24,012,203)	(27,990,257)	(29,333,525)	(21,129,470)	(30,385,921)	(30,070,521)	(28,376,378)	(23,692,926)
Total district net position	<u>\$ 14,305,832</u>	<u>\$ 12,764,779</u>	<u>\$ (16,146,112)</u>	<u>\$ (15,876,518)</u>	<u>\$ (14,822,152)</u>	<u>\$ (7,688,767)</u>	<u>\$ (13,598,569)</u>	<u>\$ (5,636,047)</u>	<u>\$ 1,259,823</u>	<u>\$ 10,872,527</u>

Source: ACFR Schedule A-1 and District records.

Freehold Township School District
Changes in Net Position
Last Ten 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	\$ 17,928,224	\$ 19,419,697	\$ 19,688,421	\$ 20,571,015	\$ 19,937,469	\$ 20,704,737	\$ 20,539,988	\$ 20,712,687	\$ 20,856,881	\$ 21,831,903
Special education	8,099,430	8,387,187	8,728,826	9,164,105	9,490,139	10,065,138	9,843,497	8,937,970	9,229,947	9,629,183
Other special education	1,351,171	1,405,281	1,266,482	1,171,105	1,176,013	1,323,856	1,360,088	1,299,247	1,338,063	1,699,809
Support Services:										
Instruction	1,468,708	1,264,988	1,229,804	1,035,016	1,024,940	1,024,475	1,436,913	773,783	722,318	843,661
Health services	624,192	690,829	732,481	728,830	749,466	848,419	800,348	796,589	809,960	826,006
Other support services	5,844,845	6,089,565	6,201,535	6,243,569	6,114,265	6,154,969	6,190,153	6,997,512	7,273,228	8,048,511
Educational media services	465,749	443,356	468,406	453,148	510,820	468,200	546,297	547,139	557,722	575,640
Instruction staff training	72,206	65,385	120,970	103,874	108,367	115,152	99,358	134,463	167,678	131,263
General administration	849,568	859,196	983,082	765,383	935,557	922,444	1,171,628	1,045,220	1,088,885	1,117,209
School administrative services	2,035,946	2,105,775	2,224,721	2,171,277	2,380,673	2,530,395	2,519,690	2,476,201	2,577,420	2,502,997
Central services	733,475	766,629	731,794	840,801	832,280	823,495	833,261	854,539	831,640	873,802
Plant operations and maintenance	6,868,380	7,610,419	7,731,436	7,852,078	7,846,846	10,488,221	8,818,913	5,805,180	7,461,119	8,026,594
Care & upkeep of grounds	225,360	199,820	260,084	299,311	300,872	289,527	315,800	250,575	263,275	306,094
Security	-	21,975	38,099	62,065	25,070	48,083	164,270	115,124	140,084	155,652
Administrative information technology	725,710	728,490	970,428	1,142,688	1,080,864	890,228	848,664	888,068	923,401	908,534
Allocated employee benefits	-	-	-	-	-	-	-	176,515	141,367	-
Pupil transportation	3,466,345	3,814,473	3,602,705	3,439,011	3,740,728	3,952,284	4,103,723	3,476,428	3,653,494	4,155,862
Special schools	6,634	16,514	-	-	-	-	-	-	-	-
Transfer to charter school	-	-	-	-	-	-	-	6,947	72,161	-
Interest on long-term debt	1,967,046	2,052,121	2,028,666	1,856,486	1,918,619	1,854,343	1,789,745	1,403,070	1,248,195	1,086,821
Unallocated employee benefits	15,084,741	14,810,078	15,520,745	15,369,671	15,716,903	7,484,784	23,268,308	14,888,165	15,472,723	12,368,408
Non-budgeted expenditures	5,355,028	4,938,450	4,699,742	4,766,772	4,725,857	4,944,790	4,732,907	4,540,906	4,844,571	5,052,498
Total governmental activities expenses	73,172,758	75,690,228	77,228,427	78,036,205	78,615,748	74,933,540	89,383,551	76,126,328	79,674,132	80,140,447
Business-type activities:										
Food service	1,027,533	896,916	969,567	1,031,483	1,041,985	1,049,718	1,119,924	687,680	583,173	1,687,982
Total business-type activities expense	1,027,533	896,916	969,567	1,031,483	1,041,985	1,049,718	1,119,924	687,680	583,173	1,687,982
Total district expenses	\$ 74,200,291	\$ 76,587,144	\$ 78,197,994	\$ 79,067,688	\$ 79,657,733	\$ 75,983,258	\$ 90,503,475	\$ 76,814,008	\$ 80,257,305	\$ 81,828,429
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 350,386	\$ 180,214	\$ 211,413	\$ 205,059	\$ 119,856	\$ 365,052	\$ 680,461	\$ 784,079	\$ 504,394	\$ 764,587
Pupil transportation	-	245,249	283,042	405,785	400,942	609,223	548,157	49,599	1,215	17,215
Operating grants and contributions	5,355,028	4,938,450	4,699,742	4,766,772	4,725,857	4,944,790	4,732,907	4,540,906	4,844,571	5,052,498
Total governmental activities program revenues	5,705,414	5,363,913	5,194,197	5,377,616	5,246,655	5,919,065	5,961,525	5,374,584	5,350,180	5,834,300
Business-type activities:										
Charges for services:										
Food service	660,219	669,462	723,824	748,900	752,252	779,492	693,603	481,985	2,252	6,255
Operating grants and contributions	267,807	280,734	306,291	320,073	338,436	327,145	336,519	256,246	530,462	1,848,470
Total business-type activities program revenues	928,026	950,196	1,030,115	1,068,973	1,090,688	1,106,637	1,030,122	738,231	532,714	1,854,725
Total district program revenues	6,633,440	6,314,109	6,224,312	6,446,589	6,337,343	7,025,702	6,991,647	6,112,815	5,882,894	7,689,025
Net (Expense)/Revenue										
Governmental activities	\$ (67,467,344)	\$ (70,326,315)	\$ (72,034,230)	\$ (72,658,589)	\$ (73,369,093)	\$ (69,014,475)	\$ (83,422,026)	\$ (70,751,744)	\$ (74,323,952)	\$ (74,306,147)
Business-type activities	(99,507)	53,280	60,548	37,490	48,703	56,919	(89,802)	50,551	(50,459)	166,743
Total district-wide net expense	\$ (67,566,851)	\$ (70,273,035)	\$ (71,973,682)	\$ (72,621,099)	\$ (73,320,390)	\$ (68,957,556)	\$ (83,511,828)	\$ (70,701,193)	\$ (74,374,411)	\$ (74,139,404)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, i	\$ 57,446,816	\$ 58,589,742	\$ 60,383,969	\$ 62,798,706	\$ 64,054,680	\$ 65,335,774	\$ 66,642,489	\$ 67,975,339	\$ 69,334,846	\$ 69,883,720
Taxes levied for debt service	3,312,772	3,365,692	3,418,018	3,465,543	3,200,132	3,347,197	3,402,532	3,462,889	3,531,860	3,598,017
Unrestricted grants and contributions	4,815,481	5,022,916	5,011,977	4,997,854	5,127,027	5,161,987	5,648,983	5,311,254	5,703,656	6,052,996
Restricted federal and state aid	4,644	11,894	46,397	46,435	106,675	86,331	98,854	69,721	131,650	93,886
Payments in lieu of taxes	1,349,981	1,360,397	1,330,508	1,304,972	1,198,342	1,259,295	1,308,826	1,343,308	1,705,806	3,475,421
Investment earnings	1,639	1,518	606	850	-	-	155,953	155,066	141,955	35,907
Rents and royalties	-	-	-	104,384	29,992	136,377	94,483	58,617	-	95,405
Miscellaneous income	417,189	379,823	626,384	171,949	657,908	323,150	249,906	287,521	212,859	516,755
Total governmental activities	67,348,522	68,731,982	70,817,859	72,890,693	74,374,756	75,650,111	77,602,026	78,663,715	80,762,632	83,752,107
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total business-type activities	-	-	-	-	-	-	-	-	-	-
Total district-wide	\$ 67,348,522	\$ 68,731,982	\$ 70,817,859	\$ 72,890,693	\$ 74,374,756	\$ 75,650,111	\$ 77,602,026	\$ 78,663,715	\$ 80,762,632	\$ 83,752,107
Change in Net Position										
Governmental activities	\$ (118,822)	\$ (1,594,333)	\$ (1,216,371)	\$ 232,104	\$ 1,005,663	\$ 6,635,636	\$ (5,820,000)	\$ 7,911,971	\$ 6,438,680	\$ 9,445,960
Business-type activities	(99,507)	53,280	60,548	37,490	48,703	56,919	(89,802)	50,551	(50,459)	166,743
Total district	\$ (218,329)	\$ (1,541,053)	\$ (1,155,823)	\$ 269,594	\$ 1,054,366	\$ 6,692,555	\$ (5,909,802)	\$ 7,962,522	\$ 6,388,221	\$ 9,612,703

