

SCHOOL DISTRICT
OF
FREEHOLD TOWNSHIP
OF MONMOUTH COUNTY

Freehold Township School District
Freehold, New Jersey

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2023

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

Of the

Freehold Township School District
of Monmouth County

Freehold, New Jersey

For the Fiscal Year Ended June 30, 2023

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."*

December 4, 2023

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

Dear Board Members:

The Annual Comprehensive Financial Report (ACFR) of the Freehold Township School District for the fiscal year ended June 30, 2023 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 Annual Comprehensive Financial Report (ACFR) is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the state Treasury Circular Letter OMB 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations, 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 and budget workshops are open to the public and begin at 7:00 PM. For an updated list of dates and times of Board meetings, please see the district website at www.freeholdtp.k12.nj.us. Board meetings are live streamed and recorded on the Freehold Township You Tube 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	Student	Percent
October 15	Enrollment	Change
2018	3,726	
2019	3,687	-1.05%
2020	3,564	-3.34%
2021	3,493	-1.99%
2022	3,443	-1.43%
2023	3449	0.17%

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 2022-2023, the tax levy accounted for 91% of the total general fund revenue collected (not including the on-behalf, non-budgeted funds). State aid increased \$241,366 or 5.0%. Extraordinary aid, which supports local costs for the most severe special needs students, decreased \$89,636 or 7.0%. The state funded only 72.7% of eligible costs in 2022-2023 versus 83.8% in 2021-2022.

Other general fund revenues came in approximately \$171,380 higher than expected. \$99,211 was due to an increase in the enrollment of tuition based preschool students. The district also received an additional \$110,353 in tuition from other school districts for accepting their students with special needs. \$76,740 was due to an increase in federal funding for SEMI. Miscellaneous revenue fell short of projections by \$73,020 due to the unemployment claims paid exceeding the revenue from payroll.

2022-2023 was the first typical year of operations since the start of the COVID-19 pandemic. While the district did experience some budget savings in in 2022-2023, they were not as significant as the prior two years. This was primarily due to an increase in health insurance claims. In 2021-2022, \$2.3 million of the total savings came solely from employee benefits, primarily health care. In 2022 - 2023, the district experienced an increase in health benefit claims and only experienced \$11,000 in savings.

On June 30, the district deposited \$1,037,135 of excess funds into the district's Capital Reserve account. The June 30, 2023 balance for all of the district's reserve accounts is as follows: Capital Reserve \$6,587,595, Maintenance Reserve \$3,173,741 and Emergency Reserve \$792,970. These funds are respectively

designated for future capital projects, maintenance repairs and healthcare or security 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: 2022-2023 was the final year of federal funding for the Elementary and Secondary School Emergency Relief Fund (ESSER II). The remaining funds were used for high dosage tutoring for targeted students through district staff or digital platforms

The district continued to expend the \$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 expand intervention services and emotional support for our ERI elementary program at the Applegate Elementary School. 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 substitute teachers.

The State of New Jersey required major curriculum revisions in the areas of Comprehensive Health and PE, Social Studies grades K-4, Reading Assessments grades 6-8, Science Supports and Resources grades 6-8, Computer Science and Design Thinking and Writing Curriculum grades 3-5. The district expended funds for both curriculum writing and professional development to train the staff in the proper delivery of the new curriculum.

The district continues to allocate resources to maintain and improve our school facilities. In 2022-2023, the district entered into a contract to replace \$2,899,800 worth of HVAC equipment at the West Freehold Elementary School and \$2,115,000 in roofing at the Laura Donovan Elementary School and the West Freehold Elementary School. Both contracts were funded by the district's Capital Reserve funds. The district also applied for ROD grants from the state for additional capital improvements. The grant funding would be applied to the cost of new HVAC equipment at the Errickson and Applegate Elementary Schools. The grant provides 40% of the funding for the projected costs.

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, 2023.

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, 2023, the District's outstanding debt issues included \$26,790,000 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,

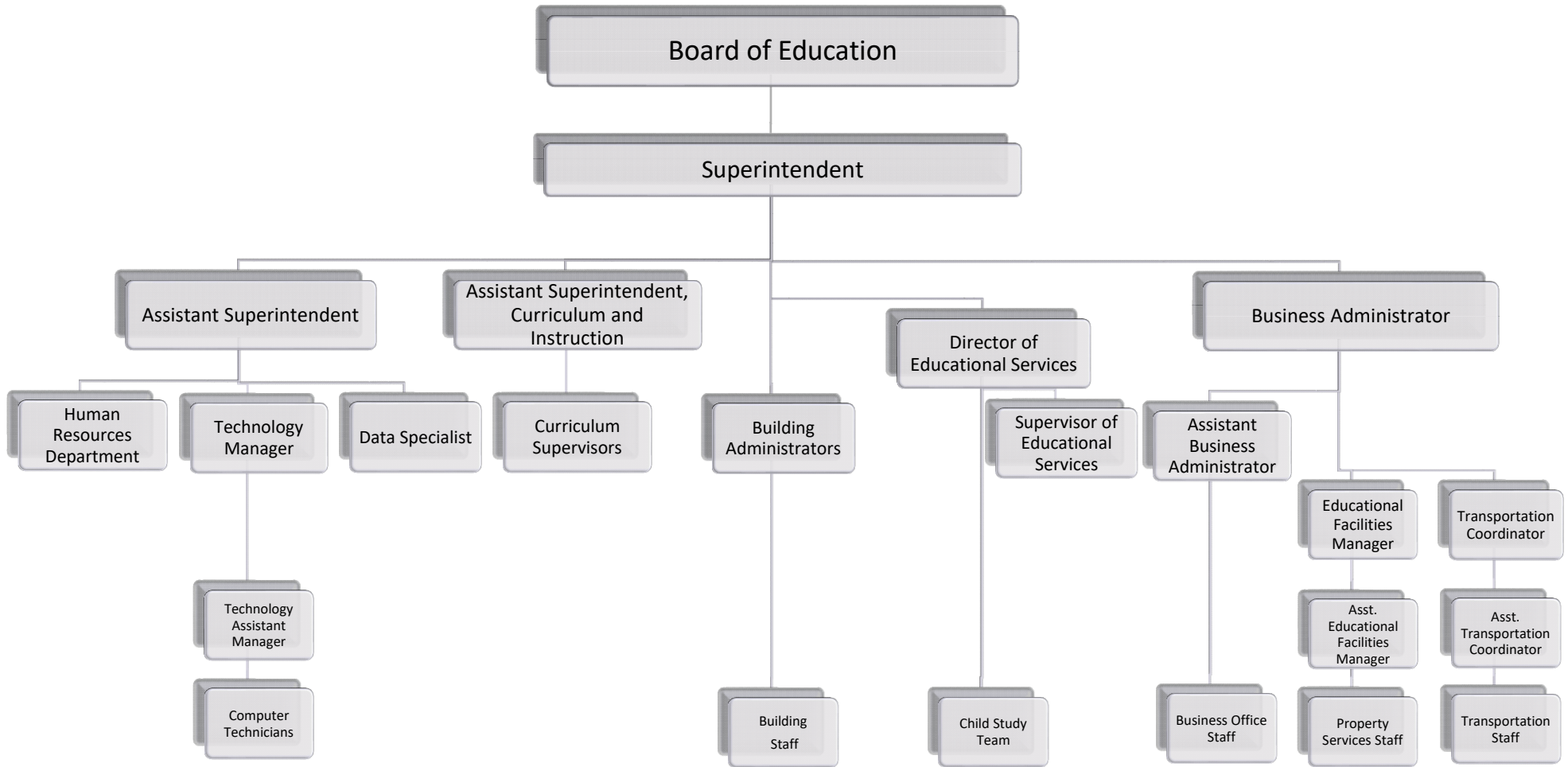


Neal Dickstein
Superintendent of Schools



Robert M. De Vita
Business Administrator/Board Secretary

FREEHOLD TOWNSHIP BOARD OF EDUCATION ORGANIZATION CHART 2023



Freehold Township School District
Freehold, New Jersey

Roster of Officials
June 30, 2023

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Michelle Lambert, President	2023
Michael Amoroso, Vice President	2023
Mary Cozzolino	2024
Neil Garguilo	2024
Elena O'Sullivan	2025
Meg Thomann	2023
Kerry Vendittoli	2024
Renata Brand	2025
Jeffrey Williams	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, 2023, 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, 2023 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 December 4, 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, 2023
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, 2023. 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, 2023 are as follows:

Net position totaled \$15,848,453, which represents a 45.77 percent increase from June 30, 2022.

General revenues accounted for \$84,133,345 in revenue or 91.99 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 \$7,325,974 or 8.01 percent of total revenues of \$91,459,319.

Total assets decreased by \$1,740,137 as current assets decreased by \$2,412,939 and capital assets, net increased by \$672,802. The majority of this decrease in current assets is due to a \$1,139,487 reduction in cash and \$1,172,627 in federal receivables. Cash decreased as the district returned to normal operations and expended more funds in a post Covid environment. Federal receivables decreased as COVID related grant funding (ESSER, ARP) began to expire.

The School Board had \$86,483,393 in expenses; only \$7,325,974 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$84,133,345 were adequate to provide for these programs. The primary source of revenue came from property taxes which represent 87 percent of all revenue.

Among major funds, the General Fund had \$84,077,772 in revenues and \$86,993,161 in expenditures and transfers. The General Fund's balance decreased \$2,915,389 over June 30, 2022. The General Fund's balance is \$21,928,285. The decrease in fund balance is attributed to operational expenditures returning to pre-COVID levels. The district did not experience the same significant savings in the areas such as transportation, utilities, tuition costs, benefits and salaries as it did in 2021-2022.

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, 2023 and 2022.

Table 1

Net Position as of June 30, 2023 and June 30, 2022

	June 30, 2023			June 30, 2022		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets:						
Current and other assets	\$ 24,772,736	\$ 448,025	\$ 25,220,761	\$ 27,245,668	\$ 388,032	\$ 27,633,700
Capital assets, net	56,431,799	156,073	56,587,872	55,747,006	168,064	55,915,070
Total assets	81,204,535	604,098	81,808,633	82,992,674	556,096	83,548,770
Deferred outflow of resources	3,328,150	-	3,328,150	2,881,984	-	2,881,984
Liabilities:						
Current liabilities	2,811,938	119,957	2,931,895	2,127,332	120,031	2,247,363
Long-term liabilities outstanding	55,937,377	-	55,937,377	55,508,556	-	55,508,556
Total liabilities	58,749,315	119,957	58,869,272	57,635,888	120,031	57,755,919
Deferred inflow of resources	10,419,058	-	10,419,058	17,802,308	-	17,802,308
Net position:						
Net investment in capital assets	18,160,233	156,073	18,316,306	13,846,742	168,064	14,014,806
Restricted	17,812,727	-	17,812,727	20,572,803	-	20,572,803
Unrestricted	(20,608,648)	328,068	(20,280,580)	(23,983,083)	268,001	(23,715,082)
Total Net Position	\$ 15,364,312	\$ 484,141	\$ 15,848,453	\$ 10,436,462	\$ 436,065	\$ 10,872,527

The unrestricted net position is a negative balance due to the long-term liabilities for items such as compensated absences, debt and the PERS pension liability. The District expects to be able to fund these liabilities as they come due annually.

The School Board's combined net position was \$15,848,453 on June 30, 2023. This is a change of 45.77 percent from the previous year. The total net position increase is due primarily to a decrease in deferred inflows of resources of \$6,894,277.

Table 2 provides a comparison analysis of School Board's changes in net position from fiscal years June 30, 2023 and 2022.

Table 2

Changes in Net Position

	June 30, 2023			June 30, 2022		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues						
Program revenues:						
Charges for services	\$ 777,545	\$ 731,694	\$ 1,509,239	\$ 781,802	\$ 6,255	\$ 788,057
Operating and capital grants and contributions	5,389,633	427,102	5,816,735	5,052,498	1,848,470	6,900,968
General revenues:						
Property taxes	74,949,582	-	74,949,582	73,481,737	-	73,481,737
Federal and state aid	8,775,847	-	8,775,847	9,622,303	-	9,622,303
Investment earnings	31,618	-	31,618	35,907	-	35,907
Miscellaneous	376,298	-	376,298	612,160	-	612,160
Total revenues	90,300,523	1,158,796	91,459,319	89,586,407	1,854,725	91,441,132
Expenses						
Instructional services	31,937,210	-	31,937,210	33,160,895	-	33,160,895
Support services	52,498,566	1,110,720	53,609,286	45,892,731	1,687,982	47,580,713
Interest on long-term liabilities	936,897	-	936,897	1,086,821	-	1,086,821
Total expenses	85,372,673	1,110,720	86,483,393	80,140,447	1,687,982	81,828,429
Change in net position	4,927,850	48,076	4,975,926	9,445,960	166,743	9,612,703
Net position(deficit) - beginning	10,436,462	436,065	10,872,527	990,502	269,322	1,259,824
Prior period adjustment	-	-	-	-	-	-
Net position - beginning restated	\$ 10,436,462	\$ 436,065	\$ 10,872,527	\$ 990,502	\$ 269,322	\$ 1,259,824
Net position (deficit) - ending	\$ 15,364,312	\$ 484,141	\$ 15,848,453	\$ 10,436,462	\$ 436,065	\$ 10,872,527

Total revenues increased by \$18,187 or 0.02 percent. \$1,467,845 or 8,070.85 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 81.95 percent. Federal and State aid decreased by \$846,456 due to decreases in Federal aid in the Special Revenue Fund. Grants and contributions also decreased by \$1,084,233 primarily due to a \$1,421,368 decrease in food service reimbursement. All students received free lunches during 2122 due to COVID related policies and funding. These policies resulted in increased participation from students and reimbursements from the State and Federal Governments to support the National School Lunch Program. Food service operations returned to normal, pre-COVID levels in 22-23, resulting in a reduction in student participation and reimbursements.

Total expenses increased \$4,654,964 or 5.69 percent. The majority of this was due to an increase in support costs of \$6,027,573.

The total revenues exceeding total expenditures lead to an increase of the net position by \$4,975,926 or 45.77 percent.

Expenses for Fiscal Year June 30, 2023

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 \$48,076.

Charges for services represent \$731,694 of revenue. This represents the amount paid by patrons for daily food service. Operating revenue increased by \$725,439 or 11,597.75 percent from June 30, 2022. All food sales were free in 21-22, except for the limited amount of ala carte sales due to COVID. Operating expenses decreased by \$577,262 or 34 percent. Lunch participation returned to pre-COVID levels as lunches were no longer free to all students. As sales decreased, operating expenses also decreased.

Federal and state reimbursements for meals, including interest, payments for free lunches and donated commodities were \$427,102. These reimbursements decreased by \$1,421,368 or 76.89 percent from June 30, 2022. . As meals were no longer free, less meals were served in 22-23 and 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

	2023		2022	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$ 31,937,210	\$ 31,177,916	\$ 33,160,895	\$ 32,396,308
Support Services:				
Pupils and Instructional Staff	16,905,158	11,515,525	15,477,579	10,425,081
General Administration, School Administration, Business Operation and Maintenance of Facilities	31,483,610	31,483,610	26,259,290	26,259,290
Pupil Transportation	4,109,798	4,091,547	4,155,862	4,138,647
Interest and Fiscal Charges	<u>936,897</u>	<u>936,897</u>	<u>1,086,821</u>	<u>1,086,821</u>
Total Expenses	<u>\$ 85,372,673</u>	<u>\$ 79,205,495</u>	<u>\$ 80,140,447</u>	<u>\$ 74,306,147</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 \$759,294 in 2023 which was a 0.69 percent decrease from the prior year. The revenues to offset the expenses are derived 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 \$5,389,633 in 2023 which was a 6.67 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 co-curricular and athletic activities and field trips as provided by state law. The District was able to offset these costs by \$18,251 in 2023 which was a 6.02 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, 2023, it reported a combined fund balance of \$21,960,798, which is a decrease of \$3,157,538. The decrease is due to annual expenditures being greater than revenues in 2022-2023. The primary increase in expenditures was unallocated employee benefits. 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, 2023. The increase in Local Sources is due primarily to the tax levy increase of \$1,467,845. The increase in funding from State Sources is due primarily to an increase in Extraordinary Aid and other reimbursements. Federal Sources decreased due to additional funding for Federal Grants (ESSER and ARP).

