

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Prepared by

**Patrick S. DeGeorge, CPA
School Business Administrator/Board Secretary
Freehold Borough Board of Education
Business Office**

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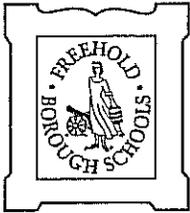
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INTRODUCTORY SECTION



Borough of Freehold Public Schools

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

December 1, 2011

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

Dear Board Members:

The comprehensive annual financial report of the Freehold Borough School District (the "District") for the fiscal year ended June 30, 2011 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical tables and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The statistical tables section includes selected information on financial trends, revenue capacity, debt capacity, demographic and economic information and operating information, generally presented on a multi-year basis. This District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1986, as amended, and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular as well as special education for handicapped youngsters. The District completed the 2010-2011 fiscal year with an enrollment of 1,426 students. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2010-2011	1,406.5	3.72%
2009-2010	1,356.1	2.67%
2008-2009	1,320.8	(1.55%)
2007-2008	1,341.6	(1.83%)
2006-2007	1,366.6	0.58%
2005-2006	1,358.7	0.30%
2004-2005	1,354.6	(0.69%)
2003-2004	1,364.0	0.90%
2002-2003	1,351.9	3.90%
2001-2002	1,301.1	10.83%

2. **ECONOMIC CONDITION AND OUTLOOK:** The municipality of Freehold Borough continues to feel the impact of the economic slowdown. Specifically, aggregate property values increased from the 2009-2010 school year and unemployment decreased. As a result, the turnover in housing stock has shown slight improvement. However, it is uncertain if these trends will continue. Nonetheless, the mayor and council are involved in a number of initiatives to make it more attractive to prospective homeowners, as well as to new and relocating businesses.
3. **MAJOR INITIATIVES:** The Board of Education remains unable to finance its portion of the \$6.4 million in health and safety projects approved by the New Jersey Department of Education in the 2007-2008 school year until such time that the Department of Education resolves the shortfall in aid provided to the Board of Education which has grown to over \$4 million per year. As a result, the public schools continue to face significant capacity issues. Specifically, enrollment at the Park Avenue Complex is 205 students over its functional capacity of 660 students, while the enrollment at Freehold Learning Center is 30 students over its functional capacity of 460 students.

During the 2010-2011 school year, the Board of Education appropriated \$104,330 from the Maintenance Reserve to finance the renovation of the girls and boys locker rooms at the Park Avenue Complex. As a result, the balance in the Maintenance Reserve was reduced to \$488,412 at June 30, 2011. Beginning in the 2011-2012 school year, the Board of Education will appropriate from the Maintenance Reserve to finance the enhancements to the fire alarm and life safety systems, as well as replace the public address system at the Park Avenue Complex. In June 2011, the Board of Education appropriated \$500,000 to the Capital Reserve to assist in financing the almost \$12 million of necessary repairs and upgrades to its buildings and grounds.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2011.

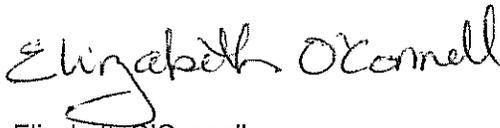
6. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the district is organized on the basis of funds. These funds are explained in the "Notes to the Financial Statements", Note 1.
7. **DEBT ADMINISTRATION:** In June 2011, the District issued \$2,485,000 of refunding bonds at a net interest rate of 2.92% to refund \$2,339,000 of its outstanding 2001 bonds paying interest of 4.7%. The District's total outstanding debt as of June 30, 2011 was \$5,724,000. The remaining annual maturity schedule as of June 30, 2011 for principal as well as annual interest payments are detailed in the "Notes to Financial Statements".
8. **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to Financial Statements", Note 2. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
9. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents and fidelity bonds.

10. **OTHER INFORMATION:**

A. Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. Gerard Stankiewicz CPA, PSA of the accounting firm of Samuel Klein and Company, Certified Public Accountants, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the general-purpose 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.

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

Respectfully submitted,

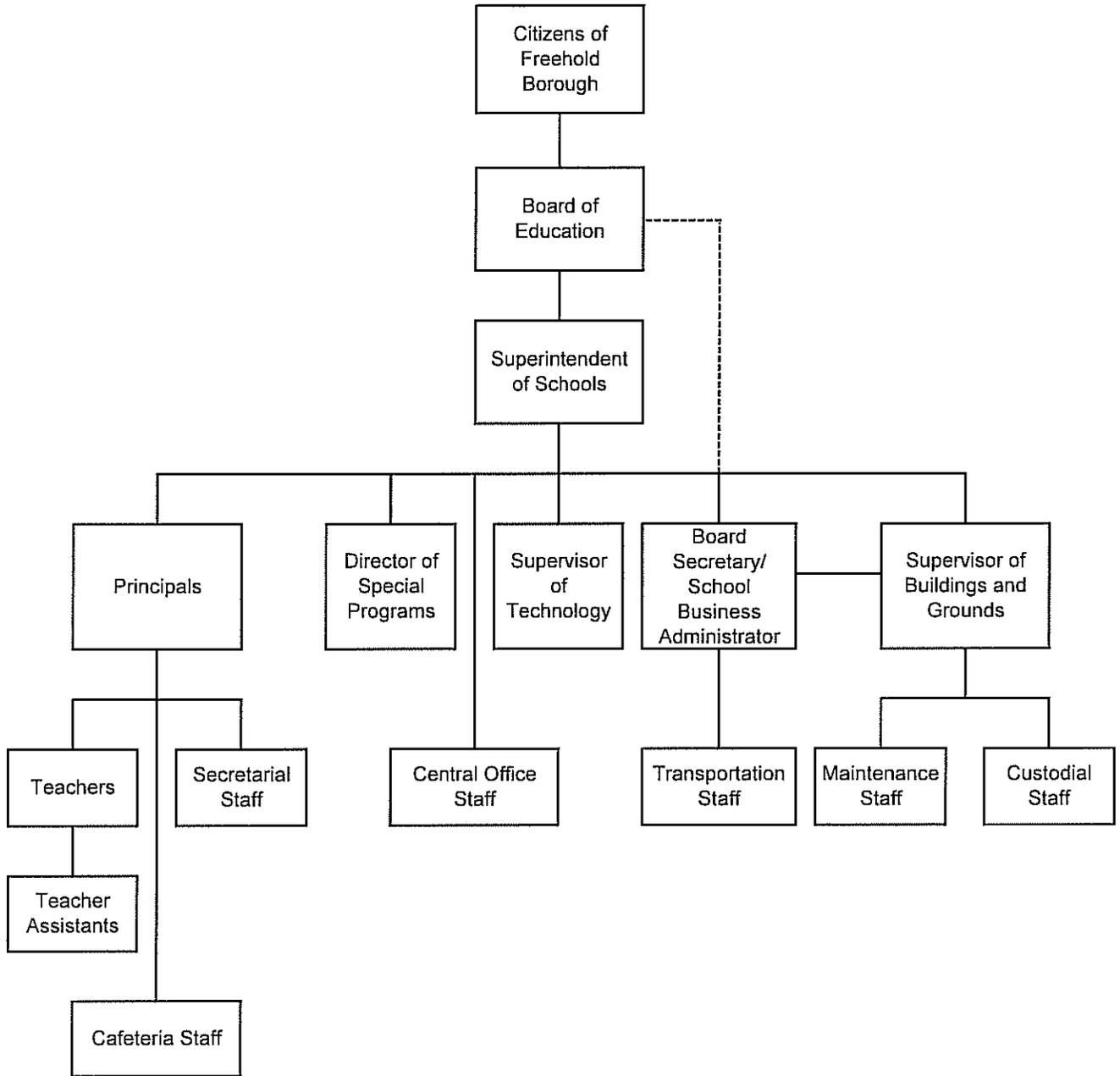


Elizabeth O'Connell
Superintendent of Schools



Patrick S. DeGeorge, CPA
School Business Administrator/Board Secretary

FREEHOLD BOROUGH BOARD OF EDUCATION
TABLE OF ORGANIZATION



FREEHOLD BOROUGH BOARD OF EDUCATION
ROSTER OF OFFICIALS
JUNE 30, 2011

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Annette Jordan, President	2013
Ron Reich, Vice-President.....	2012
James Keelan	2014
Dr. Michael Lichardi	2012
Maureen MacCutcheon	2012
Tom Parke	2013
Bruce Patrick.....	2014
Kevin Tennant.....	2013
Dan Xavier	2014

Other Officials

- Elizabeth O'Connell, Superintendent of Schools
- Patrick S. DeGeorge, CPA, School Business Administrator/Board Secretary
- Bruce Rodman, Treasurer of School Funds

FREEHOLD BOROUGH BOARD OF EDUCATION
CONSULTANTS AND ADVISORS
JUNE 30, 2011

AUDIT FIRM

Gerard Stankiewicz, CPA, of
Samuel Klein and Company
36 West Main Street
Suite 301
Freehold, NJ 07728

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Fraytak Veisz Hopkins Duthie, P.C.
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Florham Park, NJ 07932

OFFICIAL DEPOSITORIES

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BOND COUNSEL

McCarter & English
Four Gateway Center
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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and aggregate remaining fund information of the Board of Education of the Borough of Freehold School District, County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2011 which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Board of Education of the Borough of Freehold School District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, and each major fund and aggregate remaining fund information of the Board of Education of the Borough of Freehold School District, as of June 30, 2011, and the respective changes in financial position and cash flows where applicable for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2011 on our consideration of the Board of Education of the Borough of Freehold 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

The Management Discussion and Analysis and Budgetary Comparison Information on page 10 through 19 and 59 through 72 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Freehold School District Board of Education's basic financial statements. The accompanying introductory section and other supplementary information such as the combining fund and individual fund financial statements, long term debt and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund and individual fund, financial statements and long-term debt schedules listed in the table of contents have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in the relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB's Circular Letter 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



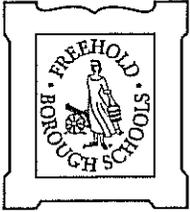
Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
December 1, 2011

REQUIRED SUPPLEMENTARY INFORMATION – PART I



Borough of Freehold Public Schools

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

December 1, 2011

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

Dear Board Members:

Management's Discussion And Analysis

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

Fund Financial Statements

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

General Fund (Fund 10)

Fund 11 Distributed and Undistributed Instructional Accounts – Asset Producing

Fund 12 Capital Outlay – Asset Producing

Special Revenue (Fund 20)

Fund 20 Grants and Entitlements – Asset Producing

Capital Projects (Fund 30)

Fund 30 Capital Projects/Construction in progress – Asset Producing

Debt Service (Fund 40)

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

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

Enterprise (Fund 60)

Fund 60 Enterprise/Food Service – Asset Producing

Financial Highlights

Key financial highlights for 2011 are as follows:

In total, net assets totaled \$4,285,076 which represents a \$3,915 or -0.0009% decrease from 2010.

General revenues accounted for \$18,240,009 in revenue or 99.28% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$4,700,240 or 20.37% of total revenues of \$23,073,088.

Total assets of governmental activities, exclusive of the Capital Projects Fund, decreased by \$177,955 as cash and cash equivalents decreased by \$552,043 receivables increased by \$376,259 and current liabilities decreased by \$47,649, a delay in state aid payments as well as increased expenditures caused this condition.

The District had \$23,077,003 in expenses; only \$4,700,240 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes and federal and state aid) of \$18,452,210 were adequate to provide for these programs.

Among major funds, the General Fund had \$17,847,278 in revenues and \$17,982,552 in expenditures. The General Fund's fund balance decreased \$135,274 over 2010. The General Fund's fund balance is \$899,020. The decrease was caused primarily by a mid-year loss in state aid.

The Special Revenue Fund had \$3,803,384 in revenue and \$3,798,417 in expenditures.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

This document contains all funds used by the District to provide programs and activities, viewing the District as a whole and reports the culmination of all financial transactions. The report answers the question "How We Did Financially During Fiscal Year 2011". The Statement of Net Assets and the Statement of activities provides the summary. The statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statement

The Analysis of the District's major funds begins on page 22. Fund financial reports provide detailed information about the District's major funds. The District's major governmental funds are the General Fund, Special Revenue Fund, Debt Service Fund and Capital Projects Fund.