Source: ACFR Schedule A-2 and District records.

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ 3,817,370	\$ 5,218,181	\$ 7,226,733	\$ 13,151,600	\$ 15,791,722	\$ 15,834,925
Committed	-	-	-	-	793,230	-	-	-	-	-
Assigned	-	-	-	-	2,100,000	2,675,827	3,851,306	3,500,151	4,277,980	7,056,707
Unassigned	-	-	-	-	1,813,863	1,794,244	2,133,938	974,752	1,353,338	1,952,042
Reserved	7,786,350	5,003,747	5,077,533	3,754,913	-	-	-	-	-	-
Unreserved	1,610,980	1,080,496	513,905	1,327,445	-	-	-	-	-	-
Total general fund	\$ 9,397,330	\$ 6,084,243	\$ 5,591,438	\$ 5,082,358	\$ 8,524,463	\$ 9,688,252	\$ 13,211,977	\$ 17,626,503	\$ 21,423,040	\$ 24,843,674
All Other Governmental Funds										
Reserved	\$ -	\$ 570,440	\$ 150,080	\$ 209,148	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted										
Special revenue fund	-	-	-	-	-	-	-	-	11,439	33,514
Debt service fund	-	-	-	-	1	1	-	(1)	-	-
Capital projects fund	-	-	-	-	-	-	6,231,737	2,115,189	1,023,739	241,148
Total all other governmental funds	\$ -	\$ 570,440	\$ 150,080	\$ 209,148	\$ 1	\$ 1	\$ 6,231,737	\$ 2,115,188	\$ 1,035,178	\$ 274,662

Source: ACFR Schedule B-1 and District records.