<u>Revenue</u>	<u>2023 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2022</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 76,135,043	84.31 %	\$ 1,223,437	1.63 %
State Sources	11,666,002	12.92	426,039	3.79
Federal Sources	<u>2,499,478</u>	<u>2.77</u>	<u>(935,360)</u>	<u>(27.23)</u>
Total	<u>\$ 90,300,523</u>	<u>100.00 %</u>	<u>\$ 714,116</u>	<u>0.80 %</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, 2023. Total expenditures increased by \$6,531,771 or 7.51%. Instruction decreased by \$1,223,585 due to less staffing in the general and special revenue funds. Undistributed expenditures increased by \$6,085,823, primarily due to increased expenditures in health and other unallocated benefits. Capital outlay increased by \$1,599,383 due to increased capital improvement expenditures funded through capital reserve.

<u>Expenditures</u>	<u>2023 Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2022</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expenditures:				
Instruction	\$ 31,937,210	34.17 %	\$ (1,223,685)	(3.69)%
Undistributed Expenditures	53,335,872	57.07	6,085,823	12.88
Capital Outlay	4,478,154	4.79	1,599,383	55.56
Debt Service:				
Principal	2,345,000	2.51	180,000	8.31
Interest	<u>1,361,825</u>	<u>1.46</u>	<u>(109,750)</u>	<u>(7.46)</u>
Total	<u>\$ 93,458,061</u>	<u>100.00 %</u>	<u>\$ 6,531,771</u>	<u>7.51 %</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 \$9,190,025 better than had been budgeted in terms of expenditures. . There were \$7,258,421 in open purchased orders. \$5,757,790 was encumbered for ongoing capital improvements and \$881,289 for health benefits. The \$1,931,604 in budgetary savings was less than in the prior two years as the district returned to normal, pre-COVID operations.

Both revenue and expenditure amounts have been adjusted for the non-budgeted amounts reflected in the comparison schedule for reimbursed TPAF social security contributions and on behalf TPAF post-retirement medical contributions

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

Capital Reserve	6,587,595
Maintenance Reserve	3,173,741
Emergency Reserve	792,970
Unemployment Claims	484,309

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, 2023, the School Board had \$56,587,872 invested in land, buildings, and machinery and equipment.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2023 and June 30, 2022

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 2,117,793	\$ 2,117,793	\$ -	\$ -	\$ 2,117,793	\$ 2,117,793
Construction in Progress	3,895,444	419,330	-	-	3,895,444	419,330
Building and Improvements	46,877,260	49,570,610	-	-	46,877,260	49,570,610
Machinery and Equipment	3,541,302	3,639,273	156,073	168,064	3,697,375	3,807,337
Total	\$ 56,431,799	\$ 55,747,006	\$ 156,073	\$ 168,064	\$ 56,587,872	\$ 55,915,070

During the current fiscal year, \$4,162,043 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, 2023</u>	<u>June 30, 2022</u>
Bonds Payable (net)	\$ 26,790,000	\$ 29,135,000
Capital Leases payable	6,550,649	7,409,419
Pension Liability-PERS	20,167,687	16,524,358
Compensated Absences payable	<u>2,429,041</u>	<u>2,439,779</u>
Total long-term liabilities	\$ <u>55,937,377</u>	\$ <u>55,508,556</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 2022-2023 school year, the School Board was able to sustain its budget through the local tax levy, state education aid and local revenue sources. Approximately 15.69% of the School Board's revenue is from federal, state and other aid (restricted and not restricted), while 84.31% of total revenue is from local sources.

The \$(20,608,648) 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 2022-2023 budget was the first typical year of school operations since 2018-2019. Expenditures increased back to typical levels and the district did not experience significant budgetary savings from areas such as transportation, utilities, and health benefits as it did during COVID. New budgetary revenue continued to be supported primarily through local property taxes. Additional federal grant funding that was provided due to COVID has started to expire, with only the American Rescue Plan funds remaining to be spent through September of 2024.

The new nationwide challenge facing Boards of Education is staffing. It has become more difficult to recruit staff for numerous positions including teachers, teacher assistants, bus drivers and substitutes for numerous roles. The district continues to investigate ways to attract candidates by increasing wages, increasing its recruitment efforts and managing required professional development days to minimize the need for substitute teachers.

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, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 22,329,424	\$ 418,942	\$ 22,748,366
Receivables - other	133	-	133
Receivables - state	1,340,817	1,005	1,341,822
Receivables - federal	614,039	22,037	636,076
Inventory	-	6,041	6,041
Due from other funds	20,386	-	20,386
Prepaid expenses	467,937	-	467,937
Capital assets, non-depreciable	6,013,237	-	6,013,237
Capital assets, depreciable, net:	50,418,562	156,073	50,574,635
Total assets	<u>81,204,535</u>	<u>604,098</u>	<u>81,808,633</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - PERS	3,063,816	-	3,063,816
Deferred charge on refunding	264,334	-	264,334
Total deferred outflows of resources	<u>3,328,150</u>	<u>-</u>	<u>3,328,150</u>
LIABILITIES			
Accounts payable	860,437	61,599	922,036
Other liabilities	1,558,017	-	1,558,017
Due to other funds	-	20,386	20,386
Unearned revenue	393,484	37,972	431,456
Noncurrent liabilities:			
Due within one year	3,595,611	-	3,595,611
Due beyond one year	52,341,766	-	52,341,766
Total liabilities	<u>58,749,315</u>	<u>119,957</u>	<u>58,869,272</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - PERS	5,223,807	-	5,223,807
Deferred premium on refunding	5,195,251	-	5,195,251
Total deferred inflows of resources	<u>10,419,058</u>	<u>-</u>	<u>10,419,058</u>
NET POSITION			
Net investment in capital assets	18,160,233	156,073	18,316,306
Restricted for:			
Debt service	-	-	-
Capital projects	6,587,595	-	6,587,595
Other purposes	11,225,132	-	11,225,132
Unrestricted	(20,608,648)	328,068	(20,280,580)
Total net position	<u>\$ 15,364,312</u>	<u>\$ 484,141</u>	<u>\$ 15,848,453</u>

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2023

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	\$ 19,717,041	\$ 759,294	-	\$ -	\$ (18,957,747)	\$ -	\$ (18,957,747)
Special schools instruction	10,411,946	-	-	-	(10,411,946)	-	(10,411,946)
Other special instruction	1,808,223	-	-	-	(1,808,223)	-	(1,808,223)
Support services and undistributed costs:							
Instruction	1,112,115	-	-	-	(1,112,115)	-	(1,112,115)
Health services	816,634	-	-	-	(816,634)	-	(816,634)
Other support services	8,653,786	-	-	-	(8,653,786)	-	(8,653,786)
Educational media services	758,021	-	-	-	(758,021)	-	(758,021)
Instruction staff training	174,969	-	-	-	(174,969)	-	(174,969)
General administrative services	1,288,795	-	-	-	(1,288,795)	-	(1,288,795)
School administrative services	2,466,932	-	-	-	(2,466,932)	-	(2,466,932)
Central services	874,600	-	-	-	(874,600)	-	(874,600)
Admin info technology	920,190	-	-	-	(920,190)	-	(920,190)
Allowed maintenance for school facilities	963,451	-	-	-	(963,451)	-	(963,451)
Other operation & maintenance of plant	7,503,142	-	-	-	(7,503,142)	-	(7,503,142)
Care and upkeep of grounds	288,583	-	-	-	(288,583)	-	(288,583)
Security	208,362	-	-	-	(208,362)	-	(208,362)
Student transportation services	4,109,798	18,251	-	-	(4,091,547)	-	(4,091,547)
Allocated employee benefits	-	-	-	-	-	-	-
Unallocated employee benefits	16,969,555	-	-	-	(16,969,555)	-	(16,969,555)
Non-budgeted expenses	5,389,633	-	5,389,633	-	-	-	-
Transfer to Charter school	-	-	-	-	-	-	-
Interest expense	936,897	-	-	-	(936,897)	-	(936,897)
Total governmental activities	<u>85,372,673</u>	<u>777,545</u>	<u>5,389,633</u>	<u>-</u>	<u>(79,205,495)</u>	<u>-</u>	<u>(79,205,495)</u>
Business-type activities:							
Food service	1,110,720	731,694	427,102	-	-	48,076	48,076
Total business-type activities	<u>1,110,720</u>	<u>731,694</u>	<u>427,102</u>	<u>-</u>	<u>-</u>	<u>48,076</u>	<u>48,076</u>
Total primary government	<u>\$ 86,483,393</u>	<u>\$ 1,509,239</u>	<u>5,816,735</u>	<u>\$ -</u>	<u>\$ (79,205,495)</u>	<u>\$ 48,076</u>	<u>\$ (79,157,419)</u>
General revenues:							
Taxes:							
Property taxes levied for general purpose					71,281,394	-	71,281,394
Taxes levied for debt service					3,668,188	-	3,668,188
Federal and state aid - not restricted					6,227,977	-	6,227,977
Federal and state aid -restricted					177,458	-	177,458
State aid - restricted					2,370,412	-	2,370,412
Rents and royalties					90,970	-	90,970
Miscellaneous income					285,328	-	285,328
Investment earnings					31,618	-	31,618
Total general revenues					<u>84,133,345</u>	<u>-</u>	<u>84,133,345</u>
Change in net position					<u>4,927,850</u>	<u>48,076</u>	<u>4,975,926</u>
Net position, July 1					<u>10,436,462</u>	<u>436,065</u>	<u>10,872,527</u>
Net position—ending					<u>\$ 15,364,312</u>	<u>\$ 484,141</u>	<u>\$ 15,848,453</u>

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 15,898,297	\$ (156,468)	\$ -	\$ -	\$ 15,741,829
Capital reserve	6,587,595	-	-	-	6,587,595
Receivables, net	-	133	-	-	133
Due from other funds	20,386	-	-	-	20,386
Receivables - State	1,340,817	-	-	-	1,340,817
Receivables - Federal	28,097	585,942	-	-	614,039
Prepaid expenses	467,937	-	-	-	467,937
Total assets	<u>\$ 24,343,129</u>	<u>\$ 429,607</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,772,736</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 826,487	\$ 33,950	\$ -	\$ -	\$ 860,437
Payroll deductions and withholdings payable	444,572	-	-	-	444,572
Other liabilities	1,113,000	-	-	-	1,113,000
Unearned revenue	30,785	362,699	-	-	393,484
Due to grantor	-	445	-	-	445
Total liabilities	<u>2,414,844</u>	<u>397,094</u>	<u>-</u>	<u>-</u>	<u>2,811,938</u>
Fund Balances:					
Restricted for:					
Capital reserve account	6,587,595	-	-	-	6,587,595
Maintenance reserve account	3,173,741	-	-	-	3,173,741
Emergency reserve account	792,970	-	-	-	792,970
Unemployment compensation	484,309	-	-	-	484,309
Student activities	-	32,513	-	-	32,513
Excess surplus	-	-	-	-	-
Excess surplus -- designated for subsequent year's expenditures	-	-	-	-	-
Committed to:					
Other purposes	-	-	-	-	-
Debt service fund	-	-	-	-	-
Capital projects fund	-	-	-	-	-
Assigned to:					
Other purposes	7,258,421	-	-	-	7,258,421
Designated by the BOE for subsequent year's expenditures	2,000,000	-	-	-	2,000,000
Unassigned to:					
General fund	1,631,249	-	-	-	1,631,249
Total Fund balances	<u>21,928,285</u>	<u>32,513</u>	<u>-</u>	<u>-</u>	<u>21,960,798</u>
Total liabilities and fund balances	<u>\$ 24,343,129</u>	<u>\$ 429,607</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,772,736</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.	56,431,799
Deferred outflows related to the PERS pension plan	3,063,816
Deferred inflows related to the PERS pension plan	(5,223,807)
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.	264,334
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.	(5,195,251)
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.	<u>(55,937,377)</u>
Net position of governmental activities	<u>\$ 15,364,312</u>

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local sources:					
Local tax levy	\$ 71,281,394	\$ -	\$ -	\$ 3,668,188	\$ 74,949,582
Tuition charges	759,294	-	-	-	759,294
Interest on investments	10,338	-	-	-	10,338
Interest earned on capital reserve funds	20,191	-	-	-	20,191
Interest earned on unemployment	1,089	-	-	-	1,089
Transportation fees	18,251	-	-	-	18,251
Rents and royalties	90,970	-	-	-	90,970
Miscellaneous	101,177	184,151	-	-	285,328
Total - Local Sources	72,282,704	184,151	-	3,668,188	76,135,043
State sources	11,617,610	9,755	-	38,637	11,666,002
Federal sources	177,458	2,322,020	-	-	2,499,478
Total revenues	<u>\$ 84,077,772</u>	<u>\$ 2,515,926</u>	<u>\$ -</u>	<u>\$ 3,706,825</u>	<u>\$ 90,300,523</u>
EXPENDITURES					
Current:					
Regular instruction	\$ 18,279,666	\$ 1,437,375	\$ -	\$ -	\$ 19,717,041
Special education instruction	10,411,946	-	-	-	10,411,946
Other special instruction	1,808,223	-	-	-	1,808,223
Undistributed - current:					
Instruction	1,112,115	-	-	-	1,112,115
Health services	816,634	-	-	-	816,634
Other support services	7,574,234	1,079,552	-	-	8,653,786
Educational media services	758,021	-	-	-	758,021
Instruction staff training	174,969	-	-	-	174,969
General administrative services	1,288,795	-	-	-	1,288,795
School administrative services	2,466,932	-	-	-	2,466,932
Allowed maintenance for school facilities	963,451	-	-	-	963,451
Other operation & maintenance of plant	4,568,551	-	-	-	4,568,551
Care and upkeep of grounds	288,583	-	-	-	288,583
Security	208,362	-	-	-	208,362
Student transportation services	4,109,798	-	-	-	4,109,798
Central services	874,600	-	-	-	874,600
Admin info technology	920,190	-	-	-	920,190
Allocated employee benefits	-	-	-	-	-
Unallocated employee benefits	20,741,452	-	-	-	20,741,452
Non-budgeted expenditures	5,389,633	-	-	-	5,389,633
Transfer to charter school	-	-	-	-	-
Debt service:					
Principal	-	-	-	2,345,000	2,345,000
Interest and other charges	-	-	-	1,361,825	1,361,825
Capital outlay	4,237,006	-	241,148	-	4,478,154
Total expenditures	<u>86,993,161</u>	<u>2,516,927</u>	<u>241,148</u>	<u>3,706,825</u>	<u>93,458,061</u>
Excess (Deficiency) of revenues over expenditures	<u>(2,915,389)</u>	<u>(1,001)</u>	<u>(241,148)</u>	<u>-</u>	<u>(3,157,538)</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	(2,915,389)	(1,001)	(241,148)	-	(3,157,538)
Fund balance—July 1	<u>24,843,674</u>	<u>33,514</u>	<u>241,148</u>	<u>-</u>	<u>25,118,336</u>
Fund balance—June 30	<u>\$ 21,928,285</u>	<u>\$ 32,513</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,960,798</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, 2023**

Total net change in fund balances - governmental funds (from B-2) \$ (3,157,538)

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	(3,472,246)	
	Capital outlays	<u>4,157,039</u>	684,793

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, 2023	2,444	
	Cost basis of capital assets sold or retired during the fiscal year ended June 30, 2023	<u>(2,444)</u>	-

In the Statement of Activities, the PERS pension expense is the amount paid plus net change in the Deferred Outflows, Deferred Inflows and pension liability as reported by the State of New Jersey 3,761,159

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. 2,345,000

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. (216,710)

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. 488,973

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) 1,075,480

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. 10,738

Change in net position of governmental activities \$ 4,927,850

Freehold Township School District
Statement of Net Position
Proprietary Funds
June 30, 2023

		Business-type Activities - Enterprise Funds
		Food Service
ASSETS		
Current assets:		
Cash and cash equivalents	\$	418,942
Accounts receivable - State		1,005
Account receivable - Federal		22,037
Inventories		6,041
Total current assets		448,025
Noncurrent assets:		
Furniture, machinery & equipment		683,057
Less accumulated depreciation		(526,984)
Total noncurrent assets		156,073
Total assets	\$	604,098
LIABILITIES		
Current liabilities:		
Accounts payable	\$	61,599
Deposits payable		37,972
Interfund payable		20,386
Total current liabilities		119,957
NET POSITION		
Investment in capital assets		156,073
Unrestricted		328,068
Total net position		484,141
Total liabilities and net position	\$	604,098

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Business-type Activities - Enterprise Fund	
	Fixed Price Contract (B)	Food Service
Operating revenues:		
Charges for services:		
Daily sales	\$ 731,694	\$ 731,694
Miscellaneous	-	-
Total operating revenues	731,694	731,694
 Operating expenses:		
Cost of sales	1,016,742	1,016,742
Salaries	36,792	36,792
Utilities	-	-
General supplies	40,191	40,191
Depreciation	16,995	16,995
Total Operating Expenses	1,110,720	1,110,720
Operating income (loss)	(379,026)	(379,026)
 Nonoperating revenues (expenses):		
State sources:		
State school lunch program	14,906	14,906
State school breakfast program	599	599
Federal sources:		
National school lunch program	323,714	323,714
National school breakfast program	12,377	12,377
Emergency Operational Costs Program - Schools	-	-
P-EBT Admin Cost Reimbursement	-	-
Summer food service program for children	-	-
Food distribution program	75,506	75,506
Interest and investment revenue	-	-
Miscellaneous expense	-	-
Total nonoperating revenues (expenses)	427,102	427,102
Change in net position	48,076	48,076
 Total net position—beginning	436,065	436,065
Total net position—ending	\$ 484,141	\$ 484,141

See accompanying notes to financial statements.