Governmental Funds

The District'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 District'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 Assets 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 District as a Whole

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

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

Table 1 provides a comparative summary of the School District's net assets for 2011 and 2010.

Table 1 – Comparative Summary of Net Assets

	<u>2011</u>	<u>2010</u>
Assets		
Current and Other Assets	\$ 2,217,530	\$ 2,729,946
Capital Assets, Net	<u>8,476,619</u>	<u>8,888,057</u>
Total Assets	<u>\$ 10,694,148</u>	<u>\$ 11,618,003</u>
Liabilities		
Other Liabilities	\$ 1,247,424	\$ 1,680,272
Long-Term Liabilities	<u>5,161,648</u>	<u>5,648,740</u>
Total Liabilities	<u>\$ 6,409,072</u>	<u>\$ 7,329,012</u>
Net Assets		
Invested in Capital Assets, Net of Debt	\$ 2,648,714	\$ 2,598,827
Restricted	899,020	1,037,480
Unrestricted	<u>737,342</u>	<u>652,684</u>
Total Net Assets	<u>\$ 4,285,076</u>	<u>\$ 4,288,991</u>

The District's combined net assets were \$4,285,076 on June 30, 2011, representing a decrease of \$3,915 or -0.0009% (9/10,000's) from the previous year.

Table 2 shows the comparative changes in net assets from fiscal year 2011 and 2010.

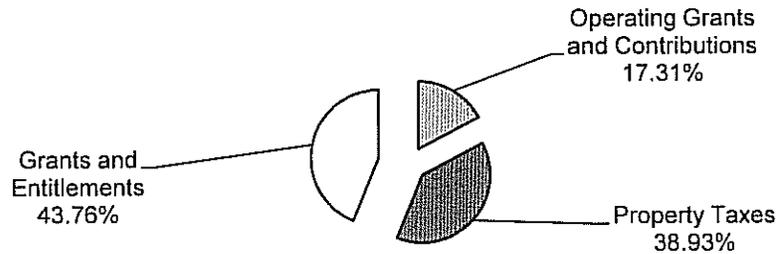
Table 2 – Comparative Changes in Net Assets

	2011	2010	Total Change	
			Amount	Percent
Revenues:				
Program Revenues:				
Charges for Services	\$ 156,161	\$ 144,444	\$ 11,717	8.11%
Operating Grants and Contributions	4,544,078	3,291,707	1,252,371	38.05%
General Revenues:				
Property Taxes	8,686,535	8,568,351	118,184	1.38%
Grants and Entitlements - Operating	9,765,675	9,307,495	458,180	4.92%
Other	53,478	127,278	(73,800)	-57.98%
Total Revenues	\$ <u>23,205,928</u>	\$ <u>21,439,275</u>	\$ <u>1,766,653</u>	<u>8.24%</u>
Program Expense:				
Instruction	\$ 12,497,360	\$ 11,685,974	\$ 811,386	6.94%
Support Services:				
Tuition	822,606	783,788	38,818	4.95%
Pupils and Instructional Staff	3,785,116	3,181,059	604,057	18.99%
School Administration	791,134	755,019	36,115	4.78%
Other Administration	1,765,162	1,534,124	231,038	15.06%
Operations and Maintenance of Facilities	1,940,801	2,056,408	(115,607)	-5.62%
Pupil Transportation	470,538	551,485	(80,947)	-14.68%
Interest on Long-Term Debt	271,261	296,571	(25,310)	-8.53%
Food Service	733,026	674,929	58,097	8.61%
Total Expense	\$ <u>23,077,003</u>	\$ <u>21,519,357</u>	\$ <u>1,557,646</u>	<u>7.24%</u>
(Decrease)/Increase before Transfers and Special Items	\$ <u>128,924</u>	\$ <u>(80,082)</u>		
Less: Transfers and Special Items	<u>(132,840)</u>	<u>85,076</u>		
Increase in Net Assets	\$ (3,915)	\$ 4,994		
Beginning Net Assets	<u>4,288,991</u>	<u>4,283,998</u>		
Ending Net Assets	\$ <u><u>4,285,076</u></u>	\$ <u><u>4,288,992</u></u>		

Governmental Activities

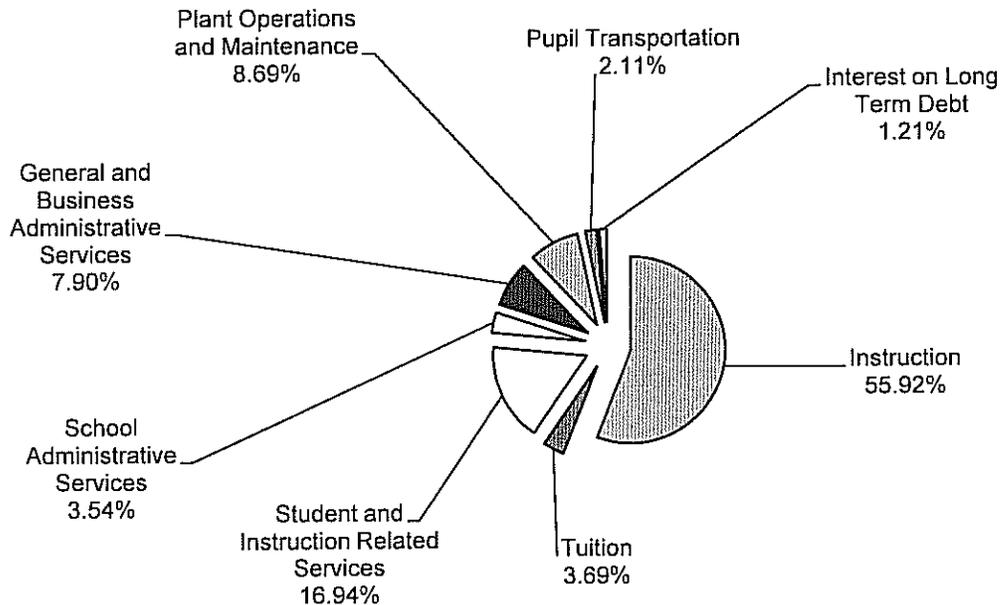
Total revenues of the Governmental Activities were \$22,314,142. Property taxes as approved made up \$8,686,535 or 38.94% of revenues for governmental activities for the fiscal year 2011. Federal, state and local grants and entitlements and contributions accounted for another \$13,605,038, or 43.76%.

Revenue for Fiscal Year 2011



The total cost of all programs and services was \$22,343,977. Instruction comprises \$12,497,360, or 55.93% of the District's expenses other than capital expenditures.

Expenses for Fiscal Year 2011



Expenditures for out-of-district placement of classified students equal about 3.69% of the operating budget. Instructional expenses equal 55.93% of the operating budget. Instructional expenses include teachers' salaries, supplies and textbooks.

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

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

Transportation costs include Special Education.

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

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

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

Table 3 – Comparative Statement of Activities

	Total Cost of Services			Net Cost of Services		
	2010-2011	2009-2010	% Change	2010-2011	2009-2010	% Change
Instruction	\$ 12,497,360	\$ 11,685,974	6.94%	\$ 9,243,663	\$ 9,687,678	-4.58%
Support Services:						
Tuition	822,606	783,788	4.95%	822,606	783,788	4.95%
Pupils and Instructional Staff	3,785,116	3,181,059	18.99%	3,235,429	2,661,709	21.55%
School Administration	791,134	755,019	4.78%	791,134	755,019	4.78%
Other Administration	1,765,162	1,534,124	15.06%	1,765,162	1,534,124	15.06%
Operation and Maintenance of Facilities	1,940,801	2,056,408	-5.62%	1,940,801	2,056,408	-5.62%
Pupil Transportation	470,538	551,485	-14.68%	470,538	551,485	-14.68%
Debt Service	271,261	296,572	-8.53%	133,351	136,738	-2.48%
Total Expenses	\$ 22,343,977	\$ 20,844,429	7.19%	\$ 18,402,683	\$ 18,166,949	1.30%

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

Food service revenues exceeded expenses by \$25,920. Charges for services represent \$156,161 of revenue. This represents the amount paid by patrons for daily food service and catering.

Federal and state reimbursements for meals, including payments for free and reduced lunches was \$602,784.

The District's Funds

Information about the District's major funds starts on page 22. These funds are accounted of using the modified accrual basis of accounting. All governmental funds exclusive of capital projects had total revenues of \$22,446,986 and expenditures of \$22,577,290. The net positive change in overall fund balance for the year was most significant in the General Fund.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds exclusive of the capital projects fund for the fiscal years ended June 30, 2011 and June 30, 2010, and the amount and percentage of total and increases/decreases in relation to prior year revenues.

<u>Revenue</u>	<u>2010-2011</u>		<u>2009-2010</u>		Increase/ (Decrease) from 2009-2010 to 2010-2011
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	
Local Sources	\$ 8,804,058	39.22%	\$ 8,733,586	42.23%	\$ 70,472
State Sources	10,386,526	46.27%	8,507,323	41.14%	1,879,203
Federal Sources	<u>3,256,402</u>	<u>14.51%</u>	<u>3,439,694</u>	<u>16.63%</u>	<u>(183,292)</u>
Total	<u>\$ 22,446,986</u>	<u>100.00%</u>	<u>\$ 20,680,603</u>	<u>100.00%</u>	<u>\$ 1,766,383</u>

The increase in Local Sources is primarily attributed to increases in the local tax levy, a payment received from a contractual agreement related to the sale of previously owned district asset. The decrease in State Sources is attributed to a reduction of the TPAF on-behalf pension contribution offset by significant increases in other state aid.

The decrease in Federal Source is attributed to a decrease in the Title I and IDEA Grant.

The following schedule presents a summary of general fund expenditures for the fiscal years ended June 30, 2011 and June 30, 2010 and the amount and percentage of the total and increase/(decrease) in relation to prior year expenditures, exclusive of the Capital Projects Fund.

<u>Expenditures</u>	<u>2010-2011</u>		<u>2009-2010</u>		Increase/(Decrease) from 2009-2010 to 2010-2011
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	
Current Expense:					
Instruction	\$ 9,379,463	41.54%	\$ 8,964,773	42.53%	\$ 414,690
Undistributed Expenditures	12,357,100	54.73%	11,272,841	53.47%	1,084,259
Capital Outlay	44,406	0.20%	71,544	0.34%	(27,138)
Debt Service	<u>796,321</u>	<u>3.53%</u>	<u>771,677</u>	<u>3.66%</u>	<u>24,644</u>
Total	<u>\$ 22,577,290</u>	<u>100.00%</u>	<u>\$ 21,080,835</u>	<u>100.00%</u>	<u>\$ 1,496,455</u>

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

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

Debt Service relates to the principal and interest payments on the 1996 and 2001 Bonds, both of which were for building improvements and renovations.

General Fund Budgeting Highlights

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

During the course of the fiscal year 2011, the District amended its General fund budget as needed. The District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. Transfers from one program to another must be approved by the Business Administrator, Superintendent and Board of Education. Transfers were necessitated by:

- Staffing changes based on student needs.
- Changes in appropriations to prevent budget overruns.
- End of year decrease in NCLB Grant.

The District final budget for the General Fund anticipated that revenues and expenditures would roughly equal, the actual results.

At the end of the fiscal year 2011, the District had \$16,387,316 invested in land, buildings, furniture and equipment and vehicles. Table 4 shows fiscal 2011 balances compared to 2010.

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

	<u>2011</u>	<u>2010</u>
Land	\$ 110,050	\$ 110,050
Site Improvements	242,809	276,699
Buildings and Improvements	7,740,565	8,176,871
Machinery and Equipment	339,408	311,643
Construction in Progress	<u>14,412</u>	<u>None</u>
Totals	<u>\$ 8,447,244</u>	<u>\$ 8,875,263</u>

Overall capital assets decreased \$428,019 from fiscal year 2010 to fiscal year 2011. Depreciation expense on Capital Assets exceeded the net offset of additions and retirements thereby causing the net decrease.