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

Fiscal Year Ending June 30,

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Tax levy	\$ 60,759,588	\$ 61,955,434	\$ 63,801,987	\$ 66,264,249	\$ 67,254,812	\$ 68,682,971	\$ 70,045,021	\$ 71,438,228	\$ 72,866,706	\$ 73,481,737
Tuition charges	244,773	180,214	211,413	205,059	119,856	365,052	680,461	784,079	504,394	764,587
Interest earnings	1,639	1,518	606	850	-	-	155,953	155,066	141,955	35,907
Rents and royalties	-	-	-	104,384	29,992	136,377	94,483	58,617	-	95,405
Miscellaneous	417,189	379,823	626,384	171,949	657,908	323,150	249,906	287,521	212,859	516,755
Transportation fees	105,613	245,249	283,042	405,785	400,942	609,223	548,157	49,599	1,215	17,215
State sources	10,216,029	9,998,352	9,938,008	9,805,580	9,927,504	10,149,358	10,425,096	9,896,332	10,593,479	11,239,963
Federal sources	1,309,105	1,335,305	1,150,616	1,310,453	1,230,397	1,303,045	1,364,474	1,368,857	1,792,204	3,434,838
Total revenue	73,053,936	74,095,895	76,012,056	78,268,309	79,621,411	81,569,176	83,563,551	84,038,299	86,112,812	89,586,407
Expenditures										
Instruction										
Regular Instruction	17,928,224	19,419,697	19,688,421	20,571,015	19,937,469	20,704,737	20,539,988	20,712,687	20,856,881	21,831,903
Special education instruction	8,099,430	8,387,187	8,728,826	9,164,105	9,490,139	10,065,138	9,843,497	8,937,970	9,229,947	9,629,183
Other special instruction	1,351,171	1,405,281	1,266,482	1,171,105	1,176,013	1,323,856	1,360,088	1,299,247	1,338,063	1,699,809
Support Services:										
Tuition	1,468,708	1,264,988	1,229,804	1,035,016	1,024,940	1,024,475	1,436,913	773,783	722,318	843,661
Student & inst. related services	1,162,147	1,199,570	1,321,857	1,285,852	1,368,653	1,431,771	1,446,003	1,478,191	1,535,360	1,532,909
General administration	849,568	859,196	983,082	765,383	935,557	922,444	1,171,628	1,045,220	1,088,885	1,117,209
School administrative services	2,035,946	2,105,775	2,224,721	2,171,277	2,380,673	2,530,395	2,519,690	2,476,201	2,577,420	2,502,997
Central services	733,475	766,629	731,794	840,801	832,280	823,495	833,261	854,539	831,640	873,802
Admin. information technology	725,710	728,490	970,428	1,142,688	1,080,864	890,228	848,664	888,068	923,401	908,534
Plant operations and maintenance	4,546,489	5,220,809	5,297,196	5,378,264	5,321,693	5,320,599	5,046,628	5,210,919	5,055,682	5,544,268
Pupil transportation	3,466,345	3,814,473	3,602,705	3,439,011	3,740,728	3,952,284	4,103,723	3,476,428	3,653,494	4,155,862
Other Support Services	5,844,845	6,089,565	6,201,535	6,243,569	6,114,265	6,154,969	6,190,153	6,997,512	7,273,228	8,048,511
Care & upkeep of grounds	225,360	199,820	260,084	299,311	300,872	289,527	315,800	250,575	263,275	306,094
Security	-	21,975	38,099	62,065	25,070	48,083	164,270	115,124	140,084	155,652
Allocated employee benefits	-	-	-	-	-	-	-	176,515	141,367	-
Employee benefits	15,061,040	14,703,141	15,258,401	15,611,347	13,836,357	15,062,204	14,353,463	14,329,576	16,362,017	16,208,052
Non-budgeted expenditures	5,355,028	4,938,450	4,699,742	4,766,772	4,725,857	4,944,790	4,732,907	4,540,906	4,844,571	5,052,498
Transfer to charter school	-	-	-	-	-	-	-	6,947	72,161	-
Special Schools	6,634	16,514	-	-	-	-	-	-	-	-
Capital outlay	975,065	2,296,167	964,704	1,361,259	765,701	1,531,092	2,020,714	6,668,714	3,423,815	2,878,771
Debt service:										
Principal	1,310,000	1,270,000	1,370,000	1,515,000	1,490,000	1,595,000	1,715,000	1,845,000	2,000,000	2,165,000
Interest and other charges	2,045,740	2,130,815	2,087,340	1,894,481	1,841,322	1,790,300	1,725,700	1,656,200	1,570,325	1,471,575
Total expenditures	73,190,925	76,838,542	76,925,221	78,718,321	76,388,453	80,405,387	80,368,090	83,740,322	83,903,934	86,926,290
Excess (Deficiency) of revenues over (under) expenditures	(136,989)	(2,742,647)	(913,165)	(450,012)	3,232,958	1,163,789	3,195,461	297,977	2,208,878	2,660,117
Other Financing sources (uses)										
Proceeds from borrowing	-	-	(7,255,000)	(28,565,000)	-	-	-	-	-	-
Proceeds from refunding	-	-	6,625,000	23,775,000	-	-	-	-	-	-
Premium and costs for bond issuance	-	-	630,000	4,790,000	-	-	-	-	-	-
Transfers in	-	570,442	570,442	-	146,931	-	6,560,000	-	-	-
Transfers out	-	(570,442)	(570,442)	-	(146,931)	-	-	-	-	-
Costs of issuance	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	6,560,000	-	-	-
Net change in fund balances	\$ (136,989)	\$ (2,742,647)	\$ (2,742,647)	\$ (450,012)	\$ 3,232,958	\$ 1,163,789	\$ 9,755,461	\$ 297,977	\$ 2,208,878	\$ 2,660,117
Debt service as a percentage of noncapital expenditures	4.65%	4.56%	4.55%	4.41%	4.41%	4.29%	4.39%	4.54%	4.44%	4.33%

Source: ACFR Schedule B-2 and District records.

Note: Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ending June 30,	Sale of Capital Assets	Donations	Rentals	Prior Year Refunds	Sale and Leaseback of Textbooks	Miscellaneous	Annual Totals
2013	-	1,639	-	244,773	105,613	254,202	606,227
2014	-	1,518	-	180,214	245,249	193,731	620,712
2015	-	606	-	211,413	283,042	409,594	904,655
2016	-	850	104,384	205,059	405,785	171,949	888,027
2017	36,943	4,314	29,992	119,856	400,942	537,593	1,129,640
2018	34,316	12,555	136,377	365,052	609,223	195,105	1,352,628
2019	75,828	31,638	94,483	680,461	548,157	190,416	1,620,983
2020	77,528	44,600	58,617	784,079	49,599	191,901	1,206,324
2021	-	-	-	-	-	152,334	152,334
2022	-	-	95,405	-	-	377,675	473,080

Source: District records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2013	67,931,000	4,548,659,400	32,524,700	1,509,700	1,245,930,300	156,782,100	61,500,000	6,114,837,200	-	-	6,114,837,200	0.983	6,197,354,750
2014	56,004,900	3,949,909,700	28,280,200	1,466,400	1,243,834,300	146,521,200	60,794,300	5,486,811,000	-	-	5,486,811,000	1.117	5,873,438,863
2015	50,881,700	3,955,292,200	27,666,200	1,440,900	1,239,936,400	146,563,700	60,794,300	5,482,575,400	-	-	5,482,575,400	1.151	5,837,654,006
2016	55,908,800	4,266,398,600	29,970,000	1,464,900	1,320,226,200	148,905,300	71,094,300	5,893,958,100	-	-	5,893,958,100	1.113	6,589,292,604
2017	52,922,000	4,425,631,400	29,682,700	1,444,500	1,396,897,600	154,513,500	84,791,800	6,145,883,500	-	-	6,145,883,500	1.107	6,456,448,298
2018	48,609,600	4,588,492,600	31,227,800	1,535,200	1,417,161,400	154,713,700	84,626,700	6,326,367,000	-	-	6,326,367,000	1.097	6,510,731,901
2019	50,698,700	4,799,653,300	33,788,900	1,538,100	1,457,447,400	154,697,800	94,626,700	6,592,450,900	-	-	6,592,450,900	1.074	6,615,462,721
2020	54,964,900	4,883,717,000	32,314,100	1,508,500	1,492,227,500	154,144,100	98,555,800	6,717,431,900	-	-	6,717,431,900	1.074	6,710,556,698
2021	54,455,300	5,103,047,500	32,672,100	1,490,000	1,399,760,900	176,972,900	101,720,900	6,868,119,600	-	-	6,868,119,600	1.060	7,050,941,430
2022	72,531,700	5,699,466,100	34,120,300	1,445,000	1,384,100,100	186,909,000	103,968,000	7,482,540,200	-	-	7,482,540,200	0.992	7,284,810,776