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Food Service
Cash Flows from Operating Activities:	
Receipts from customers and other funds	\$ 807,201
Payments to employees	(36,792)
Payments for utilities	-
Payments to management company	(1,037,956)
Payments to suppliers	(15,791)
Net cash provided by (used in) operating activities	(283,338)
Cash Flows from Noncapital Financing Activities	
State sources	17,044
Federal sources	427,360
Net cash provided by (used in) noncapital financing activities	444,404
Cash Flows from Capital and Related Financing Activities	
Purchases of capital assets	(5,004)
Net cash provided by (used in) capital and related financing activities	(5,004)
Net increase (decrease) in cash and cash equivalents	156,062
Balances-beginning of the year	262,880
Balances-end of the year	\$ 418,942
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (379,026)
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:	
Depreciation	16,995
Federal commodities	75,506
Change in assets and liabilities:	
(Increase) decrease in interfund receivable	20,306
(Increase) decrease in inventory	3,261
Increase (decrease) in deferred revenue	4,095
Increase (decrease) in accounts payable	(24,475)
Total adjustments	95,688
Net cash provided by (used in) operating activities	\$ (283,338)

See accompanying notes to financial statements.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2023

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, 2023

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, 2023

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, 2023

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, 2023

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, 2023 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, 2023

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, 2023

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

H. Tuition Payable

Tuition charges for the fiscal year 2022-2023 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, 2023

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, 2023

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, 2023

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, 2023

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

U. Change in Accounting Principles

On June 30, 2023, the District implemented the Governmental Accounting Standards Boards 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. These changes were reviewed for the District's June 30, 2023 financial statements and had no effect on the beginning net position of the District. The District did not have any subscriptions that rose to an amount that required disclosure. The District will review new subscriptions annually to determine proper disclosure.

V. GASB Pronouncements

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, 2023

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, 2023, the carrying amount of the District's deposits was \$22,748,366 and the bank balance was \$23,237,725. 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, 2023, 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, 2023

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, 2023, 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, 2023

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, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance	\$ 10,871,419
Interest Earned	20,191
Deposits	
Approved at June 2023 Meeting	1,037,135
Withdrawals	
Board approved	(10,750)
Budgeted	<u>(5,330,400)</u>
Ending Balance	<u>\$ 6,587,595</u>

The June 30, 2023 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, 2023

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, 2023.

The activity of the Maintenance Reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance	\$ 3,590,383
Add:	
Interest Earned	8,358
Deposits	
Approved at June 2023 Meeting	-
Withdrawals	
Board approved	(225,000)
Budgeted transfer out	(200,000)
Ending Balance	<u>\$ 3,173,741</u>

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2023

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 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance	\$ 790,990
Add:	
Interest Earned	1,980
Deposits	
Approved at June 2023 Meeting	-
Withdrawals	
Budgeted transfer out	-
Ending Balance	<u>\$ 792,970</u>

7. Receivables

Receivables at June 30, 2023, 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	\$ 1,340,817	\$ 1,341,822
Federal Aid	614,039	636,076
Interfunds	20,386	20,386
Other	<u>133</u>	<u>133</u>
Gross Receivables	1,975,375	1,998,417
Allowance for Uncollectible	-	-
Total Receivables, Net	<u>\$ 1,975,375</u>	<u>\$ 1,998,417</u>

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2023

8. Capital Assets

Capital Assets consisted of the following at June 30, 2023:

	<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>419,330</u>	<u>3,476,114</u>	<u>-</u>	<u>3,895,444</u>
Total Capital Assets Not Being Depreciated	<u>2,537,123</u>	<u>3,476,114</u>	<u>-</u>	<u>6,013,237</u>
Capital Assets Being Depreciated				
Site Improvements	-	-	-	-
Building and Building Improvements	106,025,855	-	(2,444)	106,023,411
Machinery and Equipment	<u>12,512,966</u>	<u>680,925</u>	<u>-</u>	<u>13,193,891</u>
Totals at Historical Cost	<u>118,538,821</u>	<u>680,925</u>	<u>(2,444)</u>	<u>119,217,302</u>
Less Accumulated Depreciation for:				
Site Improvements	-	-	-	-
Building and Building Improvements	(56,455,245)	(2,693,350)	2,444	(59,146,151)
Machinery and Equipment	<u>(8,873,693)</u>	<u>(778,896)</u>	<u>-</u>	<u>(9,652,589)</u>
Total Accumulated Depreciation	<u>(65,328,938)</u>	<u>(3,472,246)</u>	<u>2,444</u>	<u>(68,798,740)</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>53,209,883</u>	<u>(2,791,321)</u>	<u>-</u>	<u>50,418,562</u>
Government Activity Capital Assets, Net	<u>\$ 55,747,006</u>	<u>\$ 684,793</u>	<u>\$ -</u>	<u>\$ 56,431,799</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Equipment	\$ 678,053	5,004	-	\$ 683,057
Less: Accumulated Depreciation	<u>(509,989)</u>	<u>(16,995)</u>	<u>-</u>	<u>(526,984)</u>
Business-Type Capital Assets, Net	<u>\$ 168,064</u>	<u>\$ (11,991)</u>	<u>-</u>	<u>\$ 156,073</u>

Depreciation expense was charged to governmental functions as follows:

Business services	\$ 16,995
Operations and maintenance	<u>3,472,246</u>
Total depreciation expense	<u>\$ 3,489,241</u>

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2023

9. Non-current Liabilities

During the fiscal year ended June 30, 2023, the following changes occurred in the non-current liabilities:

	Balance <u>July 1, 2022</u>	Increase/ <u>(Decrease)</u>	Balance <u>June 30, 2023</u>	Due within <u>one year</u>
Bonds payable	\$ 29,135,000	(2,345,000)	26,790,000	\$ 2,545,000
Obligations under capital leases	7,409,419	(858,770)	6,550,649	907,570
Compensated absences payable	2,439,779	(10,738)	2,429,041	143,041
Pension liability - PERS	<u>16,524,358</u>	<u>3,643,329</u>	<u>20,167,687</u>	-
	<u>\$ 55,508,556</u>	<u>428,821</u>	<u>55,937,377</u>	<u>\$ 3,595,611</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>
2024	\$ 2,545,000	\$ 1,243,075	\$ 3,788,075
2025	2,755,000	1,113,950	3,868,950
2026	3,155,000	977,900	4,132,900
2027	3,395,000	834,150	4,229,150
2028	3,645,000	679,200	4,324,200
2029-2032	<u>11,295,000</u>	<u>1,261,600</u>	<u>12,556,600</u>
	<u>\$ 26,790,000</u>	<u>\$ 6,109,875</u>	<u>\$ 32,899,875</u>

B. Bonds Authorized But Not Issued

As of June 30, 2023 the District had no authorized but not issued bonds.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2023

9. Non-current Liabilities (Cont'd)

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, 2023:

Year ended June 30,	
2024	\$ 1,091,678
2025	764,076
2026	599,099
2027	515,299
2028	481,555
2029-2033	2,620,689
2034-2036	<u>1,759,938</u>
Total minimum lease payments	7,832,334
Less: amounts representing interest	<u>(1,281,685)</u>
Present value of lease payments	<u>\$ 6,550,649</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 financial statements, 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, 2023

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 2023, the State's pension contribution was more 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, 2023, the School District reported a liability of \$20,167,687 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2022. 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, 2021, to the measurement date of June 30, 2022. 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, 2022. The School District's proportion measured as of June 30, 2022, was .1336370995%, which was an decrease of .0058501662% from its proportion measured as of June 30, 2021.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2023

10. Pension Plans (cont'd)

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

For the year ended June 30, 2023, the School District recognized full accrual pension expense of \$(330,917) in the government-wide financial statements consisting of employer contributions of \$1,685,228 and non-employer contributions of \$(2,016,145). This pension expense was based on the pension plans June 30, 2022 measurement date. At June 30, 2023, 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	\$ 145,561	\$ 128,364
Changes of assumptions	62,486	3,019,900
Net difference between projected and actual earnings on pension plan investments	834,722	-
Changes in proportion and differences between District contributions and proportionate share of contributions	277,801	2,075,543
District contributions subsequent to the measurement date	<u>1,743,246</u>	<u>-</u>
Total	<u>\$ 3,063,816</u>	<u>\$ 5,223,807</u>

\$1,743,246 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2022-2023 total salaries for PERS employees multiplied by an employer contribution rate. The payable is due on April 1, 2024 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:	
2023	\$ (3,207,063)
2024	(1,633,891)
2025	(796,817)
2026	1,738,353
2027	(3,819)
Thereafter	<u>-</u>
Total	<u>\$ (3,903,237)</u>

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2023

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, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	5.16	-
June 30, 2021	5.13	-
June 30, 2022	-	5.04
Changes of Assumptions		
Year of Pension Plan Deferral:		
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	-
June 30, 2022	-	5.04
Net Difference between projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
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
June 30, 2022	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 5.04, 5.13, 5.16, 5.21, 5.63, and 5.48 years for the 2022, 2021, 2020, 2019, 2018, and 2017, respectively.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2023

10. Pension Plans (cont'd)

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

Actuarial Assumptions - The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following assumptions:

Inflation Rate

Price	2.75%
Wage	3.25%

Salary Increases:	2.75% - 6.55%
	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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2023

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, 2022) 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, 2022 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 %	8.12 %
Non-U.S. Developed Markets Equity	13.50 %	8.83 %
Emerging Markets Equity	5.50 %	10.33 %
Private Equity	13.00 %	11.80 %
Real Estate	8.00 %	11.19 %
Real Assets	3.00 %	7.60 %
High Yield	4.00 %	4.95 %
Private Credit	8.00 %	8.10 %
Investment Grade Credit	7.00 %	3.38 %
Cash Equivalents	4.00 %	1.75 %
U.S. Treasuries	4.00 %	1.75 %
Risk Mitigation Strategies	3.00 %	4.91 %

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2023

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, 2022. 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, 2022 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	26,128,986	20,167,687	15,410,522

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

	<u>6/30/23</u>	<u>6/30/22</u>
Collective Deferred Outflows of Resources	1,660,772,008	1,164,738,169
Collective Deferred Inflows of Resources	3,236,303,935	8,339,123,762
Collective Net Pension Liability	15,219,184,920	11,972,782,878
School District's Portion	.1336370995%	.1394872657%

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2023

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 financial statements, 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. 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, 2023

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 2022, the State's pension contribution was more 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, 2023 was \$142,561,932. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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, 2022, the State proportionate share of the TPAF net pension liability attributable to the School District was .2763127161%, which was a decrease of .0009223001% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the State of New Jersey recognized a pension expense in the amount of \$- 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, 2022 measurement date.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2023

10. Pension Plans (cont'd)

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

Actuarial Assumptions - The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2022) 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, 2022 are summarized in the following table:

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2023

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>
U.S. Equity	27.00 %	8.12 %
Non-U.S. Developed Markets Equity	13.50 %	8.83 %
Emerging Markets Equity	5.50 %	10.33 %
Private Equity	13.00 %	11.80 %
Real Estate	8.00 %	11.19 %
Real Assets	3.00 %	7.60 %
High Yield	4.00 %	4.95 %
Private Credit	8.00 %	8.10 %
Investment Grade Credit	7.00 %	3.38 %
Cash Equivalents	4.00 %	1.75 %
U.S. Treasuries	4.00 %	1.75 %
Risk Mitigation Strategies	3.00 %	4.91 %

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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, 2022 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, 2023

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	167,423,116	142,561,932	122,037,820

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>6/30/23</u>	<u>6/30/22</u>
Collective Deferred Outflows of Resources	5,004,259,312	6,373,530,834
Collective Deferred Inflows of Resources	19,682,774,794	27,363,797,906
Collective Net Pension Liability	51,676,587,303	48,165,991,182
School District's Portion	0.27631272%	0.27723502%

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.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2023

10. Pension Plans (Cont'd)

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

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.

The District's contributions to the DCRP for June 30, 2023 were \$55,410. The liability for unpaid contributions at June 30, 2023 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

State Health Benefit State Retired Employees Plan

Pension and Other Postemployment Benefits (OPEB) Obligations in Fiscal Year 2022 the State funded the various defined benefit pension systems at 108 percent of the full actuarially determined contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepted actuarial procedures and practices. The actuarial funding method used to determine the State's contribution is a matter of State law. Any change to the funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ from the actuarially determined contributions of the pension plans because the State's contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor. GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers to recognize their proportionate share of the collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans' net pension liability. The State's share of the net pension liability, based on a measurement date of June 30, 2021, which is required to be recorded on the financial statements, is \$75.1 billion. The Fiscal Year 2023 projected aggregate State contribution to the pension plans of \$6.8 billion represents 104 percent of the actuarially determined contribution. The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2022, the State paid PRM benefits for 161,238 State and local retirees. The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not prefund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2023

11. Post-Retirement Benefits (cont'd)

General Information about the OPEB Plan (cont'd)

State Health Benefit State Retired Employees Plan (cont'd)

For Fiscal Year 2022, the State contributed \$1.9 billion to pay for “pay-as-you-go” PRM benefit costs incurred by covered populations, a slight increase from \$1.8 billion in Fiscal Year 2021. The State has appropriated \$2.1 billion in Fiscal Year 2023 as the State’s contribution to fund increases in prescription drugs and medical claims costs. In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2022 State OPEB liability to provide these benefits is \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent from the \$101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage.

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.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2023

11. Post-Retirement Benefits (cont'd)

Plan description and benefits provided (cont'd)

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.