Debt Administration

At June 30, 2011, the School District had \$5,820,849 of outstanding debt. Of this amount \$535,436 is for compensated absences; \$86,413 is for various capital leases and \$5,199,000 of serial bonds for school improvements.

For the Future

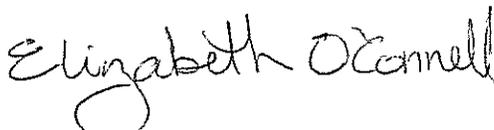
The fiscal outlook for the Freehold Borough Board of Education is uncertain. The fund balance remains below the statutory two percent (2%), and without significant changes to the school funding formula, the burden of increases in necessary costs will continue to rest with the local taxpayers. The situation is compounded by the fact that Freehold is at full build out (which means that there is no space available for further development that would increase the tax base). There is a high probability of tax increases on the average homeowner over the next five years if the state does not address their failure to fund to the current formula or implement a more equitable formula that addresses the changes in demographics and student need.

On April 27, 2011, the 2011-2012 district budget was approved by the local taxpayers. The certified general fund tax levy of \$8,268,967 represents an increase from 2010-2011 of \$240,573, or 3 percent. The Administration of the Freehold Borough Public Schools is determined to continue to address the educational needs of our students while delivering a fiscally responsible budget to the taxpayers of the community.

Contacting the School District's Financial Management

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

Respectfully submitted,



Elizabeth O'Connell
Superintendent of Schools



Patrick S. DeGeorge, CPA
Business Administrator/Board Secretary

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
STATEMENT OF NET ASSETS
JUNE 30, 2011

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents		\$ 104,210.85	\$ 104,210.85
Receivables - Net	\$ 871,303.07	36,240.84	907,543.91
Inventory		23,792.71	23,792.71
Security Deposit	10,000.00	932.74	10,932.74
Restricted Assets:			
Restricted Cash and Cash Equivalents	28,687.40		28,687.40
Capital Reserve Account	378,357.06		378,357.06
Receivables - Grant	596,324.54		596,324.54
Receivables	121,643.94		121,643.94
Deferred Bond Issuance Costs, Net	46,037.65		46,037.65
Capital Assets, Net	<u>8,447,244.00</u>	<u>29,374.50</u>	<u>8,476,618.50</u>
Total Assets	<u>\$ 10,499,597.66</u>	<u>\$ 194,551.64</u>	<u>\$ 10,694,149.30</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 154,022.53	\$ 14,402.68	\$ 168,425.21
Intergovernmental Accounts Payable - Federal	11,906.00		11,906.00
Intergovernmental Accounts Payable - State	22,293.34		22,293.34
Deferred Revenue	326,892.15		326,892.15
Accrued Interest on Bonds Payable	58,706.13		58,706.13
Noncurrent Liabilities:			
Due Within One Year	659,201.39	0.09	659,201.48
Due Beyond One Year	<u>5,161,647.78</u>		<u>5,161,647.78</u>
Total Liabilities	<u>\$ 6,394,669.32</u>	<u>\$ 14,402.77</u>	<u>\$ 6,409,072.09</u>
<u>NET ASSETS</u>			
Invested in Capital Assets - Net of Related Debt	\$ 2,619,339.93	\$ 29,374.50	\$ 2,648,714.43
Restricted for:			
Capital Projects	500,001.00		500,001.00
Other Purposes	399,018.81		399,018.81
Unrestricted	<u>586,567.60</u>	<u>150,774.37</u>	<u>737,341.97</u>
Total Net Assets	<u>\$ 4,104,927.34</u>	<u>\$ 180,148.87</u>	<u>\$ 4,285,076.21</u>

See accompanying notes to financial statements.

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 9,118,099.73			\$ (5,864,401.80)		\$ (5,864,401.80)
Special Education	2,280,845.85			(2,280,845.85)		(2,280,845.85)
Other Special Instruction	958,899.60			(958,899.60)		(958,899.60)
Other Instruction	139,515.61			(139,515.61)		(139,515.61)
Support Services:						
Tuition	822,606.30			(822,606.30)		(822,606.30)
Student and Instruction Related Services	3,785,116.20		549,687.20	(3,235,429.00)		(3,235,429.00)
School Administrative Services	791,133.89			(791,133.89)		(791,133.89)
Other Administrative Services	1,765,161.74			(1,765,161.74)		(1,765,161.74)
Plant Operations and Maintenance	1,940,800.88			(1,940,800.88)		(1,940,800.88)
Pupil Transportation	470,537.77			(470,537.77)		(470,537.77)
Interest on long term debt	271,260.81		137,910.00	(133,350.81)		(133,350.81)
Total Governmental Activities	\$ 22,343,977.38		\$ 3,941,294.13	\$ (18,402,683.25)		\$ (18,402,683.25)
Business-Type Activities:						
Food Service	\$ 733,025.69	\$ 156,161.28			\$ 25,919.80	\$ 25,919.80
Total Business -Type Activities	\$ 733,025.69	\$ 156,161.28			\$ 25,919.80	\$ 25,919.80
Total Primary Government	\$ 23,077,003.07	\$ 156,161.28	\$ 4,544,078.34	\$ (18,402,683.25)	\$ 25,919.80	\$ (18,376,763.45)
General Revenues						
Taxes:						
General Purposes				\$ 8,028,124.00		\$ 8,028,124.00
Debt Service				658,411.00		658,411.00
Federal and State Aid not Restricted				9,765,675.31		9,765,675.31
Miscellaneous Income				53,477.63		53,477.63
Special and Extraordinary Revenue/(Expense)				(132,839.70)		(132,839.70)
				\$ 18,372,848.24		\$ 18,372,848.24
Change in Net Assets				\$ (29,835.01)	\$ 25,919.80	\$ (3,915.21)
Net Assets - Beginning				\$ 4,134,762.35	\$ 154,229.07	\$ 4,288,991.42
Net Assets - Ending				\$ 4,104,927.34	\$ 180,148.87	\$ 4,285,076.21

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	<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	\$ 453,480.07		\$ 28,687.40		\$ 482,167.47
Intergovernmental Accounts Receivable	84,647.95	\$ 907,537.24	1,138,815.58	\$ 2.86	2,131,003.63
Due from Other Funds	760.82				760.82
Security Deposit	10,000.00				10,000.00
Capital Reserve Account	<u>500,001.00</u>				<u>500,001.00</u>
Total Assets	<u>\$ 1,048,889.84</u>	<u>\$ 907,537.24</u>	<u>\$ 1,167,502.98</u>	<u>\$ 2.86</u>	<u>\$ 3,123,932.92</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Cash and Cash Equivalents - Overdraft		\$ 575,121.45		\$ 2.56	\$ 575,124.01
Accounts Payable	\$ 118,386.59	35,635.94			154,022.53
Interfunds Payable			\$ 2.86		2.86
Intergovernmental Accounts Payable - Federal		11,906.00			11,906.00
State		22,293.34			22,293.34
Deferred Revenue	<u>31,463.44</u>	<u>295,408.71</u>			<u>326,892.15</u>
Total Liabilities	<u>\$ 149,870.03</u>	<u>\$ 940,365.44</u>	<u>\$ 2.86</u>	<u>\$ 2.56</u>	<u>\$ 1,090,240.89</u>
Fund Balances:					
Reserved for:					
Committed for Year-end Encumbrances	\$ 16,619.35				\$ 16,619.35
Restricted:					
Capital Reserve Account	500,001.00				500,001.00
Maintenance Reserve	124,874.72				124,874.72
Excess Surplus	257,524.74				257,524.74
Assigned Designated for Subsequent Year's Expenditures			\$ 1,167,500.12		1,167,500.12
Unassigned, Reported in:					
Special Revenue Fund (Deficit)		\$ (32,828.20)			(32,828.20)
Debt Service Fund				\$ 0.30	0.30
Total Fund Balances	<u>\$ 899,019.81</u>	<u>\$ (32,828.20)</u>	<u>\$ 1,167,500.12</u>	<u>\$ 0.30</u>	<u>\$ 2,033,692.03</u>
Total Liabilities and Fund Balance	<u>\$ 1,048,889.84</u>	<u>\$ 907,537.24</u>	<u>\$ 1,167,502.98</u>	<u>\$ 2.86</u>	<u>\$ 3,123,932.92</u>
Total Fund Balance above					\$ 2,033,692.03
Amounts reported for governmental activities in the Statement of Net Assets (A-1) are different because:					
The costs associated with the issues of the various bonds are expensed in the governmental funds in the year the bonds are issued but are capitalized on the statement of net assets. The bond issuance cost are \$113,500.00 and the accumulated amortization is \$67,462.35. (see Note 7)					46,037.65
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of capital assets is \$16,409,448.00 and the accumulated depreciation is \$7,940,970.00 (see Note 8).					8,447,244.00
Long-term liabilities, including bonds, loans and leases payable are not payable in the current period and therefore are not reported as liabilities in the funds (see Note 9).					(5,820,849.17)
Certain liabilities are not due and payable in the current period, and therefore, are not reported in funds:					
Accrued Interest Payable					(58,706.13)
(Accrued interest is a current liability that will be paid from the debt service fund. Therefore, the liability reduces the restricted for debt service net asset balance.					
Construction Grants are reported in governmental funds as revenues, however, in the Statement of Activities grant awards are not recognized as revenue until expended.					<u>(542,491.04)</u>
Net assets of governmental activities (A-1)					<u>\$ 4,104,927.34</u>

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Government</u> <u>Funds</u>
Revenues					
Local sources:					
Local tax levy	\$ 8,028,124.00			\$ 658,411.00	\$ 8,686,535.00
Interest income	1.00		\$ 2.86		3.86
Miscellaneous	<u>53,477.63</u>	<u>\$ 64,041.51</u>			<u>117,519.14</u>
Total - Local Sources	\$ 8,081,602.63	\$ 64,041.51	\$ 2.86	\$ 658,411.00	\$ 8,804,058.00
State Sources	\$ 9,724,545.39	\$ 524,070.60		\$ 137,910.00	10,386,525.99
Federal Sources	<u>41,129.92</u>	<u>3,215,272.02</u>			<u>3,256,401.94</u>
Total Revenues	<u>\$ 17,847,277.94</u>	<u>\$ 3,803,384.13</u>	<u>\$ 2.86</u>	<u>\$ 796,321.00</u>	<u>\$ 22,446,985.93</u>
Expenditures					
Current:					
Regular Instruction	\$ 4,604,108.51	\$ 2,357,391.09			\$ 6,961,499.60
Special Education Instruction	1,632,014.32				1,632,014.32
Other Special Instruction	686,121.72				686,121.72
Other Instruction	99,827.65				99,827.65
Support Services and Undistributed Costs:					
Tuition	822,606.30				822,606.30
Student and Instruction Related Services	1,871,468.10	1,024,155.48			2,895,623.58
School Administrative Services	568,736.32				568,736.32
Other Administrative Services	1,266,250.89				1,266,250.89
Plant Operations and Maintenance	1,388,701.84				1,388,701.84
Pupil Transportation	336,684.03				336,684.03
Unallocated Benefits	4,661,626.70	416,870.76			5,078,497.46
Debt Service:					
Principal				\$ 525,000.00	525,000.00
Interest				271,320.50	271,320.50
Capital Outlay	<u>137,243.04</u>				<u>137,243.04</u>
Total Expenditures	<u>\$ 18,075,389.42</u>	<u>\$ 3,798,417.33</u>		<u>\$ 796,320.50</u>	<u>\$ 22,670,127.25</u>
Excess/(Deficiency) of Revenues					
Over/(Under) Expenditures	<u>\$ (228,111.48)</u>	<u>\$ 4,966.80</u>	<u>\$ 2.86</u>	<u>\$ 0.50</u>	<u>\$ (223,141.32)</u>
Other Financing Sources/(Uses):					
Capital Leases (Nonbudgeted)	\$ 92,837.39				\$ 92,837.39
Transfers In/(Out)			<u>\$ (2.86)</u>	<u>\$ (0.81)</u>	<u>(3.67)</u>
Total Other Financing Sources/(Uses)	<u>92,837.39</u>		<u>\$ (2.86)</u>	<u>\$ (0.81)</u>	<u>92,833.72</u>
Net Change in Fund Balances	\$ (135,274.09)	\$ 4,966.80		\$ (0.31)	\$ (130,307.60)
Fund Balance/(Deficit) July 1	<u>1,034,293.90</u>	<u>(37,795.00)</u>	<u>\$ 1,167,500.12</u>	<u>0.61</u>	<u>2,163,999.63</u>
Fund Balance/(Deficit) June 30	<u>\$ 899,019.81</u>	<u>\$ (32,828.20)</u>	<u>\$ 1,167,500.12</u>	<u>\$ 0.30</u>	<u>\$ 2,033,692.03</u>

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Total Net Change in Fund Balances - Governmental Funds \$ (130,307.60)

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 depreciated expense. This is the amount by which capital outlays exceeded depreciation in the period.