Source: District records and Monmouth County Board of Taxation

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

Fiscal Year Ended June 30,	Freehold Township School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Freehold Regional School District	Freehold Township	Monmouth County	
2013	0.929	0.054	0.983	0.411	0.324	0.292	2.010
2014	1.057	0.061	1.117	0.471	0.378	0.327	2.293
2015	1.089	0.062	1.151	0.48	0.388	0.33	2.349
2016	1.060	0.053	1.113	0.452	0.38	0.33	2.275
2017	1.059	0.054	1.113	0.455	0.37	0.29	2.228
2018	1.044	0.053	1.097	0.441	0.37	0.303	2.211
2019	1.022	0.052	1.074	0.417	0.362	0.286	2.139
2020	1.022	0.052	1.074	0.408	0.366	0.282	2.130
2021	1.000	0.052	1.060	0.412	0.365	0.284	2.121
2022	0.943	0.049	0.992	0.391	0.347	0.251	1.981

Source: District Records and Municipal Tax Collector

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

2022				2013			
Taxpayer	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
			0				
Freemall Associates	\$250,000,000	1	3.34%	Freemall Associates	\$ 300,654,600	1	5.48%
100 Lambert LLC c/o Eagle Rock Advisors	73,281,100	2	0.98%	Center for Aging DBA/Applewood Estates	47,933,400	2	0.87%
Iron Mountain Information Mgmt LLC	49,000,000	3	0.65%	Freehold Financing, LLC	45,393,900	3	0.83%
Center for Aging DBA/Applewood	47,190,000	4	0.63%	Iron Mountain, Inc.	44,595,700	4	0.81%
Ushpizin Associates Owner LLC	30,686,900	5	0.41%	New Jersey Bell Telephone Co	25,254,900	5	0.46%
Freehold Shopping Associates	29,304,400	6	0.39%	Raintree Towne Center Assoc. LP	22,998,900	6	0.42%
Aspen Rt 9, LLC	24,837,400	7	0.33%	Freehold Shopping Associates	22,573,200	7	0.41%
Raintreetowne Center Assoc LP	24,000,000	8	0.32%	Walmart Real Estate Business Trust	22,558,600	8	0.41%
3561 Route 9 Realities, LLC	23,946,500	9	0.32%	Macy's East Inc.	21,984,700	9	0.40%
Ronardi Freehold Enterprises LLC	23,944,600	10	0.32%	Ronardi Freehold Enterprises, LLC	20,000,000	10	0.36%
Total	\$ 576,190,900		7.69%	Total	\$ 573,947,900		10.45%

Source: District ACFR & Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2013	60,759,588	60,759,588	100.00%	-
2014	61,955,434	61,955,434	100.00%	-
2015	63,801,987	63,801,987	100.00%	-
2016	67,254,812	67,254,812	100.00%	-
2017	68,682,971	68,682,971	100.00%	-
2018	70,045,021	70,045,021	100.00%	-
2019	71,438,228	71,438,228	100.00%	-
2020	72,866,706	72,866,706	100.00%	-
2021	73,481,737	73,481,737	100.00%	-
2022	74,949,582	74,949,582	100.00%	-

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

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

Fiscal Year Ended June 30,	Governmental Activities				Business- Type Activities	Total District
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	
2013	49,520,000	n/a	776,000	n/a	n/a	50,296,000
2014	48,250,000	n/a	1,155,617	n/a	n/a	49,405,617
2015	46,250,000	n/a	751,617	n/a	n/a	47,001,617
2016	39,945,000	n/a	1,038,942	n/a	n/a	40,983,942
2017	38,455,000	n/a	871,372	n/a	n/a	39,326,372
2018	36,860,000	n/a	1,372,022	n/a	n/a	38,232,022
2019	35,145,000	n/a	9,094,661	n/a	n/a	44,239,661
2020	33,300,000	n/a	8,274,059	n/a	n/a	41,574,059
2021	31,300,000	n/a	8,382,254	n/a	n/a	39,682,254
2022	29,135,000	n/a	7,409,419	n/a	n/a	36,544,419

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2013	49,520,000	-	49,520,000	0.81%	1,372
2014	48,250,000	-	48,250,000	0.88%	1,333
2015	46,250,000	-	46,250,000	0.78%	1,278
2016	39,945,000	-	39,945,000	0.66%	1,116
2017	38,455,000	-	38,455,000	0.63%	1,079
2018	36,860,000	-	36,860,000	0.58%	1,035
2019	34,145,000	-	35,145,000	0.53%	959
2020	33,300,000	-	33,300,000	0.51%	962
2021	31,300,000	-	31,300,000	0.47%	903
2022	29,135,000	-	29,135,000	0.38%	818

**Freehold Township School District
Direct and Overlapping Governmental Activities Debt
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			
Freehold Township	\$ 67,941,964	0.000%	\$ 67,941,964
Other debt			
Water Sewer System	21,255,440	100.000%	21,255,440
Freehold Regional High School	14,460,000	19.707%	2,849,647
Manasquan River Regional Sewerage Authority	2,855,000	41.892%	1,196,008
Monmouth County	469,997,108	5.218%	24,525,648
Subtotal, overlapping debt			117,768,707
Freehold Township School District Direct Debt			30,195,000
Total direct and overlapping debt			<u>\$ 147,963,707</u>

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

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

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

Equalized valuation basis

2022	\$ 7,482,540,200
2021	6,868,119,600
2020	<u>6,717,431,900</u>
[A]	<u>\$ 21,068,091,700</u>
[A/3]	\$ 7,022,697,233
[B]	210,680,917 ^a
[C]	-
[B-C]	<u>\$ 210,680,917</u>

Fiscal year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt limit	\$ 190,647,014	\$ 179,084,476	\$ 170,842,236	\$ 168,633,445	\$ 113,765,335	\$ 122,203,251	\$ 190,647,014	\$ 196,362,498	\$ 201,780,024	\$ 210,680,917
Total net debt applicable to limit	<u>50,000,000</u>	<u>48,250,000</u>	<u>46,250,000</u>	<u>39,945,000</u>	<u>38,455,000</u>	<u>36,860,000</u>	<u>35,145,000</u>	<u>33,300,000</u>	<u>31,300,000</u>	<u>29,135,000</u>
Legal debt margin	<u>\$ 140,647,014</u>	<u>\$ 130,834,476</u>	<u>\$ 124,592,236</u>	<u>\$ 128,688,445</u>	<u>\$ 75,310,335</u>	<u>\$ 85,343,251</u>	<u>\$ 155,502,014</u>	<u>\$ 163,062,498</u>	<u>\$ 170,480,024</u>	<u>\$ 181,545,917</u>
Total net debt applicable to the limit as a percentage of debt limit	26.23%	26.94%	27.07%	23.69%	33.80%	30.16%	18.43%	16.96%	15.51%	13.83%

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

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

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

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2013	36,806	-	-	7.0%
2014	36,184	-	-	5.0%
2015	35,812	-	-	4.7%
2016	35,807	-	-	4.4%
2017	35,623	-	-	4.1%
2018	35,053	-	-	3.9%
2019	34,735	-	-	2.5%
2020	34,624	-	-	15.6%
2022	34,679	-	-	6.5%
2022	35,596	-	-	3.1%

Source:

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

^b Personal income not available by municipality.