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	151,669
Active plan members	<u>213,148</u>
Total	<u><u>364,817</u></u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. 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 2.75%-6.55%
	PFRS 3.25%-16.25%
	TPAF 2.75%-4.25%
Discount Rate	3.54%
Healthcare Cost Trend Rates	4.5%-6.25%
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, 2023

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, 2021 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 to June 30, 2021.

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

Balance at June 30, 2021	\$ 60,007,650,970
Changes for the year:	
Service cost	2,770,618,025
Interest on the total OPEB liability	1,342,187,139
Changes of benefit terms	-
Differences between expected and actual experiences	1,399,200,736
Changes in assumptions	(13,586,368,097)
Gross benefit payments by the state	(1,329,476,059)
Contributions from members	<u>42,650,252</u>
Net changes	<u>(9,361,188,004)</u>
Balance at June 30, 2022	<u>\$ 50,646,462,966</u>

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2023

11. Post-Retirement Benefits (cont'd)

Discount rate

The discount rate used to measure the total OPEB liability was 3.54%. 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, 2022 total OPEB liability of the State for school board retirees, as well as the State's total OPEB liability for the school district calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability of the State for School Retirees	\$59,529,589,697	\$50,646,462,966	\$43,527,080,995
Total OPEB Liability of the State Associated with the School District for School Retirees	\$184,131,341	\$156,654,888	\$134,633,879

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight 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, 2023

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, 2022 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	\$41,862,397,291	\$50,646,462,966	\$62,184,866,635
Total OPEB Liability of the State Associated with the School District for School Retirees	\$150,251,933	\$156,654,888	\$233,093,356

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

For the year ended June 30, 2023, the board of education recognized OPEB expense of \$3,034,453 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, 2022, 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	\$ 9,042,402,619	\$ 15,462,950,679
Changes of assumptions	8,765,620,577	17,237,289,230
Contributions made in fiscal year ending 2023 after June 30, 2022 measurement date		-
Total	<u>\$ 17,808,023,196</u>	<u>\$ 32,700,239,909</u>

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2023

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:	
2023	\$ (2,517,151,602)
2024	(2,517,151,602)
2025	(2,517,151,602)
2026	(2,175,449,761)
2027	(1,243,951,140)
Thereafter	<u>(3,921,361,006)</u>
Total	<u>\$ (14,892,216,713)</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 financial's. 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, 2023

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/Metlife Resources
- Corebridge Financial (AIG Retirement)
- TPS Financial (AXA Equitable)
- Lincoln Investment
- Mass Mutual
- Security Benefit Corp.
- Vanguard Fiduciary Trust
- Legend Equities Corporation
- Supplemental Annuity Collective Trust Fund of NJ

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, 2023 the resultant IBNR was \$1,113,000.

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
2022-2023	\$ 89,993	1,089	188,906	\$ 484,309
2021-2022	83,240	1,069	2,570	582,133
2020-2021	77,973	997	72,933	500,394

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2023

15. Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at June 30, 2023:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 20,386	\$ -
Enterprise Fund	-	20,386
	<u>\$ 20,386</u>	<u>\$ 20,386</u>

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

16. Inventory

Inventory in the Food Service Fund at June 30, 2023 consisted of the following:

Food	\$ 3,669
Supplies	<u>2,372</u>
	<u>\$ 6,041</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, 2023

18. Fund Balances

General Fund - Of the \$21,928,285 General Fund balance at June 30, 2023, \$7,258,421 is assigned to other purposes, \$6,587,595 is restricted for capital reserve, \$3,173,741 is restricted for maintenance reserve, \$792,970 is restricted for the emergency reserve, \$484,309 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 \$1,631,249 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, 2023 is \$0. The excess fund balance at June 30, 2022 was \$0.

20. Uncertain Tax Positions

The school district had no unrecognized tax benefits at June 30, 2023. 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, 2020.

21. 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.

Freehold Township School District

Notes to Financial Statements

For the Year Ended June 30, 2023

22. 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.

23. Subsequent Events

Management has evaluated subsequent events through December 4, 2023, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 71,281,394	\$ -	\$ 71,281,394	\$ 71,281,394	\$ -
Tuition from individuals	218,000	-	218,000	317,211	99,211
Tuition from other LEAs within the state	331,730	-	331,730	442,083	110,353
Transportation Fees from Individuals	15,000	-	15,000	18,251	3,251
Interest earned on emergency reserve	500	(500)	-	1,980	1,980
Interest earned on maintenance reserve	5,000	(5,000)	-	8,358	8,358
Interest earned on capital reserve funds	5,000	(5,000)	-	20,191	20,191
Interest earned on unemployment	-	-	-	1,089	1,089
Rents and Royalties	91,000	-	91,000	90,970	(30)
Miscellaneous	163,700	10,500	174,200	101,177	(73,023)
Total - local sources	72,111,324	-	72,111,324	72,282,704	171,380
State sources:					
Transportation aid	709,345	-	709,345	709,345	-
Special education aid	3,101,513	-	3,101,513	3,101,513	-
Extraordinary aid	750,000	-	750,000	1,183,184	433,184
Non public transportation aid	-	-	-	43,680	43,680
Equalization aid	1,100,169	-	1,100,169	1,100,169	-
Categorical security aid	93,758	-	93,758	93,758	-
Lead Testing for School Aid	-	-	-	14,369	14,369
TPAF - LTDI (on-behalf - Non-budgeted)	-	-	-	4,120	4,120
TPAF - post retirement medical (on-behalf - Non-budgeted)	-	-	-	3,034,453	3,034,453
Teacher's pension and annuity fund (on-behalf - Non-budgeted)	-	-	-	11,551,127	11,551,127
TPAF social security (reimbursed - Non-budgeted)	-	-	-	2,351,060	2,351,060
Total state sources	5,754,785	-	5,754,785	23,186,778	17,431,993
Federal Sources:					
Medicaid Reimbursement	115,087	-	115,087	161,997	46,910
FFCRA/SEMI Revenue	-	-	-	15,461	15,461
Total federal sources	115,087	-	115,087	177,458	62,371
Total revenues	77,981,196	-	77,981,196	95,646,940	17,665,744
EXPENDITURES:					
Current Expenditures:					
Regular Programs - Instruction:					
Preschool - Salaries of teachers	254,662	10,564	265,226	263,592	1,634
Kindergarten - Salaries of teachers	1,174,233	19,308	1,193,541	1,173,768	19,773
Grades 1-5 - Salaries of teachers	9,619,537	(841,705)	8,777,832	8,754,689	23,143
Grades 6-8 - Salaries of teachers	6,696,075	(392,300)	6,303,775	6,271,230	32,545
Regular Programs - Home Instruction:					
Salaries of teachers	63,000	-	63,000	27,228	35,772
Purchased professional-educational services	36,000	(8,311)	27,689	26,367	1,322
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	701,594	(80,000)	621,594	591,394	30,200
Unused Vac Payment to Term/Ret Staff	-	-	-	-	-
Purchased professional technical services	91,380	(950)	90,430	33,077	57,353
Other purchased services (400-500 series)	156,139	(89,500)	66,639	61,145	5,494
General supplies	1,719,060	(423,788)	1,295,272	1,075,446	219,826
Textbooks	-	-	-	-	-
Other objects	200	2,290	2,490	1,730	760
TOTAL REGULAR PROGRAMS - INSTRUCTION	20,511,880	(1,804,392)	18,707,488	18,279,666	427,822
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of teachers	618,991	(46,384)	572,607	558,448	14,159
Other salaries for instruction	443,252	(84,018)	359,234	357,868	1,366
Other Purch. Serv. (400-500 series)	-	-	-	-	-
General supplies	43,200	-	43,200	36,872	6,328
Total Learning and/or Language Disabilities	1,105,443	(130,402)	975,041	953,188	21,853
Behavioral Disabilities:					
Salaries of teachers	67,997	5,328	73,325	66,213	7,112
Other salaries for instruction	206,782	(68,623)	138,159	83,037	55,122
Purchased professional-educational services	5,000	600	5,600	1,525	4,075
Other purchased services (400-500 series)	13,000	-	13,000	-	13,000
General supplies	11,050	-	11,050	5,914	5,136
Total Behavioral Disabilities	303,829	(62,695)	241,134	156,689	84,445

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Multiple Disabilities:					
Salaries of teachers	224,339	6,790	231,129	228,296	2,833
Other salaries for instruction	361,202	(90,960)	270,242	256,980	13,262
Purchased professional-educational services	5,000	5,675	10,675	3,425	7,250
Other Purch. Serv. (400-500 series)	3,000	-	3,000	-	3,000
General supplies	22,250	-	22,250	12,206	10,044
Total Multiple Disabilities	615,791	(78,495)	537,296	500,907	36,389
Resource Room/Resource Center:					
Salaries of teachers	5,090,080	448,060	5,538,140	5,505,999	32,141
Other salaries for instruction	1,108,235	522,592	1,630,827	1,630,827	-
Purchased technical services	19,000	-	19,000	16,589	2,411
Other Purch. Serv. (400-500 series)	8,000	1,000	9,000	8,299	701
General supplies	96,820	87	96,907	53,070	43,837
Total Resource Room/Resource Center	6,322,135	971,739	7,293,874	7,214,784	79,090
Autism:					
Salaries of teachers	292,443	13,537	305,980	304,982	998
Other salaries for instruction	459,877	(13,011)	446,866	428,704	18,162
Purchased professional-educational services	42,000	1,216	43,216	43,115	101
Other purchased services (400-500 series)	6,000	(4,347)	1,653	472	1,181
General supplies	19,350	-	19,350	6,627	12,723
Other objects	-	7,000	7,000	3,057	3,943
Total Autism	819,670	4,395	824,065	786,957	37,108
Preschool Disabilities - Full Time					
Salaries of teachers	407,511	7,636	415,147	410,254	4,893
Other salaries for instruction	488,321	(110,728)	377,593	375,820	1,773
Other Purch. Serv. (400-500 series)	2,000	-	2,000	2,000	-
General supplies	12,550	-	12,550	11,347	1,203
Total Preschool Disabilities - Full Time	910,382	(103,092)	807,290	799,421	7,869
TOTAL SPECIAL EDUCATION - INSTRUCTION	10,077,250	601,450	10,678,700	10,411,946	266,754
Basic Skills/Remedial - Instruction					
Salaries of teachers	1,014,171	19,122	1,033,293	1,032,102	1,191
General Supplies	17,950	-	17,950	16,008	1,942
Total Basic Skills/Remedial - Instruction	1,032,121	19,122	1,051,243	1,048,110	3,133
Bilingual Education - Instruction					
Salaries of teachers	326,471	-	326,471	309,066	17,405
Other Sal. For Instruction	40,846	2,892	43,738	38,025	5,713
Other purchased services (400-500 series)	8,150	-	8,150	3,015	5,135
General Supplies	9,850	7,109	16,959	13,402	3,557
Total Bilingual Education - Instruction	385,317	10,001	395,318	363,508	31,810
School-Spon. Cocurricular Activities - Instruction					
Salaries	185,960	-	185,960	170,762	15,198
Supplies and materials	8,665	(385)	8,280	3,606	4,674
Other objects	3,000	385	3,385	1,175	2,210
Total School-Spon. Cocurricular Actvts. - Instruction	197,625	-	197,625	175,543	22,082
School-Spon. Athletics - Instruction					
Salaries	162,654	-	162,654	154,523	8,131
Purchased services (300-500 series)	31,508	-	31,508	23,616	7,892
Supplies and materials	50,000	-	50,000	40,503	9,497
Total School-Spon. Cocurricular Actvts. - Instruction	244,162	-	244,162	218,642	25,520
Other Instructional Programs - Instruction					
Supplies and materials	4,000	-	4,000	2,420	1,580
Total Other Instructional Programs - Instruction	4,000	-	4,000	2,420	1,580
Total Instruction	32,452,355	(1,173,819)	31,278,536	30,499,835	778,701
Undistributed Expenditures - Instruction:					
Tuition to other LEAs within the state - regular	39,000	(18,500)	20,500	-	20,500
Tuition to other LEAs within the state - special	-	18,500	18,500	17,834	666
Tuition to CSSD & Reg Day School	150,000	-	150,000	133,880	16,120
Tuition to Priv. Sch. For Handic. in state	1,143,163	(61,178)	1,081,985	960,401	121,584
Total Undistributed Expenditures - Instruction:	1,332,163	(61,178)	1,270,985	1,112,115	158,870
Undist. Expend. - Health Services					
Salaries	779,732	(38,000)	741,732	735,290	6,442
Purchased professional and technical services	23,284	-	23,284	19,171	4,113
Other Purchd. Serv. (400-500 series)	18,300	(5,780)	12,520	10,067	2,453
Supplies and materials	45,129	10,927	56,056	51,166	4,890
Other objects	150	1,650	1,800	940	860
Total Undistributed Expenditures - Health Services	866,595	(31,203)	835,392	816,634	18,758

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Other Support Serv - Students Related Service					
Salaries	1,566,160	(77,582)	1,488,578	1,487,490	1,088
Purchased professional - educational services	116,450	25,013	141,463	127,609	13,854
Other Objects	8,500	28,992	37,492	36,744	748
Supplies and materials	30,500	(22,100)	8,400	3,277	5,123
Total Undist. Expend. - Other Support Serv - Students	1,721,610	(45,677)	1,675,933	1,655,120	20,813
Undist. Expend. - Other Support Services - Students - Extraordinary Services					
Salaries	572,453	164,867	737,320	721,179	16,141
Total Undist. Expend. - Other Support Services Students - Extraordinary Services	572,453	164,867	737,320	721,179	16,141
Undist. Expend. - Other Support Serv Students-Regular					
Salaries of other professional staff	777,797	3,193	780,990	780,344	646
Salaries of secretarial and clerical assistants	121,130	(10,200)	110,930	110,234	696
Other Salaries	32,454	(2,800)	29,654	6,706	22,948
Purchased professional - educational services	14,000	1,600	15,600	7,200	8,400
Other purchased services (400-500 series)	16,500	1,460	17,960	6,884	11,076
Supplies and materials	33,650	(1,700)	31,950	16,925	15,025
Other objects	15	50	65	15	50
Total Undist. Expend. - Other Support Serv - Students-Regular	995,546	(8,397)	987,149	928,308	58,841
Undist. Expend. - Other Support Serv - Students-Special					
Salaries of other professional staff	2,082,073	(56,500)	2,025,573	2,013,656	11,917
Salaries of secretarial and clerical assistants	292,042	2,500	294,542	291,228	3,314
Purchased Prof. Ed. Services	-	15,000	15,000	13,144	1,856
Other purchased prof. and tech. services	78,950	2,050	81,000	39,342	41,658
Other purchased services (400-500 series)	28,510	724	29,234	21,028	8,206
Supplies and materials	70,000	5,584	75,584	61,418	14,166
Other objects	3,650	-	3,650	2,196	1,454
Total Undist. Expend. - Other Supp Services - Students-Special	2,555,225	(30,642)	2,524,583	2,442,012	82,571
Undist. Expend. - Improv of Instruct Serv - Other Sup Serv - Instr					
Salaries of supervisor of instruction	1,086,631	(55,879)	1,030,752	1,001,877	28,875
Other Salaries	155,815	-	155,815	152,002	3,813
Purchased professional - educational services	7,500	(7,500)	-	-	-
Salaries of facilitators, math & literacy coaches	-	563,278	563,278	562,860	418
Unused Vac Pay to Term/Retired Staff	6,000	26,355	32,355	32,355	-
Purchased Prof. Ed. Services	-	1,500	1,500	500	1,000
Other purchased services (400-500)	27,000	9,326	36,326	19,923	16,403
Supplies and materials	45,100	7,100	52,200	45,708	6,492
Other objects	11,795	2,500	14,295	12,390	1,905
Total Undist. Expend. - Improv of Instruct Serv - Other Sup Serv - Instr	1,339,841	546,680	1,886,521	1,827,615	58,906
Undist. Expend. - Educational Media Services/School Library					
Salaries	523,796	16,155	539,951	532,277	7,674
Salaries of technology coordinators	-	162,144	162,144	162,144	-
Supplies and materials	68,475	-	68,475	63,600	4,875
Total Undist. Expend. - Educational Media Services/School Library	592,271	178,299	770,570	758,021	12,549
Undist. Expend. - Instruction Staff Training Services					
Salaries of other professional staff	51,000	4,000	55,000	55,000	-
Purchased professional - educational services	87,000	34,200	121,200	93,865	27,335
Other purchased services (400-500)	65,400	(35,448)	29,952	25,111	4,841
Supplies and materials	1,000	-	1,000	993	7
Total Undist. Expend. - Instruction Staff Training Services	204,400	2,752	207,152	174,969	32,183
Undist. Expend. - Support Service - General Administration					
Salaries	629,253	1,193	630,446	619,980	10,466
Legal services	120,000	44,440	164,440	86,543	77,897
Audit Fees	37,000	-	37,000	34,150	2,850
Architectural/Engineering Services	40,000	77,097	117,097	42,463	74,634
Other purchased professional services	11,281	-	11,281	4,535	6,746
Purchased technical services	10,000	48,881	58,881	36,911	21,970
Communications/Telephone	229,700	2,190	231,890	162,280	69,610
BOE Other purchased services	6,800	440	7,240	2,119	5,121
Other purchased services (400-500 series)	266,808	(12,202)	254,606	254,606	-
General supplies	5,500	1,087	6,587	4,901	1,686
Miscellaneous expenditures	6,000	11,393	17,393	11,145	6,248
BOE membership dues and fees	31,000	-	31,000	29,162	1,838
Total Undist. Expend. - Support Service - General Administration	1,393,342	174,519	1,567,861	1,288,795	279,066