Capital Outlay	\$ 137,243.04	
Depreciation expense	(433,985.00)	
Donated Assets	(90,857.78)	
Capital Assets - Retired	(226,546.70)	
Capital Lease Proceeds	<u>(92,837.39)</u>	(706,983.83)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 525,000.00

Repayment of lease principal is an expenditure in the governmental funds, but the payment reduces long-term debt in the statement of net assets is not reported in the statement of activities. 29,163.01

Bond issuance costs are reported in the governmental funds as expenditures in the year the bonds are issued. However, on the statement of activities, the costs are amortized over the life of the bonds. (5,675.00)

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The change in accrued interest is an item in the reconciliation. 4,606.62

In the statement of activities, certain operating expenses, e.g. compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation. 71,411.76

Revenues in the statement of activities which do not provide current financial resources are not reported as revenues in the funds. 182,950.03

Change in Net Assets of Governmental Activities \$ (29,835.01)

PROPRIETARY FUNDS

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

		<u>Business-Type Activities</u> <u>Enterprise Funds</u>
		<u>Food Service</u> <u>Total Enterprise</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$	104,210.85
Accounts Receivable:		
State Sources		600.35
Federal Sources		34,608.99
Other Sources		1,031.50
Inventory		23,792.71
Security Deposit		<u>932.74</u>
Total Current Assets	\$	<u>165,177.14</u>
Noncurrent Assets:		
Furniture, Machinery and Equipment	\$	164,187.27
Less: Accumulated Depreciation		<u>134,812.77</u>
Total Noncurrent Assets	\$	<u>29,374.50</u>
Total Assets	\$	<u><u>194,551.64</u></u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	\$	14,402.68
Compensated Absences		<u>0.09</u>
Total Liabilities	\$	<u><u>14,402.77</u></u>
<u>NET ASSETS</u>		
Invested in Capital Assets Net of Related Debt	\$	29,374.50
Unrestricted		<u>150,774.37</u>
Total Net Assets	\$	<u><u>180,148.87</u></u>

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Business-Type Activities Enterprise Funds
	<u>Food Service</u>
	<u>Total Enterprise</u>
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 143,202.35
Miscellaneous	<u>12,958.93</u>
Total Operating Revenues	\$ <u>156,161.28</u>
Operating Expenses:	
Cost of sales	\$ 355,417.85
Salaries	228,195.78
Employee benefits	15,832.07
Other purchased professional services	25,574.72
General supplies	31,805.68
Insurance	20,377.59
Management fee	50,270.40
Depreciation	<u>5,551.60</u>
Total Operating Expenses	\$ <u>733,025.69</u>
Operating Income (Loss)	\$ <u>(576,864.41)</u>
Nonoperating Revenues:	
State Sources:	
State school lunch program	\$ 8,891.42
Federal Sources:	
National school lunch program	398,895.94
School breakfast program	90,632.98
After school snack program	31,705.30
School fresh fruit and vegetable program	28,717.31
Food distribution program	<u>43,941.26</u>
Total Nonoperating Revenues	\$ <u>602,784.21</u>
Income (Loss) before Contributions and Transfers	\$ <u>25,919.80</u>
Change in Net Assets	\$ <u>25,919.80</u>
Total Net Assets - Beginning	\$ <u>154,229.07</u>
Total Net Assets - Ending	\$ <u>180,148.87</u>

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Business-Type Activities Enterprise Funds
	<u>Food Service</u> <u>Total Enterprise</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers	\$ 143,202.35
Payments to Employees	(228,195.78)
Payments for Employee Benefits	(15,832.07)
Payments to Suppliers	<u>(440,499.80)</u>
Net Cash Provided by/(Used for) Operating Activities	\$ <u>(541,325.30)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
State Sources	\$ 36,799.70
Federal Sources	<u>540,105.11</u>
Net Cash Provided by/(Used for) Noncapital Financing Activities	\$ <u>576,904.81</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	\$ 35,579.51
Balances - Beginning of Year	<u>90,763.34</u>
Balances - End of Year	\$ <u><u>126,342.85</u></u>
Reconciliation of Operating Income/(Loss) to Net Cash <u>Provided/(Used) by Operating Activities</u>	
Operating Income/(Loss)	\$ <u>(576,864.41)</u>
Adjustments to Reconcile Operating Loss to Cash Provided/ (Used) by Operating Activities:	
Depreciation	\$ 5,551.60
Federal Commodities	43,941.26
Change in Assets and Liabilities:	
(Increase) in Inventory	(4,958.65)
(Increase) in Other Accounts Receivable	(3,713.77)
Decrease in Interfunds Payable	<u>(5,281.33)</u>
Total Adjustments	\$ <u>35,539.11</u>
Net Cash Provided/(Used) by Operating Activities	\$ <u><u>(541,325.30)</u></u>

FIDUCIARY FUNDS

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011**

	Trust		Agency Fund	
	<u>Unemployment Compensation</u>	<u>Private Purpose Scholarship Fund</u>	<u>Student Activity</u>	<u>Payroll</u>
 <u>ASSETS</u>				
Cash and Cash Equivalents	\$ 226,991.71	\$ 833.00	\$ 11,516.20	\$ 5,037.87
Total Assets	<u>\$ 226,991.71</u>	<u>\$ 833.00</u>	<u>\$ 11,516.20</u>	<u>\$ 5,037.87</u>
 <u>LIABILITIES</u>				
Accounts Payable	\$ 15,599.04			
Payable to Student Groups			\$ 11,516.20	
Payroll Deductions and Withholdings				\$ 4,277.05
Interfund Payable - General Fund				<u>760.82</u>
Total Liabilities	<u>\$ 15,599.04</u>		<u>\$ 11,516.20</u>	<u>\$ 5,037.87</u>
 <u>NET ASSETS</u>				
Held in Trust for Unemployment Claims and Other Purposes	\$ 211,392.67			
Reserved for Scholarships		<u>\$ 833.00</u>		
Total Net Assets	<u>\$ 211,392.67</u>	<u>\$ 833.00</u>		

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Trust</u>	
	<u>Unemployment Compensation Trust Fund</u>	<u>Private Purposes - Scholarship Fund</u>
<u>Additions</u>		
Contributions:		
Plan Members	\$ 37,062.69	
District	<u>262,134.00</u>	<u> </u>
Total Contributions	\$ <u>299,196.69</u>	<u> </u>
Total Additions	\$ <u>299,196.69</u>	<u> </u>
<u>Deductions</u>		
Quarterly Contribution Reports	\$ 144,159.30	
Unemployment Claims	14,087.69	
Scholarships Awarded	<u>15,599.04</u>	<u> </u>
Total Deductions	\$ <u>173,846.03</u>	<u> </u>
Change in Net Assets	\$ 125,350.66	
Total Net Assets - Beginning of the Year	<u>86,042.01</u>	\$ <u>833.00</u>
Total Net Assets - End of the Year	<u><u>\$ 211,392.67</u></u>	<u><u>\$ 833.00</u></u>

NOTES TO THE FINANCIAL STATEMENTS

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Borough of Freehold School District (the "District") is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the District functions independently through a Board of Education (the "Board"). The Board is comprised of nine (9) members elected to three-year staggered terms. The purpose of the District is to educate students in grades K-8. The District had an approximate enrollment at June 30, 2011 of 1,426 of students.

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

1. Government-Wide Financial Statements

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation (Continued)

1. Government-Wide Financial Statements (Continued)

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

2. Fund Financial Statements

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

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

B. Fund Accounting

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

1. Governmental Funds

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

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

1. Governmental Funds (Continued)

General Fund (Continued)

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed 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. This fund is not applicable in this fiscal year.

2. Proprietary Fund Type

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

2. Proprietary Fund Type (Continued)

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

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

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

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

3. Fiduciary Funds

Trust and Agency Funds – The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Expendable Trust Fund – An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. The Expendable Trust Fund includes the Unemployment Compensation Insurance Fund.

Agency Funds – Agency Funds are used to account for the assets that the District holds on behalf of others as their agent. Agency Funds are custodial in nature and do not involve measurement of results of operations. Agency Funds include payroll and student activities funds.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

4. Long-Term Debt

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

C. Measurement Focus

1. Government-Wide Financial Statements

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

2. Fund Financial Statements

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

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

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Continued)

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

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

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

E. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year subject to the limitation of N.J.A.C. 6A:23A-2.3 (et seq.). The Board of Education made a material supplemental budgetary appropriation of fund balance during the fiscal year.

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

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets/Budgetary Control (Continued)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules.	\$ 17,758,498.94	\$ 3,713,125.32
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
June 30, 2010	None	101,930.95
June 30, 2011	None	(16,638.94)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	922,005.00	37,795.00
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.	<u>(833,226.00)</u>	<u>(32,828.20)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 17,847,277.94</u>	<u>\$ 3,803,384.13</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	\$ 18,075,389.42	\$ 3,713,125.32
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year supplies are received for financial reporting purposes.		
June 30, 2010	None	101,930.95
June 30, 2011	<u>None</u>	<u>(16,638.94)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 18,075,389.42</u>	<u>\$ 3,798,417.33</u>

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal 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.

G. Assets, Liabilities and Equity

1. Cash, Cash Equivalents and Investments

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

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

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

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

2. Inventories and Prepaid Expenses

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

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

3. Allowance for Uncollectible Accounts

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

4. Tuition Receivable

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

5. Tuition Payable

Tuition charges for the fiscal years 2009-2010 and 2010-2011 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

6. 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.

7. Capital Assets

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

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

7. Capital Assets (Continued)

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

<u>Asset Class</u>	<u>Estimated Lives</u>
School Buildings	40 years
Building Improvements	20 years
Electrical/Plumbing	30 years
Vehicles	8 years
Office and Computer Equipment	5-10 years
Instructional Equipment	10 years
Grounds Equipment	15 years
Food Service Equipment	7-20 years

8. Compensated Absences

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

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

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

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

9. Accrued Liabilities and Long-Term Obligations

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

In general, payables and accrued liabilities that once incurred are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds. However, the noncurrent portion of capital leases, compensated absences and loans payable that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources.

10. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

11. Deferred Revenue

Deferred revenue in the special revenue fund represent program revenues that have been received but not yet earned.

12. Fund Equity

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

13. Fund Balance Reserves

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

14. Proprietary Funds Revenues and Expenses

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

15. Non-Monetary Transactions

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

16. Allocation of Expenses

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

17. Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2011

3. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Deposits

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

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

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

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

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

As of June 30, 2011, cash and cash equivalents (Deposits) of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>
Cash	\$ 100.00
Checking Accounts (Operating), interest bearing	765,953.83
Money Market Account interest bearing	28,687.40
	\$ 794,741.23
 Reconciliation:	
Governmental Funds	\$ 407,144.46
Enterprise Funds	104,210.85
Fiduciary Funds	283,385.92
	\$ 794,741.23
 Allocation of Cash and Cash Equivalents	
Unrestricted	\$ 765,852.83
Restricted	28,888.40
	\$ 794,741.23

Included in the balance is \$500,001.00 allocated to the General Fund Capital Reserve Account.

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2011

3. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments

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

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

There were no securities that would be classified as investments as of June 30, 2011.