^c Per Capita Income not available by municipality.

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

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

Employer	2022			2013		
	Employees	Rank (Optional)	Percentage of Total Employment ^b	Employees	Rank (Optional)	Percentage of Total Employment ^b
CentraState Medical Center	1,958.00	1	51.54%	2,021	1	38.07%
YMCA of Freehold	154.00	9	4.05%	860	2	16.20%
iPlay America, Inc.	-	-	0.00%	238	7	4.48%
Center for Aging	-	-	0.00%	545	3	10.27%
Garden State Consumer Credit	-	-	0.00%	250	6	4.71%
Macy's	-	-	0.00%	225	8	4.24%
IVC Industries, Inc.	-	-	0.00%	370	5	6.97%
Verizon	-	-	0.00%	372	4	7.00%
Shore Point Distributing Co., Inc.	-	-	0.00%	208	10	3.92%
Sam's Club	179.00	7	4.71%	220	9	4.14%
WalMart	276.00	3	7.27%	-	-	0.00%
ShopRite	301.00	2	7.92%	-	-	0.00%
Durham School Services	234.00	4	6.16%	-	-	0.00%
Applewood Estates	207.00	5	5.45%	-	-	0.00%
Freehold Cartage, Inc.	190.00	6	5.00%	-	-	0.00%
Allaire Rehab & Nursing	160.00	8	4.21%	-	-	0.00%
Home Depot	140.00	10	3.69%	-	-	0.00%
	<u>3,799</u>		<u>100.00%</u>	<u>5,309</u>		<u>100.00%</u>

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

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

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

<u>Function/Program</u>	<u>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	282	298	295	295	361	264	262	261	245	242
Special education	200	214	221	220	125	242	238	202	218	208
Other special education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	80	82	84	82	74	90	90	104	82	91
General administrative services	4	4	4	4	5	5	5	4	4	4
School administrative services	29	26	27	27	27	29	29	27	29	28
Business administrative services	15	14	15	16	17	16	16	16	16	17
Plant operations and maintenance	75	67	82	82	81	80	80	69	70	68
Pupil transportation	67	72	69	76	81	77	76	63	62	58
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Total	<u>752</u>	<u>777</u>	<u>797</u>	<u>802</u>	<u>771</u>	<u>803</u>	<u>796</u>	<u>746</u>	<u>726</u>	<u>716</u>

Source: District Personnel Records

Freehold Township School District
 Operating Statistics
 Last Ten Fiscal Years
 UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADE) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2013	4,170	64,431,299	15,451	4.93%	353	17:01	16:01	4,155	3,970	-2.72%	95.55%
2014	4,042	66,902,931	16,552	7.13%	354	17:01	14:01	4,050	3,881	-2.53%	95.83%
2015	3,937	69,359,914	17,617	6.44%	367	11:01	10:01	3,921	3,748	-5.63%	95.59%
2016	3,855	70,388,447	18,259	3.64%	338	11:01	11:01	3,840	3,678	-5.19%	95.78%
2017	3,820	66,357,149	17,371	-4.86%	343	11:01	11:01	3,805	3,628	-6.05%	95.35%
2018	3,778	69,228,155	18,324	5.49%	341	11:01	11:01	3,763	3,577	-7.09%	95.07%
2019	3,752	68,843,616	18,349	0.13%	337	11:01	11:01	3,748	3,569	-7.46%	95.22%
2020	3,638	67,640,604	18,593	7.03%	339	11:01	11:01	3,702	3,582	-10.90%	96.76%
2021	3,621	72,667,476	20,068	9.52%	330	11:01	11:01	3,593	2,981	-11.28%	82.97%
2022	3,593	75,358,446	20,974	14.46%	327	11:01	11:01	3,496	3,280	-13.68%	93.82%

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

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

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
District Building^a										
Early Learning Center										
Early Childhood Learning Center (1936) ^b										
Square Feet	37,156	37,156	37,156	37,156	37,156	37,156	37,156	37,156	37,156	37,156
Capacity (students)	127	127	127	127	127	127	127	127	127	127
Enrollment ^b	121	114	114	114	114	101	95	72	93	109
Elementary										
Joseph J. Catena (1951)										
Square Feet	76,045	76,045	76,045	76,045	76,045	76,045	76,045	76,045	76,045	76,045
Capacity (students)	633	633	633	633	633	633	633	633	633	633
Enrollment	491	511	511	511	511	486	485	449	456	447
C. Richard Applegate (1972)										
Square Feet	81,963	81,963	81,963	81,963	81,963	81,963	81,963	81,963	81,963	81,963
Capacity (students)	606	606	606	606	606	606	606	606	606	606
Enrollment	541	487	487	487	487	452	425	396	386	366
Marshall W. Erickson (1972)										
Square Feet	78,130	78,130	78,130	78,130	78,130	78,130	78,130	78,130	78,130	78,130
Capacity (students)	606	606	606	606	606	606	606	606	606	606
Enrollment	502	468	468	468	468	431	437	440	421	450
Laura Donovan (1968)										
Square Feet	76,491	76,491	76,491	76,491	76,491	76,491	76,491	76,491	76,491	76,491
Capacity (students)	653	653	653	653	653	653	653	653	653	653
Enrollment	487	488	488	488	488	432	436	431	442	449
West Freehold (9/04)										
Square Feet	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Capacity (students)	636	636	636	636	636	636	636	636	636	636
Enrollment	516	522	522	522	522	501	502	452	430	405
Middle School										
Clifton T. Barkalow (1965)										
Square Feet	110,553	110,553	110,553	110,553	110,553	110,553	110,553	110,553	110,553	110,553
Capacity (students)	831	831	831	831	831	831	831	831	831	831
Enrollment	763	752	752	752	752	671	661	690	658	659
Dwight D. Eisenhower (1971)										
Square Feet	114,979	114,979	114,979	114,979	114,979	114,979	114,979	114,979	114,979	114,979
Capacity (students)	863	863	863	863	863	863	863	863	863	863
Enrollment	749	700	687	680	681	667	685	639	601	558
Other										
Transportation & Maintenance Offices										
Square Feet	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800
Number of Schools at June 30, 2022										
Early Learning Center = 1										
Elementary = 5										
Middle School = 2										
Other = 1										