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Support Service - School Administration					
Salaries of principals/Assistant principals	1,517,142	34,714	1,551,856	1,541,723	10,133
Salaries of secretarial and clerical assistants	774,990	6,604	781,594	781,261	333
Unused Vac Pay to Term/Retired Staff	-	9,938	9,938	9,938	-
Other purchased services (400-500 series)	116,320	3,824	120,144	62,193	57,951
Supplies and materials	60,325	2,151	62,476	55,550	6,926
Other objects	18,780	883	19,663	16,267	3,396
Total Undist. Expend. - Support Service - School Administration	2,487,557	58,114	2,545,671	2,466,932	78,739
Undistributed Expenditures - Central Services					
Salaries	763,675	-	763,675	763,397	278
Purchased professional services	27,376	1,000	28,376	24,341	4,035
Purchased technical services	63,475	(6,000)	57,475	51,745	5,730
Misc. Purchased Services	5,000	-	5,000	2,075	2,925
Supplies and materials	25,005	(7,248)	17,757	14,120	3,637
Other objects	17,200	8,000	25,200	18,922	6,278
Total Undist. Expend. - Central Services	901,731	(4,248)	897,483	874,600	22,883
Undist.- Admin. Info. Technology					
Salaries	510,587	(7,869)	502,718	501,012	1,706
Purchased Professional Services	396,150	7,189	403,339	334,625	68,714
Other Purchased Services	74,394	(2,749)	71,645	9,965	61,680
Supplies and materials	104,000	(2,612)	101,388	74,588	26,800
Other objects	1,500	-	1,500	-	1,500
Total Undist. Expend - Admin. Info. Technology	1,086,631	(6,041)	1,080,590	920,190	160,400
Undist. Expend. - Allowed Maintenance for School Facilities					
Salaries	332,082	(60,800)	271,282	265,165	6,117
Cleaning, repair and maintenance services	720,000	(78,368)	641,632	513,283	128,349
General supplies	212,350	206,558	418,908	184,137	234,771
Other objects	33,750	(31,000)	2,750	866	1,884
Total Undist. Expend. - Allowed Maintenance for School Facilities	1,298,182	36,390	1,334,572	963,451	371,121
Undist. Expend. - Other Operation & Maintenance of Plant					
Salaries	2,192,235	(70,794)	2,121,441	2,120,406	1,035
Salaries of non-instructional aides	280,671	(14,000)	266,671	229,844	36,827
Unused Vac Pay to Term/Retired Staff	11,800	-	11,800	11,340	460
Purchased professional and technical services	2,500	-	2,500	-	2,500
Cleaning, repair and maintenance services	106,000	(47,000)	59,000	58,900	100
Lease purchase pymts - energy savings impr prog	454,698	(143,732)	310,966	310,966	-
Other purchased property services	139,505	-	139,505	131,033	8,472
Misc Purchased Services	2,500	-	2,500	-	2,500
Insurance	177,714	(29,113)	148,601	148,601	-
General supplies	181,850	16,000	197,850	177,705	20,145
Energy (natural gas)	377,000	153,665	530,665	495,252	35,413
Energy (electricity)	1,001,560	(90,599)	910,961	867,087	43,874
Other objects	2,500	-	2,500	1,125	1,375
Energy (gasoline)	-	27,000	27,000	16,292	10,708
Total Undist Expend-Other Operation & Maint Of Plant	4,930,533	(198,573)	4,731,960	4,568,551	163,409
Undist. Expend. - Care & Upkeep of Grounds					
Salaries	214,018	800	214,818	208,537	6,281
Cleaning, repair and maintenance services	111,700	(36,000)	75,700	72,113	3,587
General supplies	45,650	(37,700)	7,950	7,933	17
Total Undist Expend-Care & Upkeep of Grounds	371,368	(72,900)	298,468	288,583	9,885
Security					
Purchased Professional and Technical Services	138,723	43,580	182,303	179,278	3,025
Cleaning, repair and maintenance services	15,000	11,452	26,452	16,392	10,060
General supplies	50,910	(29,719)	21,191	12,692	8,499
Total Security	204,633	25,313	229,946	208,362	21,584

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Student Transportation Services					
Salaries of non-instructional aides	359,775	-	359,775	354,801	4,974
Salaries-pupil transport(between home & school)-Regular	1,115,616	(106,000)	1,009,616	1,009,283	333
Salaries-pupil transport (between home & school)-Special	620,732	33,025	653,757	635,924	17,833
Salaries-pupil transport(other than home & school)-Regular	75,986	(1,111)	74,875	74,874	1
Unused Vac Pay to Term/Retired Staff	1,500	-	1,500	-	1,500
Other purchased professional and technical services	16,500	-	16,500	6,563	9,937
Cleaning, repair and maintenance services	480,000	(111,704)	368,296	368,296	-
Lease purchase payments - School buses	770,954	(53,023)	717,931	717,931	-
Contract Svc (btw Home & Sch.) - Vendors	4,500	(538)	3,962	-	3,962
Contract Svc - Aid in Lieu Pymts - NonPub Sch	105,000	30,000	135,000	130,690	4,310
Contract Svc (btw home & Sch.) - Vendors	3,000	-	3,000	-	3,000
Contract Svc (Sp Ed Stds) - Vendors	11,000	-	11,000	-	11,000
Contract Svc (Regular students) - ESCs & CTSA's	60,000	-	60,000	-	60,000
Contract Svc (Spl. Ed. Students) - ESCs & CTSA's	600,000	(81,546)	518,454	488,965	29,489
Travel	-	900	900	-	900
General supplies	3,000	-	3,000	2,643	357
Misc Purchased Serv - Transportation	68,337	(1,000)	67,337	60,846	6,491
Transportation supplies	370,000	(91,920)	278,080	254,973	23,107
Misc Expenditures	7,200	725	7,925	4,009	3,916
Total Undist. Expend. - Student Transportation Services	4,673,100	(382,192)	4,290,908	4,109,798	181,110
Interest Earned on Current Expense Emergency Reserve					
Interest earned on current expense emergency reserve	500	(500)	-	-	-
Total Interest Earned on Current Expense Emergency Reserve	500	(500)	-	-	-
Interest Earned on Maintenance Reserve					
Interest earned on maintenance reserve	5,000	(5,000)	-	-	-
Total Interest Earned on Maintenance Reserve	5,000	(5,000)	-	-	-
ALLOCATED EMPLOYEE BENEFITS					
Regular Programs - Instruction					
Unused Vac Pay to Term/Retired Staff	61,575	(61,575)	-	-	-
Total Regular Programs - Instruction	61,575	(61,575)	-	-	-
Special Programs - Instruction					
Unused Vac Pay to Term/Retired Staff	17,275	(17,275)	-	-	-
Total Special Programs - Instruction	17,275	(17,275)	-	-	-
Health Services					
Unused Vac Pay to Term/Retired Staff	3,225	(3,225)	-	-	-
Total Health Services	3,225	(3,225)	-	-	-
Other Supp Serv - Speech/OT/PT					
Unused Vac Pay to Term/Retired Staff	6,950	(6,950)	-	-	-
Total Other Supp Serv - Speech/OT/PT	6,950	(6,950)	-	-	-
Instructional Staff Training Services					
Unused Vac Pay to Term/Retired Staff	13,225	(13,225)	-	-	-
Total Instructional Staff Training Services	13,225	(13,225)	-	-	-
Improvement of Instruction Services					
Unused Vac Pay to Term/Retired Staff	39,570	(39,570)	-	-	-
Total Improvement of Instruction Services	39,570	(39,570)	-	-	-
Required Maintenance for School Facilities					
Unused Vac Pay to Term/Retired Staff	1,063	(1,063)	-	-	-
Total Required Maintenance for School Facilities	1,063	(1,063)	-	-	-
Support Services - Custodial Services					
Unused Vac Pay to Term/Retired Staff	29,258	(29,258)	-	-	-
Total Support Services - Custodial Services	29,258	(29,258)	-	-	-
Student Transportation Services					
Unused Vac Pay to Term/Retired Staff	18,650	(18,650)	-	-	-
Total Student Transportation Services	18,650	(18,650)	-	-	-
TOTAL ALLOCATED EMPLOYEE BENEFITS	190,791	(190,791)	-	-	-
UNALLOCATED EMPLOYEE BENEFITS					
Group insurance	14,700	-	14,700	13,250	1,450
Social security contributions	1,155,317	5,000	1,160,317	1,158,669	1,648
Other retirement contributions - PERS	1,968,400	(225,122)	1,743,278	1,743,246	32
Workmen's compensation	623,606	(81,924)	541,682	541,682	-
Health benefits	15,124,720	1,973,545	17,098,265	16,216,979	881,286
Tuition reimbursement	160,000	(58,621)	101,379	97,039	4,340
Unused Vac Pay to Term/Retired Staff	-	211,753	211,753	211,739	14
Other employee benefits	677,154	90,309	767,463	758,848	8,615
TOTAL UNALLOCATED EMPLOYEE BENEFITS	19,723,897	1,914,940	21,638,837	20,741,452	897,385
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	19,914,688	1,724,149	21,638,837	20,741,452	897,385

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
ON-BEHALF CONTRIBUTIONS					
On-behalf TPAF LTDI (non-budgeted)	-	-	-	4,120	(4,120)
On-behalf TPAF OPEB (post retirement med) (non-budgeted)	-	-	-	3,034,453	(3,034,453)
On-behalf TPAF Pension Contributions (non-budgeted)	-	-	-	11,551,127	(11,551,127)
Reimbursed TPAF social security contributions (non-budgeted)	-	-	-	2,351,060	(2,351,060)
TOTAL ON-BEHALF CONTRIBUTIONS	-	-	-	16,940,760	(16,940,760)
TOTAL UNDISTRIBUTED EXPENDITURES	47,447,369	2,064,532	49,511,901	63,807,447	(14,295,546)
TOTAL GENERAL CURRENT EXPENDITURES	79,899,724	890,713	80,790,437	94,307,282	(13,516,845)
CAPITAL OUTLAY					
Interest Deposit to Capital Reserve	5,000	(5,000)	-	-	-
Equipment					
Regular Programs - Instruction:					
Grades 1-5	-	8,050	8,050	8,050	-
Special Education - Instruction - Multiple Disabilities	8,000	8,837	16,837	16,675	162
Special Education - Preschool Disabilities - Full Time	-	7,198	7,198	5,767	1,431
Undistributed expenditures - Central services	-	4,798	4,798	3,798	1,000
Undistributed expenditures - Admin Info Tech	-	99,382	99,382	12,695	86,687
Undistributed expenditures - Required Maint. For Schools	10,000	4,000	14,000	13,347	653
Undistributed expenditures - Custodial services	16,500	(7,900)	8,600	8,539	61
Undistributed expenditures - Security	130,000	445,016	575,016	574,450	566
Total Equipment	164,500	569,381	733,881	643,321	90,560
Facilities Acquisition and Construction Services					
Construction Services	-	8,347,570	8,347,570	3,051,063	5,296,507
Architectual/engineering Services	-	809,693	809,693	430,650	379,043
Assessment for Debt Service on SDA Funding	111,972	-	111,972	111,972	-
Total Facilities Acquisition and Construction Services	111,972	9,157,263	9,269,235	3,593,685	5,675,550
TOTAL CAPITAL OUTLAY	281,472	9,721,644	10,003,116	4,237,006	5,766,110
TOTAL EXPENDITURES	80,181,196	10,612,357	90,793,553	98,544,288	(7,750,735)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,200,000)	(10,612,357)	(12,812,357)	(2,897,348)	(9,915,009)
Fund Balance, July 1	25,303,319	-	25,303,319	25,303,319	-
Fund Balance, June 30	\$ 23,103,319	\$ (10,612,357)	\$ 12,490,962	22,405,971	\$ (9,915,009)
Recapitulation:					
Restricted Fund Balance:					
Capital reserve				6,587,595	
Maintenance reserve				3,173,741	
Emergency reserve				792,970	
Unemployment compensation				484,309	
Excess surplus-current year				-	
Excess surplus - designated for subsequent year's expenditures				-	
Assigned Fund Balance:					
Year-end encumbrances				7,258,421	
Designated for subsequent year's expenditures				2,000,000	
Unrestricted/undesignated fund balance				2,108,935	
Reconciliation to governmental funds statements (GAAP)					
Fund balance per governmental funds (Budgetary)				22,405,971	
Last state aid payment not recognized on GAAP basis				(477,686)	
Fund balance per governmental funds (GAAP) - B-1				21,928,285	
Fund balance per governmental funds (GAAP) - B-1				\$ 21,928,285	

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local sources	\$ 7,000	\$ 165,687	\$ 172,687	\$ 184,151	\$ 11,464
State sources	-	10,200	10,200	9,755	(445)
Federal sources	2,588,384	715,394	3,303,778	2,598,194	(705,584)
Total Revenues	<u>2,595,384</u>	<u>891,281</u>	<u>3,486,665</u>	<u>2,792,100</u>	<u>(694,565)</u>
EXPENDITURES					
Instruction:					
Salaries of teachers	2,415,666	(868,420)	1,547,246	1,222,867	324,379
Purchased professional services	-	21,242	21,242	15,666	5,576
Textbooks	-	-	-	-	-
Miscellaneous expenditures	-	4,920	4,920	4,715	205
General supplies	5,000	94,530	99,530	66,876	32,654
Tuition	53,614	63,619	117,233	117,233	-
Total Instruction	<u>2,474,280</u>	<u>(684,109)</u>	<u>1,790,171</u>	<u>1,427,357</u>	<u>362,814</u>
Support services:					
Other professional staff salaries	22,655	422,937	445,592	307,708	137,884
Secretarial/clerical salaries	-	-	-	-	-
Personal services - employee benefits	48,960	920,941	969,901	814,049	155,852
Purchased professional - educational services	49,489	143,906	193,395	153,622	39,773
Other purchased professional services	-	27,763	27,763	16,249	11,514
Supplies & materials	-	59,843	59,843	9,023	50,820
Student activities	-	-	-	65,093	(65,093)
Total support services	<u>121,104</u>	<u>1,575,390</u>	<u>1,696,494</u>	<u>1,365,744</u>	<u>330,750</u>
EXPENDITURES (CONT'D):					
Facilities acquisition and const. serv.:					
Instructional equipment	-	-	-	-	-
Total facilities acquisition and const. serv.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>2,595,384</u>	<u>891,281</u>	<u>3,486,665</u>	<u>2,793,101</u>	<u>693,564</u>
Other financing sources (uses)					
Transfer in from general fund	-	-	-	-	-
Contribution to whole school reform	-	-	-	-	-
Total outflows	<u>2,595,384</u>	<u>891,281</u>	<u>3,486,665</u>	<u>2,793,101</u>	<u>693,564</u>
Excess (deficiency) of revenues					
Over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,001)</u>	<u>(1,001)</u>
Fund Balance, July 1				<u>33,514</u>	
Fund Balance, June 30				<u>\$ 32,513</u>	
Recapitulation:					
Restricted:					
Student Activities				<u>32,513</u>	
Total Fund Balance				<u>\$ 32,513</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, 2023**