4. CAPITAL RESERVE ACCOUNT

A capital reserve account (Capital Reserve Account #1) was established by the Board by resolution on October 17, 2000 by inclusion of \$1.00 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years and was supplemented in 2010-2011 by the addition of \$500,000.00. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

During the fiscal year ended June 30, 2011, the District had no capital reserve interest earnings.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2011

5. INTERGOVERNMENTAL ACCOUNTS RECEIVABLE

Intergovernmental Accounts Receivable at June 30, 2011 consisted of Federal Sources, State Sources, State Aid, transportation and a capital project grant. All receivables are considered collectible in full. A summary of the principal items of intergovernmental accounts receivable follows:

	<u>Government Fund Financial Statements</u>
General Fund:	
State Aid:	
Extraordinary Aid	\$ 78,404.00
Non-Public Transportation - Cost Reimbursement	<u>1,158.26</u>
	<u>\$ 79,562.26</u>
Special Revenue Fund:	
Federal Aid:	
Title I Part A	422,048.11
ARRA Title I	61,941.62
Title I SIA	115,825.88
Title II Part A	31,002.70
Title II Part D	4,427.75
Title III Part A	29,652.70
ARRA Preschool	3,030.47
IDEA Part B	40,998.07
21st Century Grant	101,842.52
Include Grant	59,171.37
Other - Local	<u>37,596.05</u>
	<u>\$ 907,537.24</u>
Capital Projects Fund:	
(NJEDA) New Jersey Economic Development Authority Grant	<u>\$ 1,138,815.58</u>
	<u><u>\$ 2,125,915.08</u></u>

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2011

5. INTERGOVERNMENTAL ACCOUNTS RECEIVABLE (CONTINUED)

	<u>Business Type Activities</u>
Proprietary Fund:	
Enterprise Fund	
State Sources:	
Lunch	\$ 600.35
	\$ 600.35
Federal Sources	
Breakfast	\$ 7,506.74
Lunch	24,988.54
Snack	1,575.46
Fresh Fruit and Vegetable	311.99
	\$ 34,382.73

6. INVENTORY

The value of federal donated commodities as reflected on Schedule A of \$43,941.26 (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of the purchase and has been included as an item of nonoperating revenue in the financial statements. For the year ended June 30, 2011, the federal donated commodities food inventory of \$4,788.43 was included in the year end food and supplies amount of \$19,004.28.

7. DEFERRED BOND ISSUANCE COSTS

In governmental funds, debt issuance costs are recognized in the current period. For the District-wide financial statements, governmental activity debt issuance costs are amortized straight-line over the life of the specific bonds (20 years). The costs associated with the issues of the various bonds amounted to \$113,500.00 accumulated amortization through June 30, 2011 was \$67,462.35. The amortization expense for the fiscal year ended June 30, 2011, amounted to \$5,675.00 resulting in net book value of \$46,037.65.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2011

8. CAPITAL ASSETS, NET

The following schedule is a summarization of the changes in capital assets by source for the fiscal year ended June 30, 2011:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 110,050.00			\$ 110,050.00
Construction in Progress		\$ 14,412.00		14,412.00
	<u>110,050.00</u>	<u>14,412.00</u>		<u>124,462.00</u>
Total capital assets not being depreciated	\$ 110,050.00	\$ 14,412.00		\$ 124,462.00
Capital assets being depreciated:				
Site Improvements	\$ 730,530.00			\$ 730,530.00
Building and building improvements	13,883,244.00	\$ 93,707.00	\$ 199,440.00	13,777,511.00
Machinery and equipment	1,773,944.70	124,394.00	143,525.70	1,754,813.00
	<u>16,387,718.70</u>	<u>218,101.00</u>	<u>342,965.70</u>	<u>16,262,854.00</u>
Totals at historical cost	\$ 16,387,718.70	\$ 218,101.00	\$ 342,965.70	\$ 16,262,854.00
Less accumulated depreciation for:				
Site Improvements	\$ (453,831.00)	\$ (33,890.00)		\$ (487,721.00)
Building and building improvements	(5,706,373.00)	(330,573.00)		(6,036,946.00)
Machinery and equipment	(1,462,302.00)	(69,522.00)	\$ 116,419.00	(1,415,405.00)
	<u>(7,622,506.00)</u>	<u>(433,985.00)</u>	<u>116,419.00</u>	<u>(7,940,072.00)</u>
Total accumulated depreciation	\$ (7,622,506.00)	\$ (433,985.00)	\$ 116,419.00	\$ (7,940,072.00)
Total capital assets being depreciated net of accumulated depreciation	<u>\$ 8,765,212.70</u>	<u>\$ (215,884.00)</u>	<u>\$ 226,546.70</u>	<u>\$ 8,322,782.00</u>
Governmental activities capital assets, net	<u>\$ 8,875,262.70</u>	<u>\$ (201,472.00)</u>	<u>\$ 226,546.70</u>	<u>\$ 8,447,244.00</u>
Allocation of Additions:				
General Fund		\$ 137,243.04		
Donated Assets		<u>90,857.76</u>		
		<u>\$ 228,100.80</u>		

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2011

8. CAPITAL ASSETS, NET (CONTINUED)

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u> <u>Balance</u>
<u>Business-Type Activities:</u>				
Furniture, machinery and equipment	\$ 128,755.27	11,099.00		\$ 139,854.27
Building improvements	<u>13,300.00</u>	<u>11,033.00</u>		<u>24,333.00</u>
Totals at historical cost	\$ <u>142,055.27</u>	<u>22,132.00</u>		\$ <u>164,187.27</u>
Less accumulated depreciation for:				
Furniture, machinery and equipment	\$ (116,626.17)	\$ (4,265.37)		\$ (120,891.54)
Building improvements	<u>(12,635.00)</u>	<u>(1,286.23)</u>		<u>(13,921.23)</u>
Total accumulated depreciation	\$ <u>(129,261.17)</u>	\$ <u>(5,551.60)</u>		\$ <u>(134,812.77)</u>
Business type activities capital assets, net	\$ <u><u>12,794.10</u></u>	\$ <u><u>16,580.40</u></u>		\$ <u><u>29,374.50</u></u>

Depreciation expense was charged to Governmental Activities functions as follows:

Regular Instruction	\$ 191,644.76
Special Education Instruction	45,016.58
Other Special Instruction	18,925.60
Other Instruction	2,753.59
Support Services and Undistributed Cost:	
Student and Instruction Related Services	77,437.09
School Administrative Services	15,687.71
General and Business Administrative Services	34,927.57
Plant Operations and Maintenance	38,305.19
Pupil Transportation	<u>9,286.91</u>
	\$ <u><u>433,985.00</u></u>

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2011

9. LONG-TERM DEBT

During the fiscal year ended June 30, 2011 the following changes occurred in liabilities:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>	<u>Long-Term</u> <u>Portion</u>
<u>Governmental Activities:</u>						
Bonds Payable:						
General Obligation Debt	\$ 5,724,000.00		\$ (255,000.00)	\$ 5,199,000.00	\$ 525,000.00	\$ 4,674,000.00
Other Liabilities:						
Obligations Under Capital Lease	22,738.65	\$ 92,837.39	(29,163.01)	86,413.03	27,114.16	59,298.87
Compensated Absences Payable	<u>606,847.90</u>		<u>(71,411.76)</u>	<u>535,436.14</u>	<u>107,087.23</u>	<u>428,348.91</u>
Total Governmental Activities	<u>\$ 6,353,586.55</u>	<u>\$ 92,837.39</u>	<u>\$ (625,574.77)</u>	<u>\$ 5,820,849.17</u>	<u>\$ 659,201.39</u>	<u>\$ 5,161,647.78</u>
<u>Business-Type Activities:</u>						
Compensated Absences Payable						
	\$ <u>5,281.42</u>		\$ <u>(5,281.33)</u>	\$ <u>0.09</u>		\$ <u>0.09</u>
Total Business-Type Activities	<u>\$ 5,281.42</u>		<u>\$ (5,281.33)</u>	<u>\$ 0.09</u>		<u>\$ 0.09</u>

A. Bonds Payable Currently Outstanding are Summarized as Follows:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds. As of June 30, 2011, the District had the following serial bonds outstanding.

General Serial Bonds:

\$5,885,000.00 General Obligation Bonds, Series 1996 - Annual maturities of \$350,000.00 to \$450,000.00 through December 1, 2016 at an interest rate of 5.25%. The Bonds are not subject redemption prior to maturity. \$ 2,485,000.00

\$3,989,000.00 General Obligation Bonds, Series 2001 - Annual maturities of \$175,000.00 to \$300,000.00 through August 15, 2021 at an interest rate of 4.70%. The Bonds are subject to redemption prior to maturity. (Refer to Subsequent Event in this note herein). 2,714,000.00

\$ 5,199,000.00

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2011

9. LONG-TERM DEBT (CONTINUED)

A. Bonds Payable Currently Outstanding are Summarized as Follows (continued)

School District Bonds, Series 2001 - On December 1, 2001, the District sold General Obligation Bonds totaling \$3,939,000.00 for the construction of improvements to the District's two (2) elementary schools.

The Bonds maturing prior to August 15, 2013 are not subject to redemption prior to maturity. The Bonds maturing on or after August 15, 2013 are subject to redemption prior to maturity at the option of the Board, in whole at any time, or in part in inverse order of their maturity and by lot within a maturity if less than all of the Bonds of such maturity are to be redeemed, on August 15, 2012 or any interest payment date thereafter, upon notice of redemption given by the Board by first class mail, postage prepaid, to the registered owner of any Bond to be redeemed at the address shown on the registration books of the Board not less than thirty (30) days nor more than sixty (60) days prior to the redemption date; provided, however, that failure to mail or to receive such notice, or any defect therein, shall not affect the validity of the proceedings for redemption. The Bonds subject to redemption shall be redeemed at 100% of the principal amount thereof plus accrued interest to the date fixed for redemption. If notice of redemption has been given by mail, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the redemption price, together with accrued interest to the date fixed for redemption. Payment shall be made upon surrender of the Bonds redeemed.

School District Bonds, Series 1996 - On December 1, 1996, the District sold General Obligation Bonds totaling \$5,885,000.00 for the purpose of constructing additions and improvements to the two (2) elementary schools. The Bonds are not subject to redemption prior to maturity.

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

The District, in conjunction with the issuance of the Bonds, has agreed to undertake and provide certain information to Bondholders on a continuing basis. The Securities and Exchange Commission ("SEC") Rule 15c2-12(b)(5) "Continuing Disclosure" requirements, which the District has adopted, requires that various financial information about the District and the Municipality be provided annually to various information repositories. This requirement is effective for fiscal years ended June 30, 1997 and thereafter, and is to be filed by December 31, of each year. This has been complied with for the year ended June 30, 2010.

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2011

9. LONG-TERM DEBT (CONTINUED)

A. Bonds Payable Currently Outstanding are Summarized as Follows (continued)

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

Year Ending June 30	1996 Issue		2001 Issue		Total
	Principal	Interest	Principal	Interest	
2012	\$ 350,000.00	121,575.00	175,000.00	123,445.50	\$ 770,020.50
2013	400,000.00	101,587.50	200,000.00	114,633.00	816,220.50
2014	425,000.00	79,931.25	200,000.00	105,233.00	810,164.25
2015	425,000.00	57,618.75	200,000.00	95,833.00	778,451.75
2016	450,000.00	34,650.00	225,000.00	85,745.00	795,395.00
	<u>2,050,000.00</u>	<u>395,362.50</u>	<u>1,000,000.00</u>	<u>524,889.50</u>	<u>3,970,252.00</u>
2017	435,000.00	11,418.75	226,000.00	75,247.00	747,665.75
2018			300,000.00	62,886.00	362,886.00
2019			300,000.00	48,786.00	348,786.00
2020			300,000.00	34,686.00	334,686.00
2021			300,000.00	20,586.00	320,586.00
	<u>435,000.00</u>	<u>11,418.75</u>	<u>1,426,000.00</u>	<u>242,191.00</u>	<u>2,114,609.75</u>
2022			288,000.00	6,768.00	294,768.00
			<u>288,000.00</u>	<u>6,768.00</u>	<u>294,768.00</u>
Total	\$ <u>2,485,000.00</u>	\$ <u>406,781.25</u>	\$ <u>2,714,000.00</u>	\$ <u>773,848.50</u>	\$ <u>6,379,629.75</u>

Subsequent Event

In June of 2011, the District issued \$2,485,000.00 of Series 2011 Refunding Bonds in order to refund \$2,339,000.00 of the Series 2001 Bonds maturing 2014 to 2022. The refunding bonds of \$2,485,000.00 were issued at a net interest cost of 2.942% with a present value savings of \$86,405.16 or 3.70%. The refunding bonds were issued on a parallel basis. The closing occurred after June 30 and maturity schedule will be reflected in the next annual audit.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2011

9. LONG-TERM DEBT (CONTINUED)

B. Bonds and Notes Authorized But Not Issued

As of June 30, 2011 there were Bonds and Notes authorized but not issued of \$1,138,615.58. The authorization was approved by the voters as part of the September 25, 2001 referendum in order to provide cash flow in the event that the New Jersey Economic Development Authority Grant (NJEDA) is not received timely or funding cancelled. The authorization will be reduced as grant proceeds are received.