Source: District records, ASSA

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

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

* School Facilities Project # (s)	Joseph J. Catena Elementary N/A	C. Richard Applegate Elementary N/A	Clifton T. Barkalow Middle School N/A	Dwight D. Eisenhower Middle School N/A	Marshall W. Errickson Elementary N/A	Laura Donovan Elementary N/A	West Freehold Elementary N/A	Early Childhood Learning Center N/A	Total
2013	43,820	47,231	63,694	66,256	45,022	44,077	51,862	21,411	383,373
2014	128,893	138,923	187,348	194,884	132,427	129,649	152,546	62,977	1,127,647
2015	138,630	149,418	201,501	209,606	142,431	139,443	164,070	67,735	1,212,834
2016	153,099	165,013	222,532	231,483	157,296	153,997	181,194	74,805	1,339,419
2017	138,388	149,157	201,149	209,240	142,182	139,199	163,783	67,617	1,210,716
2018	140,831	151,790	206,466	215,031	144,045	139,800	165,313	68,810	1,232,087
2019	126,503	136,347	183,874	191,270	129,971	127,245	149,717	61,810	1,106,737
2020	115,800	124,812	168,349	175,089	118,975	116,480	137,051	56,581	1,013,137
2021	131,863	142,125	191,700	199,374	135,478	132,636	156,061	64,429	1,153,666
2022	138,874	149,682	201,893	209,976	142,682	139,689	164,359	67,856	1,215,011
Total School Facilities	<u>\$ 1,256,701</u>	<u>\$ 1,354,499</u>	<u>\$ 1,828,506</u>	<u>\$ 1,902,209</u>	<u>\$ 1,290,509</u>	<u>\$ 1,262,216</u>	<u>\$ 1,485,956</u>	<u>\$ 614,031</u>	<u>\$ 10,994,627</u>

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

Source: District records

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
For the Year Ended June 30, 2022
UNAUDITED

Company	Type of Coverage	Coverage	Deductible
Republic Franklin (Utica)	Property		
	Blanket Building & Contents	\$ 204,884,078	\$ 5,000
	Business Income & Extra Exp.	5,000,000	
	Data Processing Equipment	100,000	Per Building
	Data & Media	10,000	Per Building
	EDP - Chrome Books	142,000	-
	Flood	1,015,000	25,000
	Earthquake	1,000,000	25,000
	Equipment Breakdown (Blanket)	Included	
	Commercial Liability		
	Bodily Injury & Property Damage		
	Each Occurrence	1,000,000	
	General Aggregate	3,000,000	
	Products/Completed Operations	3,000,000	
	Damage to Premises Rented	1,000,000	
	Medical Payments	10,000	
	Personal & Advertising Injury	1,000,000	
Crime			
Employee Theft	4,000,000	5,000	
Forgery or Alteration	100,000		
Theft of Money & Securities	25,000	500	
School Board Legal			
Limit of Liability	1,000,000/3,000,000	10,000	
Graphic Arts (Utica)	Business Auto		
	Combined Single Limit	1,000,000	
	Personal Injury Protection	Statutory	
	Medical Payments	5,000	
	Uninsured & Underinsured	1,000,000	
	Comprehensive Deductible		1,000
Collision Deductible		1,000	

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Insurance Schedule (Continued)
For the Year Ended June 30, 2022
UNAUDITED

Company	Type of Coverage	Coverage	Deductible
NJSIG	Worker's Compensation		
	Section A	Statutory	
	Section B	3,000,000/3,000,000/3,000,000	
Chubb	Supplemental Worker's Compensation		
	Maximum Benefit Period	52 Weeks	
	Waiting Period	7 days	
Bollinger	Student Accident		
	Maximum Benefit	6,000,000	
Selective	Bonds		
	Business Adm./Board Sec'y.	375,000	
Beazley	Environmental Policy		
	Each Incident	1,000,000	10,000
	Aggregate	1,000,000	
	First Party Personal Property	100,000	
		50000	Deductible varies based on age of the building
		1,000,000	
	Microbial Matter Clean Up Cost Ded.	250,000	
Utica Mutual Ins. Co.	Excess Umbrella		
	Limit of Liability	20,000,000	
	Retention	10,000	
Fireman's Fund	CAP Program		
	Each Occurrence	25,000,000	
	Aggregate	25,000,000	
Underwriters at Lloyd's	Cyber Liability		
	Liability	1,000,000	
	Retention	25,000	

Source: District Records

SINGLE AUDIT SECTION



K-1

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Freehold Township School District in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise of the Freehold Township School District basic financial statements, and have issued our report thereon dated February 14, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Freehold Township School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of 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 School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

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



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

February 14, 2023



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

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

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

We have audited Freehold Township School District's compliance with the types of compliance requirements described in the OMB Compliance Supplement and the New Jersey OMB Circular 15-08 that could have a direct and material effect on each of Freehold Township School District's major federal and state programs for the year ended June 30, 2022. Freehold Township School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Freehold Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the New Jersey OMB Circular 15-08. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Freehold Township School District 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 program. Our audit does not provide a legal determination of Freehold Township School District's compliance with the compliance requirements referred to above.

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 Freehold Township School District'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 Freehold Township School District'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 Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material 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 Freehold Township School District's compliance with the requirements of each major federal 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 Circular 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 test basis, evidence regarding Freehold Township School District'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 Freehold Township School District'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 and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of Freehold Township School District's, internal control over compliance. Accordingly, no such opinion is expressed.

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.

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 and state program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.