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]	\$ 95,646,940	[C-2]	\$ 2,792,100
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-		(276,174)
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(11,551,127)		
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		-
The 2022-23 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).		(477,686)		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	\$ 84,077,772	[B-2]	\$ 2,515,926
 Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 98,544,288	[C-2]	\$ 2,793,101
Differences - budget to GAAP				
TPAF pension payments completely funded by the State of New Jersey are not included on the GAAP statements.		(11,551,127)		
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.				(276,174)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$ 86,993,161	[B-2]	\$ 2,516,927

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, 2023**

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>	<u>2023</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%	0.1336370995%
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	\$ 20,167,687
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
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%	212.99%
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%	62.91%

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, 2023**

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>	<u>2023</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	\$ 1,685,228
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>	<u>1,743,246</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>	<u>\$ (58,018)</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	\$ 10,140,734
Contributions as a percentage of covered-employee payroll	0.00%	12.66%	12.95%	13.53%	14.25%	14.72%	15.55%	17.25%	16.62%

* 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, 2023**

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>	<u>2023</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%	0.2763127161%
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	\$ 142,561,932
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	32,804,412
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%	434.58%
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%	32.29%

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, 2023
(Unaudited)**

Last 10 Fiscal Years*

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</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	\$ 8,637,436
Interest cost	5,165,231	5,995,432	5,565,820	4,637,324	4,855,184	4,151,527
Differences between expected and actual experiences	-	(15,492,268)	(20,906,484)	37,274,691	(199,211)	2,708,129
Changes in benefit terms	-	-	-	-	(35,230,578)	-
Changes in assumptions	(21,782,320)	(16,074,314)	1,915,393	38,576,320	184,650	(42,024,079)
Member contributions	138,842	129,452	116,894	111,437	124,123	131,922
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>	<u>(4,112,211)</u>
Net change in total OPEB liability	(12,450,118)	(22,715,412)	(11,612,131)	82,722,496	(24,023,259)	(30,507,276)
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>	<u>187,162,164</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>	<u>\$ 156,654,888</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>	<u>\$ 47,337,408</u>
Total State's OPEB liability as a percentage of covered employee payroll	355%	304%	282%	460%	386%	331%

* 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, 2023

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None .

Changes in Assumptions - The discount rate changed from 7.00% as of June 30, 2021, to 7.00% as of June 30, 2022.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None .

Changes in Assumptions - The discount rate changed from 7.00% as of June 30, 2021, to 7.00% as of June 30, 2022.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None .

Changes in Assumptions - The discount rate changed from 2.16% as of June 30, 2021, to 3.54% as of June 30, 2022.

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, 2023

	Title I Part A 22/23	Title III 22/23	Title IV 22/23	Title II Part A 22/23
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	<u>267,884</u>	<u>14,443</u>	<u>21,398</u>	<u>51,615</u>
Total revenues	<u>267,884</u>	<u>14,443</u>	<u>21,398</u>	<u>51,615</u>
Expenditures:				
Instruction:				
Salaries of teachers	127,952	-	-	-
Other salaries/instruction	-	-	-	-
Purchased professional services	-	-	-	-
General supplies	-	3,365	-	-
Tuition	-	-	-	-
Textbooks	-	-	-	-
Miscellaneous expenses	-	-	-	-
Total instruction	<u>127,952</u>	<u>3,365</u>	<u>-</u>	<u>-</u>
Support services:				
Other support services - students - special:				
Other professional staff salaries	-	-	16,000	-
Secretarial/Clerical salaries	-	-	-	-
Purchased professional services	-	6,765	-	41,615
Other purchased professional services	-	3,975	-	6,000
Purchased technical services	-	-	-	-
Employee benefits	139,421	-	1,224	-
Travel	-	-	-	-
Miscellaneous purchased services	-	-	-	-
General supplies	511	338	4,174	4,000
Miscellaneous expenses	-	-	-	-
Student activities	-	-	-	-
Total other support services - students - special	<u>139,932</u>	<u>11,078</u>	<u>21,398</u>	<u>51,615</u>
Total support services	<u>139,932</u>	<u>11,078</u>	<u>21,398</u>	<u>51,615</u>
Equipment:				
Regular programs instruction	-	-	-	-
Non-instructional equipment	-	-	-	-
Total equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 267,884</u>	<u>\$ 14,443</u>	<u>\$ 21,398</u>	<u>\$ 51,615</u>
Excess (deficiency) of revenues Over (under) expenditures	-	-	-	-
Fund Balance, July 1	-	-	-	-
Fund Balance, June 30	<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, 2023

	IDEA-Part B-Basic Reg Prog 22/23	IDEA-Part B-Preschool Reg Prog 22/23	Cares Emergency Relief 21/22	ARP ESSER 22/23	ARP Learning Coach 22/23
Revenues:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	<u>871,419</u>	<u>35,761</u>	<u>14,646</u>	<u>911,839</u>	<u>163,714</u>
Total revenues	<u>871,419</u>	<u>35,761</u>	<u>14,646</u>	<u>911,839</u>	<u>163,714</u>
Expenditures:					
Instruction:					
Salaries of teachers	700,591	33,697	-	286,957	-
Other salaries/instruction	-	-	-	-	-
Purchased professional services	-	-	-	-	-
General supplies	-	-	14,646	-	-
Tuition	117,233	-	-	-	-
Textbooks	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-
Total instruction	<u>817,824</u>	<u>33,697</u>	<u>14,646</u>	<u>286,957</u>	<u>-</u>
Support services:					
Other support services - students - special:					
Other professional staff salaries	-	-	-	146,085	40,000
Secretarial/Clerical salaries	-	-	-	-	-
Purchased professional services	-	-	-	-	102,678
Other purchased professional services	-	-	-	-	-
Purchased technical services	-	-	-	-	-
Employee benefits	53,595	2,064	-	478,797	21,036
Travel	-	-	-	-	-
Miscellaneous purchased services	-	-	-	-	-
General supplies	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-
Student activities	-	-	-	-	-
Total other support services - students - special	<u>53,595</u>	<u>2,064</u>	<u>-</u>	<u>624,882</u>	<u>163,714</u>
Total support services	<u>53,595</u>	<u>2,064</u>	<u>-</u>	<u>624,882</u>	<u>163,714</u>
Equipment:					
Regular programs instruction	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-
Total equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 871,419</u>	<u>\$ 35,761</u>	<u>\$ 14,646</u>	<u>\$ 911,839</u>	<u>\$ 163,714</u>
Excess (deficiency) of revenues Over (under) expenditures	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedules of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2023

	<u>ESSER II</u> <u>22/23</u>	<u>ESSER II</u> <u>LA</u> <u>22/23</u>	<u>ARP</u> <u>ESSER</u> <u>MH</u> <u>22/23</u>
Revenues:			
Local sources	\$ -	\$ -	\$ -
State sources	-	-	-
Federal sources	<u>185,800</u>	<u>14,675</u>	<u>45,000</u>
Total revenues	<u>185,800</u>	<u>14,675</u>	<u>45,000</u>
Expenditures:			
Instruction:			
Salaries of teachers	-	-	-
Other salaries/instruction	-	-	-
Purchased professional services	15,666	-	-
General supplies	-	-	-
Tuition	-	-	-
Textbooks	-	-	-
Miscellaneous expenses	<u>-</u>	<u>-</u>	<u>-</u>
Total instruction	<u>15,666</u>	<u>-</u>	<u>-</u>
Support services:			
Other support services - students - special:			
Other professional staff salaries	66,789	7,800	31,034
Secretarial/Clerical salaries	-	-	-
Purchased professional services	-	-	-
Other purchased professional services	-	6,274	-
Purchased technical services	-	-	-
Employee benefits	103,345	601	13,966
Travel	-	-	-
Miscellaneous purchased services	-	-	-
General supplies	-	-	-
Miscellaneous expenses	-	-	-
Student activities	<u>-</u>	<u>-</u>	<u>-</u>
Total other support services - students - special	<u>170,134</u>	<u>14,675</u>	<u>45,000</u>
Total support services	<u>170,134</u>	<u>14,675</u>	<u>45,000</u>
Equipment:			
Regular programs instruction	-	-	-
Non-instructional equipment	<u>-</u>	<u>-</u>	<u>-</u>
Total equipment	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 185,800</u>	<u>\$ 14,675</u>	<u>\$ 45,000</u>
Excess (deficiency) of revenues Over (under) expenditures	-	-	-
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<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, 2023

(Continued from prior page)

	Nonpublic Technology 22/23	Nonpublic Textbook 22/23	Nonpublic Nursing 22/23	Nonpublic Security 22/23	Student Activities 22/23	Local 22/23	Total 2023
Revenues:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 64,092	\$ 120,059	\$ 184,151
State sources	964	1,512	2,564	4,715	-	-	9,755
Federal sources	-	-	-	-	-	-	2,598,194
Total revenues	<u>964</u>	<u>1,512</u>	<u>2,564</u>	<u>4,715</u>	<u>64,092</u>	<u>120,059</u>	<u>2,792,100</u>
Expenditures:							
Instruction:							
Salaries of teachers	-	-	-	-	-	73,670	1,222,867
Other salaries/instruction	-	-	-	-	-	-	-
Purchased professional services	-	-	-	-	-	-	15,666
General supplies	964	1,512	-	-	-	46,389	66,876
Tuition	-	-	-	-	-	-	117,233
Textbooks	-	-	-	-	-	-	-
Miscellaneous expenses	-	-	-	4,715	-	-	4,715
Total instruction	<u>964</u>	<u>1,512</u>	<u>-</u>	<u>4,715</u>	<u>-</u>	<u>120,059</u>	<u>1,427,357</u>
Support services:							
Other support services - students - special:							
Other professional staff salaries	-	-	-	-	-	-	307,708
Secretarial/Clerical salaries	-	-	-	-	-	-	-
Purchased professional services	-	-	2,564	-	-	-	153,622
Other purchased professional services	-	-	-	-	-	-	16,249
Purchased technical services	-	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-	814,049
Travel	-	-	-	-	-	-	-
Miscellaneous purchased services	-	-	-	-	-	-	-
General supplies	-	-	-	-	-	-	9,023
Miscellaneous expenses	-	-	-	-	-	-	-
Student activities	-	-	-	-	65,093	-	65,093
Total other support services - students - special	<u>-</u>	<u>-</u>	<u>2,564</u>	<u>-</u>	<u>65,093</u>	<u>-</u>	<u>1,365,744</u>
Total support services	<u>-</u>	<u>-</u>	<u>2,564</u>	<u>-</u>	<u>65,093</u>	<u>-</u>	<u>1,365,744</u>
Equipment:							
Regular programs instruction	-	-	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-	-	-
Total equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 964</u>	<u>\$ 1,512</u>	<u>\$ 2,564</u>	<u>\$ 4,715</u>	<u>\$ 65,093</u>	<u>\$ 120,059</u>	<u>\$ 2,793,101</u>
Excess (deficiency) of revenues Over (under) expenditures	-	-	-	-	(1,001)	-	(1,001)
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,514</u>	<u>-</u>	<u>33,514</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,513</u>	<u>\$ -</u>	<u>\$ 32,513</u>

F. Capital Projects Fund
Not Applicable

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

H. Fiduciary Funds
Not Applicable

I. Long-Term Debt

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Obligations Under Finance Purchases Payable
June 30, 2023

<u>Purpose</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original</u>		<u>Interest Rate</u>	<u>Balance 06/30/22</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 06/30/23</u>
			<u>Principal</u>	<u>Interest</u>					
Equipment	9/22/2017	5 Years	\$ 916,146	\$ 47,166	2.025%	159,433	-	159,433	-
Equipment	7/27/2018	5 Years	\$ 1,314,500	\$ 98,687	2.88%	467,580	-	230,471	237,109
ESIP	1/31/2019	16 Years	\$ 6,560,000	\$ 1,978,056	3.01%	5,702,088	-	285,191	5,416,897
Equipment	9/12/2019	5 Years	\$ 460,511	\$ 18,881	1.99%	186,180	-	92,173	94,007
Equipment	7/30/2020	5 Years	\$ 860,000	\$ 27,256	1.26%	519,214	-	170,909	348,305
Equipment	9/30/2021	5 Years	\$ 470,585	\$ 12,667	1.24%	374,924	-	92,008	282,916
Bus Radios	7/12/2022	5 Years	\$ 216,710	\$ 18,183	3.78%	-	216,710	45,295	171,415
						\$ 7,409,419	216,710	1,075,480	\$ 6,550,649

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 3,668,188	\$ -	\$ 3,668,188	\$ 3,668,188	\$ -
State Sources:					
Debt Service Aid Type II	38,637	-	38,637	38,637	-
Total - State Sources	38,637	-	38,637	38,637	-
Total Revenues	3,706,825	-	3,706,825	3,706,825	-
EXPENDITURES:					
Regular Debt Service:					
Interest	1,361,825	-	1,361,825	1,361,825	-
Redemption of Principal	2,345,000	-	2,345,000	2,345,000	-
Total Regular Debt Service	3,706,825	-	3,706,825	3,706,825	-
Total expenditures	3,706,825	-	3,706,825	3,706,825	-
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>	105-109
<p>Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.</p>	110-113
<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>	114-117
<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>	118-119
<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>	120-125

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)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 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	\$ 18,160,233
Restricted	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	17,812,727
Unrestricted	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)	(20,608,648)
Total governmental activities net position	\$ 12,681,614	\$ (16,289,825)	\$ (16,057,721)	\$ (15,052,058)	\$ (8,047,799)	\$ (13,867,799)	\$ (5,955,828)	\$ 990,501	\$ 10,436,462	\$ 15,364,312
Business-type activities										
Net investment in capital assets	\$ 7,517	\$ 20,068	\$ 17,911	\$ 15,754	\$ 74,453	\$ 90,124	\$ 107,500	\$ 142,611	\$ 168,064	\$ 156,073
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	75,648	123,645	163,292	214,152	284,579	179,106	212,281	126,711	268,001	328,068
Total business-type activities position	\$ 83,165	\$ 143,713	\$ 181,203	\$ 229,906	\$ 359,032	\$ 269,230	\$ 319,781	\$ 269,322	\$ 436,065	\$ 484,141
District-wide										
Net investment in capital assets	\$ 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	\$ 18,316,306
Restricted	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	17,812,727
Unrestricted	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)	(20,280,580)
Total district net position	\$ 12,764,779	\$ (16,146,112)	\$ (15,876,518)	\$ (14,822,152)	\$ (7,688,767)	\$ (13,598,569)	\$ (5,636,047)	\$ 1,259,823	\$ 10,872,527	\$ 15,848,453