Analysis of Grant Activity since Inception:

Total Grant Awarded		\$ 2,468,120.00
Less:		
Cash received prior to June 30, 2010	\$ 1,329,504.42	
Cash received during fiscal year ended June 30, 2011	<u>None</u>	<u>1,329,504.42</u>
Balance Outstanding		<u>\$ 1,138,615.58</u>

C. Capital Lease Obligations Payable

The District is leasing various equipment. The following is a schedule of the future minimum lease payments under the five (5) capital leases, and the present value of the net minimum lease payments at June 30, 2011:

<u>Year</u>	<u>Copiers</u>
2012	\$ 30,988.92
2013	29,401.86
2014	21,915.99
2015	9,132.24
2016	<u>4,102.12</u>
	\$ 95,541.13
Less:	
Amount representing interest	<u>9,128.10</u>
Present value of net minimum lease payments	<u>\$ 86,413.03</u>

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2011

10. PENSION PLANS

Description of Plans: All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund that have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF): The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS): The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Vesting and Benefit Provisions: The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55th of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

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.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2011

10. PENSION PLANS (CONTINUED)

Significant Legislation: During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

Contribution Requirements: The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a non-contributing employer of the TPAF.

During the year ended June 30, 2011 for TPAF, which is a cost sharing plan with special funding situations, the annual pension costs equals annual required contribution. For PERS, which is a cost sharing multi-employer pension plan, the annual pension costs differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997.

Three-Year Trend Information for PERS

Year Funding	Three-Year Trend Information for PERS			Net Cost to District	Percentage to APC Contributed
	Annual Pension Cost		NCGI		
	Normal	Accrued			
June 30, 2011	\$ 83,557	\$ 133,142	\$ 16,458	\$ 233,157	100%
June 30, 2010	63,895	82,097	20,246	166,238	100%
June 30, 2009	62,868	72,714	N/A	135,582	100%

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2011

10. PENSION PLANS (CONTINUED)

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

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Post-Retirement</u> <u>Medical</u> <u>Benefits</u>	<u>TPA</u> <u>FICA</u>
June 30, 2011	\$ 24,480.00	100%	\$ 519,950.00	\$ 646,421.13
June 30, 2010	24,372.00	100%	457,750.00	602,225.89
June 30, 2009	25,398.00	100%	484,526.00	579,084.15

During the fiscal year ended June 30, 2011 the State of New Jersey contributed \$24,480.00 to the TPAF NCGI benefits and \$519,950.00 for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$646,421.13 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 24.

Legislation enacted during 1993 provided early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1994 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 but less than 20 years of service. The Board assumed the increased cost for the early retirement as it affected their district.

11. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994 with an additional contribution beginning in fiscal year 1996 to maintain a medical reserve of one half of 1% of the active State payroll.

The State made post-retirement (PRM) contributions of \$1.38 billion for TPAF and \$3.22 million for PERS in fiscal year 2009.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,056 eligible retired members in fiscal year 2010.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2011

12. COMPENSATED ABSENCES

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

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

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

During the year ended June 30, 2008, the Board offered District employees a separation of service plan. Employees who opted for the plan agreed to separate from service from the District in exchange for a buyout of a fixed portion unused sick time.

The amounts are included in long term debt component of the Statement of Net Assets. The funds for the buyout will be provided on an annual basis in the General Fund budget.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees.

13. DEFERRED COMPENSATION

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

- AXA Equitable
- Lincoln National Life
- Legend Employee Benefit
- SBP Commerce
- Great American Life Insurance Company
- Security Benefit Life Insurance Company
- IDS Financial Services
- AIG

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2011

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 and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

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

<u>Ended June 30</u>	<u>Contributions</u>	<u>Contributions</u>	<u>Reimbursed</u>	<u>(Deficit)</u>
2011	\$ 262,134.00	\$ 37,375.47	\$ 174,158.81	\$ 211,392.67
2010	106,000.00	35,656.12	96,901.43	86,042.01
2009	20,000.00	32,589.32	42,421.45	41,287.32

Health Benefit: The District has elected to provide health insurance to its employees based on a monthly per person basis.

15. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2011 which will be liquidated in the normal course of business in the ensuing year.

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 760.82	
Capital Projects Fund	2.68	
Debt Service Fund		\$ 2.68
Trust and Agency Fund		760.82

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2011

16. DEFICIT FUND BALANCES – SPECIAL REVENUE FUND

The District has a deficit fund balance of \$32,828.20 in the Special Revenue Fund as of June 30, 2011 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payment in the subsequent fiscal year, the school district can not recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP funds statements of \$32,828.20 in the Special Revenue Fund is equal to the last state aid payment in Special Revenue Fund.

17. FUND BALANCE APPROPRIATED

General Fund – Of the \$899,919.81 General Fund fund balance at June 30, 2011, \$16,619.35 is Committed for Year-end Encumbrances; \$500,001.00 is Restricted for Capital Reserve account; \$124,874.72 is Restricted for Maintenance Reserve and \$257,524.74 assigned excess surplus designated for subsequent years' expenditures has been appropriated and included as anticipated reserve for the year ended June 30, 2012.

Debt Service Fund – The balance of \$0.30 at June 30, 2011 is unassigned.

Capital Projects Fund – The \$1,167,500.12 Capital Projects Fund Balance at June 30, 2011 is assigned designated for subsequent year expenditures.

18. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004 c73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. There was excess surplus at June 30, 2011 as a result of 2010-2011 school year of \$106,865.44 on the budgetary basis of accounting (refer to Note 19).

BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2011

19. RECONCILIATION OF FUND BALANCES – GENERAL FUND

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

	<u>Unassigned - Fund Balance</u>	<u>Restricted - Reserve for Excess Surplus</u>	<u>Restricted - Reserve for Maintenance</u>
Balance on a budgetary basis as per general fund budgetary comparison Schedule (C-1)	\$ 362,823.28	\$ 106,865.44	\$ 488,412.00
Less: Allocation of State aid payment of \$833,226 not recognized on a GAAP basis	<u>362,823.28</u>	<u>106,865.44</u>	<u>363,537.28</u>
Balances on a GAAP basis on the governmental fund balance sheet per Schedule (B-1)	<u>None</u>	<u>None</u>	<u>\$ 124,874.72</u>

20. CONTINGENT LIABILITIES

- A. **Grant Programs** – The school district participates in federally and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.
- B. **Pending Litigation** - As of the date of this report, the management has represented that there was no litigation pending which, in the event of an adverse or unfavorable outcome, would materially impair the financial position of the District.

21. ECONOMIC DEPENDENCY

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

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
REVENUES:					
Local sources:					
Local tax levy	\$ 8,028,124.00		\$ 8,028,124.00	\$ 8,028,124.00	\$ (78,000.00)
Tuition	78,000.00		78,000.00		
Interest earned on maintenance reserve	1.00		1.00	1.00	
Miscellaneous	45,800.00		45,800.00	53,477.63	7,677.63
Total - local sources	\$ 8,151,925.00		\$ 8,151,925.00	\$ 8,081,602.63	\$ (70,322.37)
State sources:					
Categorical Special Education Aid	\$ 494,466.00	\$ 246,191.00	\$ 740,657.00	\$ 740,657.00	
Equalization Aid	7,860,715.00	(246,191.00)	7,614,524.00	7,614,524.00	
Extraordinary aid	62,745.00		62,745.00	78,404.00	\$ 15,659.00
Nonpublic transportation - cost reimbursement				1,158.26	1,158.26
TPAF Wage Freeze				10,172.00	10,172.00
On behalf - TPAF - pension contributions (non budgeted)				519,950.00	519,950.00
On behalf - TPAF - post retirement medical (non budgeted)				24,480.00	24,480.00
Reimbursed TPAF social security contributions (non budgeted)				646,421.13	646,421.13
Total - state sources	\$ 8,417,926.00		\$ 8,417,926.00	\$ 9,635,766.39	\$ 1,217,840.39
Federal sources:					
Semi-aid	\$ 26,512.00		\$ 26,512.00	\$ 41,129.92	\$ 14,617.92
Total - federal sources	\$ 26,512.00		\$ 26,512.00	\$ 41,129.92	\$ 14,617.92
Total revenues	\$ 16,596,363.00		\$ 16,596,363.00	\$ 17,758,498.94	\$ 1,162,135.94

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES:					
CURRENT EXPENSE:					
Regular programs - instruction:					
Salaries of teachers:					
Kindergarten	\$ 536,678.00		\$ 536,678.00	\$ 438,165.00	\$ 98,513.00
Grades 1 - 5	2,271,807.00	(10,522.51)	2,261,284.49	2,247,326.19	13,958.30
Grades 6 - 8	1,267,206.00		1,267,206.00	1,255,800.56	11,405.44
	<u>\$ 4,075,691.00</u>	<u>\$ (10,522.51)</u>	<u>\$ 4,065,168.49</u>	<u>\$ 3,941,291.75</u>	<u>\$ 123,876.74</u>
Home instruction:					
Salaries of teachers	\$ 15,000.00		\$ 15,000.00	\$ 11,558.75	\$ 3,441.25
Purchased professional - education services	26,000.00		26,000.00	2,399.36	23,600.64
Total home instruction	<u>\$ 41,000.00</u>		<u>\$ 41,000.00</u>	<u>\$ 13,958.11</u>	<u>\$ 27,041.89</u>
Regular programs - undistributed instruction:					
Other salaries for instruction	\$ 226,337.00	(18,726.20)	\$ 207,610.80	\$ 207,610.80	
Purchased professional - educational services	6,000.00	(1,764.85)	4,235.15	4,235.15	
Purchased technical services	13,000.00	(96.41)	12,903.59	12,903.59	
Other purchased services (400-500 series)	66,791.00	(4,963.85)	61,827.15	61,432.95	\$ 394.20
General supplies	300,998.00	26,092.26	327,090.26	322,016.26	5,074.00
Textbooks	32,450.00	3,134.50	35,584.50	35,584.50	
Other objects	14,100.00	(9,024.60)	5,075.40	5,075.40	
Total regular programs - instruction	<u>\$ 659,676.00</u>	<u>\$ (5,349.15)</u>	<u>\$ 654,326.85</u>	<u>\$ 648,858.65</u>	<u>\$ 5,468.20</u>
Total regular programs - instruction	<u>\$ 4,776,367.00</u>	<u>\$ (15,871.66)</u>	<u>\$ 4,760,495.34</u>	<u>\$ 4,604,108.51</u>	<u>\$ 156,386.83</u>