Our consideration of internal control over compliance was for the limited purpose described in the 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

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 Circular 15-08,. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

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



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

February 14, 2023

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance at June 30, 2021	Cash Received	Budgetary Expenditures	Repayment of Prior years' Balances	Deferred Revenue at June 30, 2022	(Accounts Receivable) at June 30, 2022	Due to Grantor at June 30, 2022
General Fund:										
U.S Department of Health and Human Services										
Medical Assistance Program	93.778	7/1/21-6/30/22	\$ 93,886	\$ -	\$ 93,886	\$ (93,886)	\$ -	\$ -	\$ -	\$ -
FFCRA/SEMI	93.778	1/1/21-12/31/21	-	-	-	-	-	-	-	-
				-	93,886	(93,886)	-	-	-	-
U.S. Department of Agriculture										
Passed-through State Department of Education:										
Food Distribution Program	10.550	7/1/21-6/30/22	75,506	-	75,506	(75,506)	-	-	-	-
P-EBT Administrative Cost Grant	10.649	7/1/21-6/30/22	1,242	-	1,242	(1,242)	-	-	-	-
Child Nutrition Cluster:										
Emergency Operational Cost Program	10.555	7/1/21-6/30/22	26,577	-	26,577	(26,577)	-	-	-	-
Summer Food Service Program for Children	10.559	7/1/20-6/30/21	451,782	(81,213)	81,213	-	-	-	-	-
Summer Food Service Program for Children	10.559	7/1/21-6/30/22	1,707,185	-	1,593,879	(1,707,185)	-	-	(113,306)	-
Subtotal Child Nutrition Cluster				(81,213)	1,701,669	(1,733,762)	-	-	(113,306)	-
Total U.S. Department of Agriculture				(81,213)	1,777,175	(1,810,510)	-	-	(113,306)	-
U.S. Department of Education										
Passed-through State Department of Education:										
Title I	84.010	7/1/21-6/30/22	257,823	-	113,453	(182,292)	-	-	(68,839)	-
Title I	84.010	7/1/20-6/30/21	340,962	(106,878)	106,878	-	-	-	-	-
Title II Part A	84.367A	7/1/21-6/30/22	55,991	-	42,112	(55,991)	-	-	(13,879)	-
Title II Part A	84.367A	7/1/20-6/30/21	65,248	(9,594)	9,594	-	-	-	-	-
Title III	84.365A	7/1/21-6/30/22	24,586	-	8,144	(32,619)	-	-	(24,475)	-
Title III	84.365A	7/1/20-6/30/21	14,817	(1,100)	1,100	-	-	-	-	-
Title III Immigrant	84.365A	7/1/20-6/30/21	-	-	-	-	-	-	-	-
Title III Immigrant	84.365A	7/1/21-6/30/22	-	-	-	-	-	-	-	-
Title IV	84.424	7/1/20-6/30/21	22,282	(10,362)	9,729	-	-	-	(633)	-
Title IV	84.424	7/1/21-6/30/22	22,193	-	1,443	(24,957)	-	-	(23,514)	-
Education Stabilization Funds										
Cluster:										
CARES Emergency Relief Grant	84.425D	3/13/20-9/30/22	255,850	-	88,001	(99,617)	-	-	(11,616)	-
CARES Emergency Relief Grant	84.425D	3/13/20-9/30/22	255,850	(12,054)	12,054	-	-	-	-	-
ARP ESSER	84.425U	3/13/20-9/30/24	2,239,641	-	-	(868,117)	-	-	(868,117)	-
ARP ESSER Accelerate Learning Coach	84.425U	3/13/20-9/30/24	307,026	-	-	(53,079)	-	-	(53,079)	-
ARP ESSER Summer Learning	84.425U	3/13/20-9/30/24	40,000	-	-	(39,800)	-	-	(39,800)	-
ARP ESSER Beyond the School Day	84.425U	3/13/20-9/30/24	40,000	-	-	(10,387)	-	-	(10,387)	-
ESSER II - CR Mental Health	84.425D	3/13/20-9/30/23	45,000	-	25,276	(27,157)	-	-	(1,881)	-
ESSER II - CRRSA	84.425D	3/13/20-9/30/23	996,532	-	527,514	(770,045)	-	-	(242,531)	-
ESSER II - CR Learning Acceleration	84.425D	3/13/20-9/30/23	63,953	-	46,766	(46,766)	-	-	-	-
Subtotal Education Stabilization Funds Cluster				(12,054)	699,611	(1,914,968)	-	-	(1,227,411)	-
Special Education Cluster:										
I.D.E.A. Part B Basic Regular	84.027	7/1/20-6/30/21	913,728	(181,757)	181,757	-	-	-	-	-
I.D.E.A. Part B Basic Regular	84.027	7/1/21-6/30/22	873,617	-	621,202	(873,617)	-	-	(252,415)	-
ARP I.D.E.A Part B Basic Regular	84.027X	7/1/21-6/30/22	159,507	-	88,662	(159,507)	-	-	(70,845)	-
I.D.E.A. Part B Preschool	84.173	7/1/21-6/30/22	39,671	-	28,992	(39,671)	-	-	(10,679)	-
I.D.E.A. Part B Preschool	84.173	7/1/20-6/30/21	39,565	(6,598)	6,598	-	-	-	-	-
ARP I.D.E.A. Part B Preschool	84.173X	7/1/20-6/30/21	13,603	-	10,896	(13,603)	-	-	(2,707)	-
Subtotal Special Education Cluster				(188,355)	938,107	(1,086,398)	-	-	(336,646)	-
Total U.S. Department of Education				(328,343)	1,930,171	(3,297,225)	-	-	(1,695,397)	-
Total Expenditures of Federal Awards				\$ (409,556)	\$ 3,801,232	\$ (5,201,621)	\$ -	\$ -	\$ (1,808,703)	\$ -