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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
Instruction										
Regular	\$ 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	\$ 19,717,041
Special education	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	10,411,946
Other special education	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	1,808,223
Support Services:										
Instruction	1,264,988	1,229,804	1,035,016	1,024,940	1,024,475	1,436,913	773,783	722,318	843,661	1,112,115
Health services	690,829	732,481	728,830	749,466	848,419	800,348	796,589	809,960	826,006	816,634
Other support services	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	8,653,786
Educational media services	443,356	468,406	453,148	510,820	468,200	546,297	547,139	557,722	575,640	758,021
Instruction staff training	65,385	120,970	103,874	108,367	115,152	99,358	134,463	167,678	131,263	174,969
General administration	859,196	983,082	765,383	935,557	922,444	1,171,628	1,045,220	1,088,885	1,117,209	1,288,795
School administrative services	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	2,466,932
Central services	766,629	731,794	840,801	832,280	823,495	833,261	854,539	831,640	873,802	874,600
Plant operations and maintenance	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	8,466,593
Care & upkeep of grounds	199,820	260,084	299,311	300,872	289,527	315,800	250,575	263,275	306,094	288,583
Security	21,975	38,099	62,065	25,070	48,083	164,270	115,124	140,084	155,652	208,362
Administrative information technology	728,490	970,428	1,142,688	1,080,864	890,228	848,664	888,068	923,401	908,534	920,190
Allocated employee benefits	-	-	-	-	-	-	176,515	141,367	-	-
Pupil transportation	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	4,109,798
Special schools	16,514	-	-	-	-	-	-	-	-	-
Transfer to charter school	-	-	-	-	-	-	6,947	72,161	-	-
Interest on long-term debt	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	936,897
Unallocated employee benefits	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	16,969,555
Non-budgeted expenditures	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	5,389,633
Total governmental activities expenses	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	85,372,673
Business-type activities:										
Food service	896,916	969,567	1,031,483	1,041,985	1,049,718	1,119,924	687,680	583,173	1,687,982	1,110,720
Total business-type activities expense	896,916	969,567	1,031,483	1,041,985	1,049,718	1,119,924	687,680	583,173	1,687,982	1,110,720
Total district expenses	\$ 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	\$ 86,483,393
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 180,214	\$ 211,413	\$ 205,059	\$ 119,856	\$ 365,052	\$ 680,461	\$ 784,079	\$ 504,394	\$ 764,587	\$ 759,294
Pupil transportation	245,249	283,042	405,785	400,942	609,223	548,157	49,599	1,215	17,215,000	18,251
Operating grants and contributions	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	5,389,633
Total governmental activities program revenues	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	6,167,178
Business-type activities:										
Charges for services										
Food service	669,462	723,824	748,900	752,252	779,492	693,603	481,985	2,252	6,255	731,694
Operating grants and contributions	280,734	306,291	320,073	338,436	327,145	336,519	256,246	530,462	1,848,470	427,102
Total business-type activities program revenues	950,196	1,030,115	1,068,973	1,090,688	1,106,637	1,030,122	738,231	532,714	1,854,725	1,158,796
Total district program revenues	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	7,325,974
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (79,205,495)
Business-type activities	53,280	60,548	37,490	48,703	56,919	(89,802)	50,551	(50,459)	166,743	48,076
Total district-wide net expense	\$ (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)	\$ (79,157,419)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes,	\$ 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	\$ 71,281,394
Taxes levied for debt service	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	3,668,188
Unrestricted grants and contributions	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	6,227,977
Restricted federal and state aid	11,894	46,397	46,435	106,675	86,331	98,854	69,721	131,650	93,886	177,458
Payments in lieu of taxes	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	2,370,412
Investment earnings	1,518	606	850	-	-	155,953	155,066	141,955	35,907	31,618
Rents and royalties	-	-	104,384	29,992	136,377	94,483	58,617	-	95,405	90,970
Miscellaneous income	379,823	626,384	171,949	657,908	323,150	249,906	287,521	212,859	516,755	285,328
Total governmental activities	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	84,133,345
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total business-type activities	-	-	-	-	-	-	-	-	-	-
Total district-wide	\$ 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	\$ 84,133,345
Change in Net Position										
Governmental activities	\$ (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	\$ 4,927,850
Business-type activities	53,280	60,548	37,490	48,703	56,919	(89,802)	50,551	(50,459)	166,743	48,076
Total district	\$ (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	\$ 4,975,926

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)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Restricted	\$ -	\$ -	\$ -	\$ 3,817,370	\$ 5,218,181	\$ 7,226,733	\$ 13,151,600	\$ 15,791,722	\$ 15,834,925	\$ 11,038,615
Committed	-	-	-	793,230	-	-	-	-	-	-
Assigned	-	-	-	2,100,000	2,675,827	3,851,306	3,500,151	4,277,980	7,056,707	9,258,421
Unassigned	-	-	-	1,813,863	1,794,244	2,133,938	974,752	1,353,338	1,952,042	1,631,249
Reserved	5,003,747	5,077,533	3,754,913	-	-	-	-	-	-	-
Unreserved	1,080,496	513,905	1,327,445	-	-	-	-	-	-	-
Total general fund	<u>\$ 6,084,243</u>	<u>\$ 5,591,438</u>	<u>\$ 5,082,358</u>	<u>\$ 8,524,463</u>	<u>\$ 9,688,252</u>	<u>\$ 13,211,977</u>	<u>\$ 17,626,503</u>	<u>\$ 21,423,040</u>	<u>\$ 24,843,674</u>	<u>\$ 21,928,285</u>
All Other Governmental Funds										
Reserved	\$ 570,440	\$ 150,080	\$ 209,148	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted										
Special revenue fund	-	-	-	-	-	-	-	11,439	33,514	32,513
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	<u>\$ 570,440</u>	<u>\$ 150,080</u>	<u>\$ 209,148</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 6,231,737</u>	<u>\$ 2,115,188</u>	<u>\$ 1,035,178</u>	<u>\$ 274,662</u>	<u>\$ 32,513</u>

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,

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tax levy	\$ 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	\$ 74,949,582
Tuition charges	180,214	211,413	205,059	119,856	365,052	680,461	784,079	504,394	764,587	759,294
Interest earnings	1,518	606	850	-	-	155,953	155,066	141,955	35,907	31,618
Rents and royalties	-	-	104,384	29,992	136,377	94,483	58,617	-	95,405	90,970
Miscellaneous	379,823	626,384	171,949	657,908	323,150	249,906	287,521	212,859	516,755	285,328
Transportation fees	245,249	283,042	405,785	400,942	609,223	548,157	49,599	1,215	17,215	18,251
State sources	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	11,666,002
Federal sources	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	2,499,478
Total revenue	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	90,300,523
Expenditures										
Instruction										
Regular Instruction	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	19,717,041
Special education instruction	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	10,411,946
Other special instruction	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	1,808,223
Support Services:										
Tuition	1,264,988	1,229,804	1,035,016	1,024,940	1,024,475	1,436,913	773,783	722,318	843,661	1,112,115
Student & inst. related services	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	1,749,624
General administration	859,196	983,082	765,383	935,557	922,444	1,171,628	1,045,220	1,088,885	1,117,209	1,288,795
School administrative services	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	2,466,932
Central services	766,629	731,794	840,801	832,280	823,495	833,261	854,539	831,640	873,802	874,600
Admin. information technology	728,490	970,428	1,142,688	1,080,864	890,228	848,664	888,068	923,401	908,534	920,190
Plant operations and maintenance	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	5,532,002
Pupil transportation	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	4,109,798
Other Support Services	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	8,653,786
Care & upkeep of grounds	199,820	260,084	299,311	300,872	289,527	315,800	250,575	263,275	306,094	288,583
Security	21,975	38,099	62,065	25,070	48,083	164,270	115,124	140,084	155,652	208,362
Allocated employee benefits	-	-	-	-	-	-	176,515	141,367	-	-
Employee benefits	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	20,741,452
Non-budgeted expenditures	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	5,389,633
Transfer to charter school	-	-	-	-	-	-	6,947	72,161	-	-
Special Schools	16,514	-	-	-	-	-	-	-	-	-
Capital outlay	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	4,478,154
Debt service:										
Principal	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	2,345,000
Interest and other charges	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	1,361,825
Total expenditures	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	93,458,061
Excess (Deficiency) of revenues over (under) expenditures	(2,742,647)	(913,165)	(450,012)	3,232,958	1,163,789	3,195,461	297,977	2,208,878	2,660,117	(3,157,538)
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	\$ (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	\$ (3,157,538)
Debt service as a percentage of noncapital expenditures	4.56%	4.55%	4.41%	4.41%	4.29%	4.39%	4.54%	4.44%	4.33%	4.17%

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
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
2023	-	-	90,970	-	-	101,177	192,147

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)
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
2023	93,866,100	6,525,385,800	39,158,600	1,370,300	1,468,978,100	233,111,600	142,719,700	8,504,590,200	-	-	8,504,590,200	0.898	8,361,314,337

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	
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
2023	0.853	0.045	0.898	0.368	0.326	0.233	1.825

Source: District Records and Municipal Tax Collector

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

2023				2014			
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	2.94%	Freemall Associates, LLC	\$315,292,500	1	5.75%
100 Lambert LLC c/o Eagle Rock Advisors	77,218,500	2	0.91%	Freehold Financing LLC Avalon Bay	\$45,393,900	2	0.83%
Center for Aging DBA/Applewood	54,268,500	3	0.64%	Iron Mountain Info. Mgmt., LLC	\$44,595,700	3	0.81%
Iron Mountain Information Mgmt LLC	52,644,800	4	0.62%	Freemall Associates (Formerly Lowes Theater)	\$30,403,400	4	0.55%
Ushpizin Associates Owner LLC	35,000,000	5	0.41%	Center for Aging DBA/Applewood Estates	\$30,000,000	5	0.55%
Silver Shore Land Co. LLC	34,810,900	6	0.41%	New Jersey Bell Telephone Co	\$25,254,900	6	0.46%
JSM at Eaton Commercial, LLC	30,501,200	7	0.36%	Raintree Towne Center Assoc. LP	\$22,998,900	7	0.42%
Freehold Shopping Associates	29,743,200	8	0.35%	Freehold Shopping Associates	\$22,656,900	8	0.41%
Aspen Rt 9, LLC	26,506,800	9	0.31%	Wal-Mart Real Estate Business Trust	\$22,558,600	9	0.41%
Pond Road Associates, LLC	19,863,600	10	0.23%	Macy's East, Inc.	\$21,984,700	10	0.40%
Total	\$ 610,557,500		7.18%	Total	\$ 581,139,500		10.59%

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	
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%	-
2023	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	
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District
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
2023	26,790,000	n/a	6,550,648	n/a	n/a	33,340,648

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			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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
2023	26,790,000	-	26,790,000	0.32%	754

**Freehold Township School District
Direct and Overlapping Governmental Activities Debt
June 30, 2023
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	\$ 58,996,596	100.000%	\$ 58,996,596
Other debt			
Water Sewer System	21,635,440	100.000%	21,635,440
Freehold Regional High School	2,849,648	100.000%	2,849,648
Manasquan River Regional Sewerage Authority	1,046,392	100.000%	1,046,392
Monmouth County	24,241,808	100.000%	<u>24,241,808</u>
Subtotal, overlapping debt			108,769,884
Freehold Township School District Direct Debt			<u>0</u>
Total direct and overlapping debt			<u><u>\$ 108,769,884</u></u>

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

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

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

Equalized valuation basis	
2023	\$ 8,504,590,200
2022	7,482,540,200
2021	6,868,119,600
[A]	<u>\$ 22,855,250,000</u>
[A/3]	\$ 7,618,416,667
[B]	228,552,500 ^a
[C]	-
[B-C]	<u>\$ 228,552,500</u>

Fiscal year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$ 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	\$ 228,552,500
Total net debt applicable to limit	<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>	<u>26,790,000</u>
Legal debt margin	<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>	<u>\$ 201,762,500</u>
Total net debt applicable to the limit as a percentage of debt limit	26.94%	27.07%	23.69%	33.80%	30.16%	18.43%	16.96%	15.51%	13.83%	11.72%

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%
2021	34,679	-	-	6.5%
2022	35,596	-	-	3.1%
2023	35,531	-	-	3.7%

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	2023			2014		
	Employees	Rank (Optional)	Percentage of Total Employment ^b	Employees	Rank (Optional)	Percentage of Total Employment ^b
CentraState Medical Center	1,958.00	1	10.10%	2,029	1	10.66%
YMCA of Freehold	154.00	9	0.79%	871	2	4.57%
iPlay America, Inc.	-	-	-	246	8	1.29%
Center for Aging	-	-	-	553	3	2.90%
Garden State Consumer Credit	-	-	-	320	6	1.68%
Macy's	-	-	-	318	7	1.67%
IVC Industries, Inc.	-	-	-	370	5	1.94%
Verizon	-	-	-	439	4	2.31%
Shore Point Distributing Co., Inc.	-	-	-	230	9	1.21%
Sam's Club	179.00	7	0.92%	226	10	1.19%
WalMart	276.00	3	1.42%	-	-	0.00%
ShopRite	301.00	2	1.55%	-	-	0.00%
Durham School Services	234.00	4	1.21%	-	-	0.00%
Applewood Estates	207.00	5	1.07%	-	-	0.00%
Freehold Cartage, Inc.	190.00	6	0.98%	-	-	0.00%
Allaire Rehab & Nursing	160.00	8	0.83%	-	-	0.00%
Home Depot	140.00	10	0.72%	-	-	0.00%
	<u>3,799</u>		<u>19.59%</u>	<u>5,602</u>		<u>29.42%</u>

Source: Freehold Township Official Statement December 31, 2022 and December 31, 2013

^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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Instruction										
Regular	298	295	295	361	264	262	261	245	242	246
Special education	214	221	220	125	242	238	202	218	208	204
Other special education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	82	84	82	74	90	90	104	82	91	83
General administrative services	4	4	4	5	5	5	4	4	4	4
School administrative services	26	27	27	27	29	29	27	29	28	27
Business administrative services	14	15	16	17	16	16	16	16	17	17
Plant operations and maintenance	67	82	82	81	80	80	69	70	68	84
Pupil transportation	72	69	76	81	77	76	63	62	58	59
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Total	<u><u>777</u></u>	<u><u>797</u></u>	<u><u>802</u></u>	<u><u>771</u></u>	<u><u>803</u></u>	<u><u>796</u></u>	<u><u>746</u></u>	<u><u>726</u></u>	<u><u>716</u></u>	<u><u>724</u></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				
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	3,687	67,640,604	18,346	-0.02%	339	11:01	11:01	3,702	3,582	-10.90%	96.76%
2021	3,564	72,667,476	20,068	9.39%	330	11:01	11:01	3,593	2,981	-11.28%	82.97%
2022	3,493	75,358,446	21,574	7.50%	327	11:01	11:01	3,496	3,280	-15.86%	93.82%
2023	3,443	78,804,003	22,888	6.09%	318	11:01	11:01	3,474	3,253	-14.22%	93.64%

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**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	114	114	114	114	101	95	72	93	109	136
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	511	511	511	511	486	485	449	456	447	449
C. Richard Applegate (1972)										
Square Feet	81,963	81,963	81,963	81,963	81,963	81,963	81,963	81,963	81,963	81,963
Capacity (students)	606	606	606	606	606	606	606	606	606	606
Enrollment	487	487	487	487	452	425	396	386	366	367
Marshall W. Errickson (1972)										
Square Feet	78,130	78,130	78,130	78,130	78,130	78,130	78,130	78,130	78,130	78,130
Capacity (students)	606	606	606	606	606	606	606	606	606	606
Enrollment	468	468	468	468	431	437	440	421	450	448
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	488	488	488	488	432	436	431	442	449	461
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	522	522	522	522	501	502	452	430	405	407
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	752	752	752	752	671	661	690	658	659	658
Dwight D. Eisenhower (1971)										
Square Feet	114,979	114,979	114,979	114,979	114,979	114,979	114,979	114,979	114,979	114,979
Capacity (students)	863	863	863	863	863	863	863	863	863	863
Enrollment	700	687	680	681	667	685	639	601	558	557
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, 2023
 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
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
2023	110,125	118,695	160,068	166,507	113,144	110,770	130,334	53,807	963,450
Total School Facilities	\$ 1,323,006	\$ 1,425,963	\$ 1,924,880	\$ 2,002,460	\$ 1,358,631	\$ 1,328,909	\$ 1,564,428	\$ 646,427	\$ 11,574,704

* 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, 2023
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		
	Employee Benefits Liability	1,000,000/3,000,000		1,000
	Employment Related Practices	1,000,000/1,000,000		10,000
	Abuse/Molestation	1,000,000/3,000,000		
	Crime			
	Employee Theft	4,000,000		5,000
	Forgery or Alteration	200,000		1000
Theft of Money & Securities	25,000		500	
School Board Legal				
Limit of Liability	1,000,000/3,000,000		10,000	
Cyber Liability				
Aggregate Limit	1,000,000		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		

**FREEHOLD TOWNSHIP SCHOOL DISTRICT
Insurance Schedule (Continued)
For the Year Ended June 30, 2023
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	
		50,000	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	
Houston Casualty	Cyber Liability		
	Liability	1,000,000	
	Retention	50,000	

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, 2023, 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 December 4, 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

December 4, 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, 2023. 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, 2023.