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Special education instruction:					
Learning and/or language disabilities:					
Salaries of teachers	\$ 91,621.00	\$ 5,642.25	\$ 97,263.25	\$ 95,447.50	\$ 1,815.75
Other salaries for instruction	50,296.00	17,963.19	68,259.19	51,683.90	16,575.29
General supplies	4,365.00	28.81	4,393.81	4,393.81	
Textbooks	2,520.00		2,520.00	1,554.94	965.06
Other objects	2,000.00	3,000.00	5,000.00	1,607.50	3,392.50
Total learning and/or language disabilities	\$ 150,802.00	\$ 26,634.25	\$ 177,436.25	\$ 154,687.65	\$ 22,748.60
Multiple disabilities:					
Salaries of teachers	\$ 232,990.00	\$ (69,326.64)	\$ 163,663.36	\$ 163,307.81	\$ 355.55
Other salaries for instruction	117,612.00	4,722.64	122,334.64	122,334.64	
General supplies	1,440.00		1,440.00	923.41	516.59
Total multiple disabilities	\$ 352,042.00	\$ (64,604.00)	\$ 287,438.00	\$ 286,565.86	\$ 872.14
Resource room/resource center:					
Salaries of teachers	\$ 1,030,566.00	\$ 32,101.50	\$ 1,062,667.50	\$ 1,060,728.31	\$ 1,939.19
Other salaries for instruction	23,894.00		23,894.00	21,899.00	1,995.00
General supplies	8,100.00	446.74	8,546.74	8,339.75	206.99
Total resource room/resource center	\$ 1,062,560.00	\$ 32,548.24	\$ 1,095,108.24	\$ 1,090,967.06	\$ 4,141.18

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Special education instruction (continued):					
Autism:					
Salaries of teachers	\$ 34,194.00		\$ 34,194.00	\$ 30,640.00	\$ 3,554.00
Other salaries for instruction	48,615.00		48,615.00	45,952.50	2,662.50
General supplies	720.00		720.00	605.62	114.38
Total autism	\$ 83,529.00		\$ 83,529.00	\$ 77,198.12	\$ 6,330.88
Preschool disabilities - part-time:					
Salaries of teachers	\$ 500.00	\$ 2,220.00	\$ 2,720.00	\$ 2,570.00	\$ 150.00
Other salaries for instruction	40,764.00	(10,717.50)	30,046.50	19,314.88	10,731.62
General supplies	900.00		900.00	710.75	189.25
Total Preschool disabilities - part-time	\$ 42,164.00	\$ (8,497.50)	\$ 33,666.50	\$ 22,595.63	\$ 11,070.87
Total special education - instruction	\$ 1,691,097.00	\$ (13,919.01)	\$ 1,677,177.99	\$ 1,632,014.32	\$ 45,163.67
Other instructional programs:					
Basic skills/remedial - instruction:					
Salaries of teachers	\$ 24,945.00		\$ 24,945.00	\$ 22,705.00	\$ 2,240.00
General supplies	4,800.00	(1,400.00)	3,400.00	3,173.81	226.19
Total basic skills/remedial - instruction	\$ 29,745.00	\$ (1,400.00)	\$ 28,345.00	\$ 25,878.81	\$ 2,466.19
Bilingual education - instruction:					
Salaries of teachers	\$ 593,322.00	\$ 40,999.98	\$ 634,321.98	\$ 628,502.27	\$ 5,819.71
General supplies	6,000.00	4,473.00	10,473.00	10,366.40	106.60
Textbooks	2,000.00	1,000.00	3,000.00	1,310.24	1,689.76
Total bilingual education - instruction	\$ 601,322.00	\$ 46,472.98	\$ 647,794.98	\$ 640,178.91	\$ 7,616.07
Bilingual education - support:					
Salaries		\$ 20,064.00	\$ 20,064.00	\$ 20,064.00	
Total Bilingual education - support		\$ 20,064.00	\$ 20,064.00	\$ 20,064.00	

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Other instructional programs (continued):					
School sponsored co/extracurricular activities - instruction:					
Salaries	\$ 22,500.00	\$ 10,562.96	\$ 33,062.96	\$ 33,062.96	
Purchased services (300-500 series)	15,450.00	(733.02)	14,716.98	10,917.75	\$ 3,799.23
Supplies and materials	12,100.00	921.48	13,021.48	13,018.69	2.79
Total school sponsored co/extracurricular activities - inst.	\$ 50,050.00	\$ 10,751.42	\$ 60,801.42	\$ 56,999.40	\$ 3,802.02
School sponsored athletic - instruction:					
Salaries	\$ 22,500.00	\$ 4,060.00	\$ 26,560.00	\$ 26,560.00	
Purchased services (300-500 series)	15,250.00		15,250.00	15,250.00	
Supplies and materials	6,700.00	(3,138.47)	3,561.53	1,018.25	\$ 2,543.28
Total school sponsored athletic - instruction	\$ 44,450.00	\$ 921.53	\$ 45,371.53	\$ 42,828.25	\$ 2,543.28
Total other instructional programs	\$ 725,567.00	\$ 76,809.93	\$ 802,376.93	\$ 785,949.37	\$ 16,427.56
Total instructional programs	\$ 7,193,031.00	\$ 47,019.26	\$ 7,240,050.26	\$ 7,022,072.20	\$ 217,978.06
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within the state - special	\$ 78,204.00	\$ 160,520.98	\$ 238,724.98	\$ 234,083.85	\$ 4,641.13
Tuition to private school for the disabled - state	760,712.00	(160,520.98)	600,191.02	588,522.45	11,668.57
Total undistributed expenditures - instruction	\$ 838,916.00		\$ 838,916.00	\$ 822,606.30	\$ 16,309.70
Attendance and social work:					
Salaries	\$ 37,310.00		\$ 37,310.00	\$ 35,000.00	\$ 2,310.00
Total attendance and social work	\$ 37,310.00		\$ 37,310.00	\$ 35,000.00	\$ 2,310.00

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures (continued):					
Health services:					
Salaries	\$ 179,499.00		\$ 179,499.00	\$ 169,104.27	\$ 10,394.70
Purchased professional - technical services	26,739.00	2,929.26	29,668.26	10,961.11	18,707.15
Other purchased services	600.00	500.00	1,100.00	840.80	259.20
Supplies and materials	6,300.00	3,086.80	9,386.80	7,685.56	1,701.24
Total health services	\$ 213,138.00	\$ 6,516.06	\$ 219,654.06	\$ 188,591.74	\$ 31,062.29
Other support services - students - related services:					
Salaries	\$ 248,276.00	\$ (18,933.21)	\$ 229,342.79	\$ 217,820.00	\$ 11,522.79
Purchased professional - educational services	251,710.00	(21,700.00)	230,010.00	128,656.00	\$ 101,354.00
Supplies and materials	2,250.00	1,914.50	4,164.50	3,849.73	314.77
Total other support service - student - related services	\$ 502,236.00	\$ (38,718.71)	\$ 463,517.29	\$ 350,325.73	\$ 113,191.56
Other support services - students - extraordinary services:					
Purchased professional - extraordinary services	\$ 55,723.00		\$ 55,723.00	\$ 14,005.80	\$ 41,717.20
Supplies and materials	7,155.00		7,155.00	4,420.97	2,734.03
Total other support service - student - extraordinary services	\$ 62,878.00		\$ 62,878.00	\$ 18,426.77	\$ 44,451.23
Other support services - students - regular:					
Salaries of other professional staff	\$ 218,656.00		\$ 218,656.00	\$ 215,155.00	\$ 3,501.00
Other purchased services	19,425.00		19,425.00	8,571.11	10,853.89
Supplies and materials	8,900.00	895.74	9,795.74	8,676.16	1,119.58
Total other support services - students - regular	\$ 246,981.00	\$ 895.74	\$ 247,876.74	\$ 232,402.27	\$ 15,474.47

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures (continued):					
Other support services - students - special:					
Salaries of other professional staff	\$ 426,545.00	\$ (7,971.80)	\$ 418,573.20	\$ 417,547.88	\$ 1,025.32
Salaries of secretarial and clerical assistants	104,733.00		104,733.00	104,390.00	343.00
Other purchase professional and technical services	8,300.00		8,300.00	6,145.00	2,155.00
Purchased professional - educational services	64,750.00		64,750.00	44,900.74	19,849.26
Misc Purchased services (400-500 series)	4,500.00	(2.10)	4,497.90	573.08	3,924.82
Supplies and materials	14,150.00	(1,732.61)	12,417.39	12,417.39	
Other objects	1,350.00	(65.29)	1,284.71	1,050.00	234.71
Total other support services - students - special	\$ 624,328.00	\$ (9,771.80)	\$ 614,556.20	\$ 587,024.09	\$ 27,532.11
Improvement of instructional services:					
Salaries of supervisors of instruction	\$ 220,455.00	\$ 7,971.80	\$ 228,426.80	\$ 228,426.77	\$ 0.03
Salaries of other professional staff	1,000.00	1,050.00	2,050.00	1,380.00	670.00
Salaries of facilitators, math & literacy coaches	50,528.00		50,528.00	49,500.00	1,028.00
Other purchased services (400-500)	4,150.00	(1,839.50)	2,310.50	1,034.26	1,276.24
Supplies and materials	9,800.00	5,052.29	14,852.29	14,298.93	553.36
Other objects	5,700.00	(1,172.80)	4,527.20	3,703.20	824.00
Total improvement of instructional services	\$ 291,633.00	\$ 11,061.79	\$ 302,694.79	\$ 298,343.16	\$ 4,351.63
Educational media service/school library:					
Salaries	\$ 102,857.00	\$ (34,682.28)	\$ 68,174.72	\$ 68,174.72	
Purchased professional and maintenance services	4,850.00	3,490.00	8,340.00	8,314.85	\$ 25.15
Supplies and materials	5,650.00	(256.83)	5,393.17	5,072.81	320.36
Total educational media service/school library	\$ 113,357.00	\$ (31,449.11)	\$ 81,907.89	\$ 81,562.38	\$ 345.51

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original</u> <u>Budget</u>	<u>Budget</u> <u>Transfers</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Final to Actual</u> <u>Favorable/</u> <u>(Unfavorable)</u>
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures (continued):					
Instructional staff training services:					
Salaries of supervisors of instruction	\$ 49,785.00		\$ 49,785.00	\$ 49,249.38	\$ 535.62
Salaries of other professional staff	1,000.00	3,000.00	3,000.00	2,220.00	780.00
Purchased professional - educational services	26,640.00	(5,038.10)	21,601.90	2,103.00	197.00
Other purchased services (400-500 series)	17,500.00	(2,500.00)	15,000.00	13,945.29	7,656.61
Supplies and materials	12,250.00	(3,000.00)	9,250.00	11,246.67	3,753.33
Other objects				1,027.62	8,222.38
Total instructional staff training services	\$ 107,175.00	\$ (6,238.10)	\$ 100,936.90	\$ 79,791.96	\$ 21,144.94
Support services - general administration:					
Salaries	\$ 227,244.00	\$ 1,064.63	\$ 228,308.63	\$ 228,308.63	
Legal services	37,000.00	1,250.54	38,250.54	37,897.16	\$ 353.38
Audit fees	31,150.00	(900.00)	30,250.00	30,250.00	
Architect fees	10,000.00	3,059.71	13,059.71	13,059.71	
Other purchased professional services	8,000.00	(6,376.00)	1,624.00	1,624.00	
Purchase Technical Services	4,000.00	(3,470.00)	530.00	530.00	
Communications/telephone	134,525.00	58,517.40	193,042.40	193,042.40	
BOE - other purchased services	3,151.00	(3,051.58)	99.42	99.42	
BOE - other purchased services (400-500)	60,694.00	(6,524.04)	54,169.96	54,169.96	
General supplies	11,840.00	(4,509.94)	7,330.06	7,330.06	
BOE In-house training/meeting supplies	1,600.00	(1,015.89)	584.11	584.11	
Miscellaneous expenditures	2,313.00	220.83	2,533.83	2,533.83	
BOE membership dues and fees	10,000.00	(762.80)	9,237.20	9,237.20	
Total support services - general administration	\$ 541,517.00	\$ 37,502.86	\$ 579,019.86	\$ 578,666.48	\$ 353.38
Support services - school administration:					
Salaries of principals/assistant principals	\$ 330,315.00	\$ (329.35)	\$ 329,985.65	\$ 329,881.04	\$ 104.61
Salaries of secretarial and clerical assistants	200,682.00	(903.91)	199,778.09	196,967.63	2,810.46
Other purchased services (400-500 series)	19,188.00	(3,488.23)	15,699.77	7,975.37	7,724.40
Supplies and materials	20,010.00	12,544.84	32,554.84	29,658.77	2,896.07
Other objects	6,875.00	(2,454.45)	4,420.55	4,253.51	167.04
Total support services - school administration	\$ 577,070.00	\$ 5,368.90	\$ 582,438.90	\$ 568,736.32	\$ 13,702.58