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Year Ended June 30, 2022

State Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2021	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Deferred Revenue at June 30, 2022	(Accounts Receivable) at June 30, 2022	Due to Grantor at June 30, 2022	Budgetary Receivable	Total Expenditures
State Department of Education													
General Fund:													
Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	709,345	-	-	644,940	(709,345)	-	-	-	-	(64,405)	709,345
Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	2,860,147	-	-	2,582,518	(2,860,147)	-	-	-	-	(277,629)	2,860,147
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	1,100,169	-	-	990,423	(1,100,169)	-	-	-	-	(109,746)	1,100,169
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	93,758	-	-	85,893	(93,758)	-	-	-	-	(7,865)	93,758
Extraordinary Aid	22-495-034-5120-044	7/1/21-6/30/22	1,272,820	-	-	-	(1,272,820)	-	-	(1,272,820)	-	-	1,272,820
Extraordinary Aid	21-495-034-5120-044	7/1/20-6/30/21	1,066,356	(1,066,356)	-	1,066,356	-	-	-	-	-	-	-
Nonpublic Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	39,730	-	-	-	(39,730)	-	-	(39,730)	-	-	39,730
Nonpublic Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	30,450	(30,450)	-	30,450	-	-	-	-	-	-	-
On-Behalf TPAF Pension Contribution	22-495-034-5094-002	7/1/21-6/30/22	11,535,327	-	-	11,535,327	(11,535,327)	-	-	-	-	-	11,535,327
On-Behalf TPAF Long-Term Disability Ins	22-495-034-5094-004	7/1/21-6/30/22	3,943	-	-	3,943	(3,943)	-	-	-	-	-	3,943
On-Behalf TPAF Post-Retirement Medical	22-495-034-5094-001	7/1/21-6/30/22	2,695,119	-	-	2,695,119	(2,695,119)	-	-	-	-	-	2,695,119
Reimbursed TPAF Social Security Contribution	22-495-034-5094-003	7/1/21-6/30/22	2,353,436	-	-	2,239,629	(2,353,436)	-	-	(113,807)	-	-	2,353,436
Reimbursed TPAF Social Security Contribution	21-495-034-5094-003	7/1/20-6/30/21	2,266,816	(110,500)	-	110,500	-	-	-	-	-	-	-
Total General Fund				(1,207,306)	-	21,985,098	(22,663,794)	-	-	(1,426,357)	-	(459,645)	22,663,794
Enterprise Fund:													
State School Lunch Program	22-100-010-3350-023	7/1/21-6/30/22	37,960	-	-	35,416	(37,960)	-	-	(2,544)	-	-	37,960
State School Lunch Program	21-100-010-3350-023	7/1/20-6/30/21	18,434	(3,786)	-	3,786	-	-	-	-	-	-	-
Total Enterprise Fund				(3,786)	-	39,202	(37,960)	-	-	(2,544)	-	-	37,960
Debt Service Fund:													
Debt service aid	22-495-034-5120-017	7/1/21-6/30/22	38,558	-	-	38,558	(38,558)	-	-	-	-	-	38,558
Total Debt Service Fund				-	-	38,558	(38,558)	-	-	-	-	-	38,558
Special Revenue Fund:													
N.J. Nonpublic Textbook Aid	22-100-034-5120-064	7/1/21-6/30/22	1,620	-	-	1,620	(1,614)	-	-	-	6	-	1,614
N.J. Nonpublic Textbook Aid	21-100-034-5120-064	7/1/20-6/30/21	1,100	46	-	-	-	(46)	-	-	-	-	-
N.J. Nonpublic Nursing Aid	22-100-034-5120-070	7/1/21-6/30/22	3,024	-	-	3,024	(3,022)	-	-	-	2	-	3,022
N.J. Nonpublic Nursing Aid	21-100-034-5120-070	7/1/20-6/30/21	1,835	1	-	-	-	(1)	-	-	-	-	-
N.J. Nonpublic Technology Aid	22-100-034-5120-373	7/1/21-6/30/22	1,134	-	-	1,134	(1,101)	-	-	-	33	-	1,101
N.J. Nonpublic Security Aid	22-100-034-5120-509	7/1/21-6/30/22	4,725	-	-	4,725	(4,495)	-	-	-	230	-	4,495
SDA Emergency	22-100-034-5120-519	7/1/21-6/30/22	85,679	-	-	85,679	(85,679)	-	-	-	-	-	-
Total Special Revenue Fund				47	-	96,182	(95,911)	(47)	-	-	271	-	10,232
Total Expenditures of State Awards				(1,211,045)	-	22,159,040	(22,836,223)	(47)	-	(1,428,901)	271	(459,645)	22,750,544
State Financial Assistance Not Subject to Single Audit Determination													
On-Behalf TPAF Pension Contribution	22-495-034-5094-002	7/1/21-6/30/22	11,535,327	-	-	11,535,327	(11,535,327)	-	-	-	-	-	11,535,327
On-Behalf TPAF Long-Term Disability Ins	22-495-034-5094-004	7/1/21-6/30/22	3,943	-	-	3,943	(3,943)	-	-	-	-	-	3,943
On-Behalf TPAF Post-Retirement Medical	22-495-034-5094-001	7/1/21-6/30/22	2,695,119	-	-	2,695,119	(2,695,119)	-	-	-	-	-	2,695,119
Total State Financial Assistance Not Subject to Single Audit Determination				-	-	14,234,389	(14,234,389)	-	-	-	-	-	14,234,389
Total Expenditures of State Awards Subject to Single Audit Determination				(1,211,045)	-	7,924,651	(8,601,834)	(47)	-	(1,428,901)	271	(459,645)	8,516,155

See accompanying notes to schedules of expenditures.

Freehold Township School District

Notes to Schedules of Awards and Financial Assistance

June 30, 2022

1. General

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

2. Basis of Accounting

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

3. Relationship to Basic Financial Statements

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June 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 one or more state aid June payments in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(11,558,300) for the general fund, \$43,727 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page.

Freehold Township School District

Notes to Schedules of Awards and Financial Assistance (continued)

June 30, 2022

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 93,886	\$ 11,105,494	\$ 11,199,380
Special Revenue Fund	3,340,952	95,911	3,436,863
Debt Service Fund	-	38,558	38,558
Capital Projects Fund	-	-	-
Food Service Fund	<u>1,810,510</u>	<u>37,960</u>	<u>1,848,470</u>
Total awards and financial assistance	<u>\$ 5,245,348</u>	<u>\$ 11,277,923</u>	<u>\$ 16,523,271</u>

4. Relationship to Federal and State Financial Reports

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

5. Other

TPAF Social Security and Post Retirement/Medical Benefits Contributions represent the amounts reimbursed by the State for the employer's share of social security contributions and Post Retirement/Medical Benefits for TPAF members for the year ended June 30, 2022.

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

6. Indirect Costs

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

Freehold Township School District

Schedule of Findings and Questioned Costs

June 30, 2022

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

Type of auditor's report issued: Unmodified opinion

Internal control over financial reporting:

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

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

Federal Awards Section

Internal Control over major programs:

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.555	<u>Child Nutrition Cluster:</u>
10.559	Emergency Operational Cost Program
	Summer Food Service Program for Children (SFSP)
	<u>Education Stabilization Funds Cluster:</u>
84.425D	Cares and CRRSA Elementary and Secondary School Emergency Relief Fund
84.425U	American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)

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

Auditee qualified as low-risk auditee? yes no

Freehold Township School District
 Schedule of Findings and Questioned Costs (continued)
 June 30, 2022

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

State Financial Assistance Section

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

Auditee qualified as low-risk auditee? yes no

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

Internal Control over major programs:

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

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

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
495-034-5094-003	Reimbursed TPAF Social Security Contributions

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

June 30, 2022

Section II - Financial Statement Findings - N/A

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

Freehold Township School District
Summary Schedule of Prior Audit Findings and Questioned Costs
June 30, 2022

Financial Statement Findings

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

Federal Awards

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

State Financial Assistance

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