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

December 4, 2023

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Federal Award Identification Number	Grant Period	Award Amount	Balance at June 30, 2022	Cash Received	Budgetary Expenditures	Repayment of Prior years' Balances	Deferred Revenue at June 30, 2023	(Accounts Receivable) at June 30, 2023	Due to Grantor at June 30, 2023
General Fund:											
U.S Department of Health and Human Services											
Medical Assistance Program	93.778	2305NJ5MAP	7/1/22-6/30/23	\$ 161,997	\$ -	\$ 161,997	\$ (161,997)	\$ -	\$ -	\$ -	\$ -
FFCRA/SEMI	93.778	2305NJ5MAP	7/1/22-6/30/23	15,461	-	15,461	(15,461)	-	-	-	-
Total U.S. Department of Health and Human Services					-	177,458	(177,458)	-	-	-	-
U.S. Department of Agriculture											
Passed-through State Department of Education:											
Child Nutrition Cluster:											
Food Distribution Program	10.555	23NJ304N1099	7/1/22-6/30/23	75,506	-	75,506	(75,506)	-	-	-	-
National School Breakfast Program	10.553	23NJ304N1099	7/1/22-6/30/23	12,377	-	11,504	(12,377)	-	-	(873)	-
National School Lunch Program	10.555	23NJ304N1099	7/1/22-6/30/23	323,714	-	302,550	(323,714)	-	-	(21,164)	-
Summer Food Service Program for Children	10.559	22NJ304N1099	7/1/21-6/30/22	1,707,185	(113,306)	113,306	-	-	-	-	-
Subtotal Child Nutrition Cluster					(113,306)	502,866	(411,597)	-	-	(22,037)	-
Total U.S. Department of Agriculture					(113,306)	502,866	(411,597)	-	-	(22,037)	-
U.S. Department of Education											
Passed-through State Department of Education:											
Elementary and Secondary Education Cluster:											
Title I	84.010	S010A220030	7/1/22-6/30/23	222,372	-	128,513	(195,753)	-	-	(67,240)	-
Title I	84.010	S010A210030	7/1/21-6/30/22	257,823	(68,839)	140,970	(72,131)	-	-	-	-
Title II Part A	84.367A	S367A220029	7/1/22-6/30/23	66,023	-	31,531	(51,615)	-	-	(20,084)	-
Title II Part A	84.367A	S367A210029	7/1/21-6/30/22	55,991	(13,879)	13,879	-	-	-	-	-
Title III	84.365A	S365A220030	7/1/22-6/30/23	20,050	-	8,156	(14,443)	-	-	(6,287)	-
Title III	84.365A	S365A210030	7/1/21-6/30/22	24,586	(24,475)	24,475	-	-	-	-	-
Title IV	84.424	S424A200031	7/1/20-6/30/21	22,282	(633)	633	-	-	-	-	-
Title IV	84.424	S424A210031	7/1/21-6/30/22	22,193	(23,514)	23,514	-	-	-	-	-
Title IV	84.424	S424A220031	7/1/22-6/30/23	21,402	-	12,525	(21,398)	-	-	(8,873)	-
Elementary and Secondary Education Cluster:											
CARES Emergency Relief Grant	84.425D	S425D210027	3/13/20-9/30/22	255,850	(11,616)	11,616	(14,646)	-	-	-	-
ARP ESSER	84.425U	S425U210027	3/13/20-9/30/24	2,239,641	(868,117)	1,492,853	(911,839)	-	-	(287,103)	-
ARP ESSER Accelerate Learning Coach	84.425U	S425U210027	3/13/20-9/30/24	307,026	(53,079)	171,476	(163,714)	-	-	(45,317)	-
ARP ESSER Summer Learning	84.425U	S425U210027	3/13/20-9/30/24	40,000	(39,800)	39,800	-	-	-	-	-
ARP ESSER Beyond the School Day	84.425U	S425U210027	3/13/20-9/30/24	40,000	(10,387)	10,387	-	-	-	-	-
ARP ESSER Mental Health	84.425U	S425U210027	3/13/20-9/30/24	45,000	-	25,861	(45,000)	-	-	(19,139)	-
ESSER II - CR Mental Health	84.425D	S425D210027	3/13/20-9/30/23	45,000	(1,881)	1,881	-	-	-	-	-
ESSER II - CRRSA	84.425D	S425D210027	3/13/20-9/30/23	996,532	(242,531)	389,443	(185,800)	-	-	(38,888)	-
ESSER II - CR Learning Acceleration	84.425D	S425D210027	3/13/20-9/30/23	63,953	-	-	(14,675)	-	-	(14,675)	-
Subtotal Elementary and Secondary Education Cluster					(1,227,411)	2,143,317	(1,335,674)	-	-	(405,122)	-
Special Education Cluster:											
I.D.E.A. Part B Basic Regular	84.027	H027A210100	7/1/21-6/30/22	873,617	(252,415)	252,415	-	-	-	-	-
I.D.E.A. Part B Basic Regular	84.027	H027A220100	7/1/22-6/30/23	881,548	-	796,193	(871,419)	-	-	(75,226)	-
ARP I.D.E.A Part B Basic Regular	84.027X	H027X220100	7/1/21-6/30/22	159,507	(70,845)	70,845	-	-	-	-	-
I.D.E.A. Part B Preschool	84.173	H173A220114	7/1/22-6/30/23	42,798	-	32,651	(35,761)	-	-	(3,110)	-
I.D.E.A. Part B Preschool	84.173	H173A210114	7/1/21-6/30/22	39,671	(10,679)	10,679	-	-	-	-	-
ARP I.D.E.A. Part B Preschool	84.173X	H173X210114	7/1/21-6/30/22	13,603	(2,707)	2,707	-	-	-	-	-
Subtotal Special Education Cluster					(336,646)	1,165,490	(907,180)	-	-	(78,336)	-
Total U.S. Department of Education					(1,695,397)	3,693,003	(2,598,194)	-	-	(585,942)	-
Total Expenditures of Federal Awards					\$ (1,808,703)	\$ 4,373,327	\$ (3,187,249)	\$ -	\$ -	\$ (607,979)	\$ -

FREEHOLD TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Year Ended June 30, 2023

State Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Deferred Revenue at June 30, 2023	(Accounts Receivable) at June 30, 2023	Due to Grantor at June 30, 2023	Budgetary Receivable	Total Expenditures
State Department of Education													
General Fund:													
Transportation Aid	23-495-034-5120-014	7/1/22-6/30/23	709,345	-	-	633,794	(709,345)	-	-	-	-	(75,551)	709,345
Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	3,101,513	-	-	2,806,801	(3,101,513)	-	-	-	-	(294,712)	3,101,513
Equalization Aid	23-495-034-5120-078	7/1/22-6/30/23	1,100,169	-	-	995,962	(1,100,169)	-	-	-	-	(104,207)	1,100,169
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	93,758	-	-	90,542	(93,758)	-	-	-	-	(3,216)	93,758
Extraordinary Aid	23-495-034-5120-044	7/1/22-6/30/23	1,183,184	-	-	-	(1,183,184)	-	-	(1,183,184)	-	-	1,183,184
Extraordinary Aid	22-495-034-5120-044	7/1/21-6/30/22	1,272,820	(1,272,820)	-	1,272,820	-	-	-	-	-	-	-
Nonpublic Transportation Aid	23-495-034-5120-014	7/1/22-6/30/23	43,680	-	-	-	(43,680)	-	-	(43,680)	-	-	43,680
Nonpublic Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	39,730	(39,730)	-	39,730	-	-	-	-	-	-	-
Lead Testing for School Aid	23-495-034-5120-104	7/1/22-6/30/23	14,369	-	-	14,369	(14,369)	-	-	-	-	-	14,369
On-Behalf TPAF Pension Contribution	23-495-034-5094-002	7/1/22-6/30/23	11,551,127	-	-	11,551,127	(11,551,127)	-	-	-	-	-	11,551,127
On-Behalf TPAF Long-Term Disability Ins	23-495-034-5094-004	7/1/22-6/30/23	4,120	-	-	4,120	(4,120)	-	-	-	-	-	4,120
On-Behalf TPAF Post-Retirement Medical	23-495-034-5094-001	7/1/22-6/30/23	3,034,453	-	-	3,034,453	(3,034,453)	-	-	-	-	-	3,034,453
Reimbursed TPAF Social Security Contribution	23-495-034-5094-003	7/1/22-6/30/23	2,351,060	-	-	2,237,107	(2,351,060)	-	-	(113,953)	-	-	2,351,060
Reimbursed TPAF Social Security Contribution	22-495-034-5094-003	7/1/21-6/30/22	2,353,436	(113,807)	-	113,807	-	-	-	-	-	-	-
Total General Fund				<u>(1,426,357)</u>	<u>-</u>	<u>22,794,632</u>	<u>(23,186,778)</u>	<u>-</u>	<u>-</u>	<u>(1,340,817)</u>	<u>-</u>	<u>(477,686)</u>	<u>23,186,778</u>
Enterprise Fund:													
State School Breakfast Program	22-100-010-3350-021	7/1/22-6/30/23	599	-	-	555	(599)	-	-	(44)	-	-	599
State School Lunch Program	23-100-010-3350-023	7/1/22-6/30/23	14,906	-	-	13,945	(14,906)	-	-	(961)	-	-	14,906
State School Lunch Program	22-100-010-3350-023	7/1/21-6/30/22	37,960	(2,544)	-	2,544	-	-	-	-	-	-	-
Total Enterprise Fund				<u>(2,544)</u>	<u>-</u>	<u>17,044</u>	<u>(15,505)</u>	<u>-</u>	<u>-</u>	<u>(1,005)</u>	<u>-</u>	<u>-</u>	<u>15,505</u>
Debt Service Fund:													
Debt service aid	23-495-034-5120-017	7/1/22-6/30/23	38,637	-	-	38,637	(38,637)	-	-	-	-	-	38,637
Total Debt Service Fund				<u>-</u>	<u>-</u>	<u>38,637</u>	<u>(38,637)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,637</u>
Special Revenue Fund:													
N.J. Nonpublic Textbook Aid	23-100-034-5120-064	7/1/22-6/30/23	1,584	-	-	1,584	(1,512)	-	-	-	72	-	1,512
N.J. Nonpublic Textbook Aid	22-100-034-5120-064	7/1/21-6/30/22	1,620	6	-	-	-	(6)	-	-	-	-	-
N.J. Nonpublic Nursing Aid	23-100-034-5120-070	7/1/22-6/30/23	2,688	-	-	2,688	(2,564)	-	-	-	124	-	2,564
N.J. Nonpublic Nursing Aid	22-100-034-5120-070	7/1/21-6/30/22	3,024	2	-	-	-	(2)	-	-	-	-	-
N.J. Nonpublic Technology Aid	23-100-034-5120-373	7/1/22-6/30/23	1,008	-	-	1,008	(964)	-	-	-	44	-	964
N.J. Nonpublic Technology Aid	22-100-034-5120-373	7/1/21-6/30/22	1,134	33	-	-	-	(33)	-	-	-	-	-
N.J. Nonpublic Security Aid	23-100-034-5120-509	7/1/22-6/30/23	4,920	-	-	4,920	(4,715)	-	-	-	205	-	4,715
N.J. Nonpublic Security Aid	22-100-034-5120-509	7/1/21-6/30/22	4,725	230	-	-	-	(230)	-	-	-	-	-
Total Special Revenue Fund				<u>271</u>	<u>-</u>	<u>10,200</u>	<u>(9,755)</u>	<u>(271)</u>	<u>-</u>	<u>-</u>	<u>445</u>	<u>-</u>	<u>9,755</u>
Total Expenditures of State Awards				<u>(1,428,630)</u>	<u>-</u>	<u>22,860,513</u>	<u>(23,250,675)</u>	<u>(271)</u>	<u>-</u>	<u>(1,341,822)</u>	<u>445</u>	<u>(477,686)</u>	<u>23,250,675</u>
State Financial Assistance Not Subject to Single Audit Determination													
On-Behalf TPAF Pension Contribution	23-495-034-5094-002	7/1/22-6/30/23	11,551,127	-	-	11,551,127	(11,551,127)	-	-	-	-	-	11,551,127
On-Behalf TPAF Long-Term Disability Ins	23-495-034-5094-004	7/1/22-6/30/23	4,120	-	-	4,120	(4,120)	-	-	-	-	-	4,120
On-Behalf TPAF Post-Retirement Medical	23-495-034-5094-001	7/1/22-6/30/23	3,034,453	-	-	3,034,453	(3,034,453)	-	-	-	-	-	3,034,453
Total State Financial Assistance Not Subject to Single Audit Determination				<u>-</u>	<u>-</u>	<u>14,589,700</u>	<u>(14,589,700)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,589,700</u>
Total Expenditures of State Awards Subject to Single Audit Determination				<u>(1,428,630)</u>	<u>-</u>	<u>8,270,813</u>	<u>(8,660,975)</u>	<u>(271)</u>	<u>-</u>	<u>(1,341,822)</u>	<u>445</u>	<u>(477,686)</u>	<u>8,660,975</u>

See accompanying notes to schedules of expenditures.

Freehold Township School District

Notes to Schedules of Awards and Financial Assistance

June 30, 2023

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 \$(11,569,168) for the general fund, \$(276,174) 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, 2023

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 177,458	\$ 11,617,610	\$ 11,795,068
Special Revenue Fund	2,322,020	9,755	2,331,775
Debt Service Fund	-	38,637	38,637
Capital Projects Fund	-	-	-
Food Service Fund	<u>411,597</u>	<u>15,505</u>	<u>427,102</u>
Total awards and financial assistance	<u>\$ 2,911,075</u>	<u>\$ 11,681,507</u>	<u>\$ 14,592,582</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, 2023.

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, 2023

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>
84.425D	<u>Elementary and Secondary Education Cluster:</u> Elementary and Secondary School Emergency Relief Fund
84.425U	American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)
84.027	<u>Special Education Cluster:</u> I.D.E.A. - Part B
84.173	I.D.E.A. - Part B Preschool

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

Auditee qualified as low-risk auditee? yes no

Freehold Township School District
 Schedule of Findings and Questioned Costs (continued)
 June 30, 2023

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>
	<u>State Aid - Public (Cluster)</u>
495-034-5120-089	Special Education Categorical Aid
495-034-5120-078	Equalization Aid
495-034-5120-084	Security Aid
495-034-5120-044	Extraordinary Special Education Aid

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

June 30, 2023

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, 2023

Financial Statement Findings

There were no prior year findings for the period ended June 30, 2022.

Federal Awards

There were no prior year findings for the period ended June 30, 2022.

State Financial Assistance

There were no prior year findings for the period ended June 30, 2022.