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures (continued):					
Central services:					
Salaries	\$ 341,357.00	\$ (1,230.52)	\$ 340,126.48	\$ 340,126.48	
Other purchased professional services	2,395.00	5,914.03	8,309.03	8,309.03	
Purchased technical services	37,600.00	(6,118.31)	31,481.69	31,481.69	
Miscellaneous purchased services (400-500 series)	5,307.00	(1,509.60)	3,797.40	3,797.40	
Supplies and materials	11,050.00	33.80	11,083.80	10,068.11	\$ 1,015.69
Miscellaneous expenditures	5,610.00	4,428.88	10,038.88	10,038.88	0.00
Total central services	\$ 403,319.00	\$ 1,518.28	\$ 404,837.28	\$ 403,821.59	\$ 1,015.69
Admin. info. Technology:					
Salaries	\$ 190,443.00	\$ 15,149.71	\$ 205,592.71	\$ 205,592.71	
Purchased technical services	51,500.00	(22,655.72)	28,844.28	28,536.00	\$ 308.28
Other purchased services (400-500 series)	41,300.00	(7,965.44)	33,334.56	33,334.56	
Supplies and materials	7,200.00	9,253.17	16,453.17	16,299.55	153.62
Total admin. info. Technology	\$ 290,443.00	\$ (6,218.28)	\$ 284,224.72	\$ 283,762.82	\$ 461.90
Required maintenance for school facilities:					
Salaries	\$ 109,953.00	\$ 3,629.20	\$ 113,582.20	\$ 111,869.26	\$ 1,712.94
Purchased professional and technical services	131,500.00	1,737.50	1,737.50	1,200.00	537.50
Cleaning, repair and maintenance services	25,588.05	25,588.05	157,088.05	155,446.60	1,641.45
Required maintenance services	82,420.00	82,420.00	82,420.00	82,420.00	
General supplies	26,599.00	(1,903.60)	24,695.40	23,178.33	1,517.07
Other objects	400.00	(400.00)	-	-	
Total required maintenance for school facilities	\$ 268,452.00	\$ 111,071.15	\$ 379,523.15	\$ 374,114.19	\$ 5,408.96

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures (continued):					
Other operation and maintenance of plant:					
Salaries	\$ 414,401.00	\$ 31,841.37	\$ 446,242.37	\$ 446,167.37	\$ 75.00
Purchased professional and technical services	2,000.00	3,174.95	5,174.95	4,105.00	1,069.95
Cleaning, repair and maintenance services	21,300.00	7,200.00	28,500.00	20,024.56	8,475.44
Rental of land & bldg. other than lease per agreement	54,636.00		54,636.00	54,636.00	
Insurance	37,294.00	(545.00)	36,749.00	36,327.51	421.49
Miscellaneous purchased services	1,500.00	(1,500.00)			
General supplies	68,794.00	1,129.67	69,923.67	69,605.47	318.20
Energy (heat and electricity)	322,400.00	(30,701.16)	291,698.84	263,898.72	27,800.12
Other objects		332.00	332.00	332.00	
Energy (natural gas)	166,000.00	(26,166.91)	139,833.09	83,724.84	56,108.25
Total other operation and maintenance of plant	\$ 1,088,325.00	\$ (15,235.08)	\$ 1,073,089.92	\$ 978,821.47	\$ 94,268.45
Care and upkeep of grounds:					
Cleaning, repair and maintenance services	\$ 25,000.00	\$ 4,500.00	\$ 29,500.00	\$ 27,028.65	\$ 2,471.35
General supplies	6,100.00	(1,889.92)	4,210.08	4,210.08	
Total care and upkeep of grounds	\$ 31,100.00	\$ 2,610.08	\$ 33,710.08	\$ 31,238.73	\$ 2,471.35
Security:					
Purchased professional services	\$ 1,500.00	\$ 3,077.20	\$ 3,077.20	\$ 3,077.20	
General supplies		(49.75)	1,450.25	1,450.25	
Total security	\$ 1,500.00	\$ 3,027.45	\$ 4,527.45	\$ 4,527.45	
Total operation and maintenance of plant	\$ 1,389,377.00	\$ 101,473.60	\$ 1,490,850.60	\$ 1,388,701.84	\$ 102,148.76

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures (continued):					
Student transportation:					
Salaries for pupil transportation (between home and school) - special education	\$ 111,036.00	\$ 38,728.17	\$ 149,764.17	\$ 149,764.17	
Salaries for pupil transportation (other than between home and school)	3,500.00	(2,555.50)	944.50		944.50
Other Purchased Professional and Technical Services	2,000.00	(2,000.00)			
Transportation purchased services	10,500.00	4,935.22	15,435.22	15,435.22	
Cleaning, repair and maintenance services					
Lease purchase payments - school buses					
Contracted services (between home and school) - vendors	5,000.00	3,803.40	3,803.40	3,803.40	
Contracted services (between home and school) - joint agreement	5,000.00	(1,870.40)	3,129.60	3,900.00	1,100.00
Contracted services (special education students) - vendors					3,129.60
Contracted services (special education students) - ESC and CTSA	229,743.00	(34,016.64)	195,726.36	136,239.49	59,486.87
Contracted services - aid in lieu of payments - nonpublic schools	8,840.00		8,840.00	4,862.00	3,978.00
Miscellaneous purchased services - transportation	6,964.00		6,964.00	6,890.00	74.00
Supplies and materials	300.00	(50.83)	249.17		249.17
Transportation supplies	13,420.00	1,960.75	15,380.75	15,380.75	
Other objects	250.00	195.00	445.00	409.00	36.00
Total student transportation	\$ 396,553.00	\$ 9,129.17	\$ 405,682.17	\$ 336,684.03	\$ 68,998.14

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures (continued):					
Operation and maintenance of plant services - employee benefits:					
Social security contribution	\$ 42,000.00	\$ 1,106.46	\$ 43,106.46	\$ 43,106.46	
Health benefits	114,946.00		114,946.00	114,946.00	
Total operation and maintenance of plant services	\$ 156,946.00	\$ 1,106.46	\$ 158,052.46	\$ 158,052.46	
Student transportation services - employee benefits:					
Social security contribution	\$ 10,000.00	\$ 1,362.69	\$ 11,362.69	\$ 11,362.69	
Health benefits	34,773.00		34,773.00	34,773.00	
Total student transportation services	\$ 44,773.00	\$ 1,362.69	\$ 46,135.69	\$ 46,135.69	
Total allocated benefits	\$ 201,719.00	\$ 2,469.15	\$ 204,188.15	\$ 204,188.15	
Unallocated benefits:					
Social security contribution	\$ 214,000.00	\$ (37,643.45)	\$ 176,356.55	\$ 176,356.55	
Other retirement contributions - regular	179,298.00	50,559.00	229,857.00	229,857.00	
Unemployment compensation	30,000.00	232,134.43	262,134.43	262,134.00	\$ 0.43
Workmen's compensation	120,075.00	15,951.44	136,026.44	136,026.44	
Health benefits	2,543,227.00	(273,683.14)	2,269,543.86	2,269,543.86	
Tuition reimbursement	24,697.00	(3,152.42)	21,544.58	21,544.58	
Other employee benefits	157,670.00	13,475.82	171,145.82	171,124.99	20.83
Total unallocated benefits	\$ 3,268,967.00	\$ (2,358.32)	\$ 3,266,608.68	\$ 3,266,587.42	\$ 21.26
Total personal services - employee benefits	\$ 3,470,686.00	\$ 110.83	\$ 3,470,796.83	\$ 3,470,775.57	\$ 21.26
On behalf - TPAF - pension contributions (non budgeted)					
On behalf - TPAF - post retirement medical (non budgeted)					
Reimbursed TPAF social security contributions (non budgeted)					
Total on behalf - Contributions					
Total undistributed expenditures	\$ 10,106,917.00	\$ 81,181.23	\$ 10,188,098.23	\$ 10,916,074.18	\$ (727,975.98)
TOTAL EXPENDITURES - CURRENT EXPENSE	\$ 17,299,948.00	\$ 128,200.49	\$ 17,428,148.49	\$ 17,938,146.38	\$ (509,997.92)

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
EXPENDITURES (CONTINUED):					
CAPITAL OUTLAY:					
Equipment:					
Undistributed expenditures:					
School Office Equipment	\$ 6,500.00	\$ 19,784.65	\$ 19,784.65	\$ 19,733.65	51.00
Oper/Maint-Plant Information Services	14,412.00	3,760.00	10,260.00	10,260.00	
Facilities Acquisition and Construction Services			14,412.00	14,412.00	
Total equipment	\$ 20,912.00	\$ 23,544.65	\$ 44,456.65	\$ 44,405.65	51.00
Assets acquired under capital lease (non-budgeted):					
Undistributed Expenditures:					
Instruction				92,837.39	\$ (92,837.39)
Total assets acquired under capital lease				92,837.39	\$ (92,837.39)
TOTAL EXPENDITURES - CAPITAL OUTLAY	\$ 20,912.00	\$ 23,544.65	\$ 44,456.65	\$ 137,243.04	\$ (92,786.39)
TOTAL GENERAL FUND EXPENDITURES	\$ 17,320,860.00	\$ 151,745.14	\$ 17,472,605.14	\$ 18,075,389.42	\$ (602,784.31)
Excess/(deficiency) of revenues over/(under) expenditures	\$ (724,497.00)	\$ (151,745.14)	\$ (876,242.14)	\$ (316,890.48)	\$ 559,351.63
Other financing sources/(uses):					
Capital leases (non-budgeted)				92,837.39	\$ 92,837.39
Total other financing sources/(uses)				92,837.39	\$ 92,837.39

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Excess/deficiency of revenues and other financing sources over/(under) expenditures and other financing sources/(uses)	\$ (724,497.00)	\$ (151,745.14)	\$ (876,242.14)	\$ (224,053.09)	\$ 652,189.02
Fund balance, July 1	\$ 1,956,298.90	\$ 1,956,298.90	\$ 3,912,597.80	\$ 1,956,298.90	\$ 1,956,298.90
Fund balance, June 30	\$ 1,231,801.90	\$ 1,804,553.76	\$ 3,036,355.66	\$ 1,732,245.81	\$ 2,608,487.92
Detail of					
Fund balance appropriated	\$ 724,497.00				
Less invest on maintenance reserve	(1.00)				
	<u>\$ 724,496.00</u>				
Detail of budget transfers:					
Reserve for encumbrances - prior year	\$ 69,325.14				
Maintenance reserve appropriated	<u>82,420.00</u>				
	<u>\$ 151,745.14</u>				
Recapitulation of fund balances:				\$ 16,619.35	
Committed for year-end encumbrances					
Unreserved - designated for subsequent year's expenditures					
Restricted:					
Maintenance reserve				488,412.00	
Unassigned:					
Reserve for excess surplus				106,865.44	
Capital reserve				500,001.00	
Assigned-Reserve for excess surplus - designated for subsequent year's expenditures				257,524.74	
Unassigned				<u>362,823.28</u>	
				\$ 1,732,245.81	
Reconciliation to governmental funds statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				<u>(833,226.00)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 899,019.81</u>	

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 1,978,748.00	\$ 1,839,336.82	\$ 3,818,084.82	\$ 3,129,980.01	\$ 688,104.81
State Sources	513,312.00	33,051.94	546,363.94	519,103.80	27,260.14
Local Sources	7,500.00	27,073.03	34,573.03	64,041.51	(29,468.48)
Total Revenues	\$ 2,499,560.00	\$ 1,899,461.79	\$ 4,399,021.79	\$ 3,713,125.32	\$ 685,896.47
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 1,184,752.00	\$ 205,416.01	\$ 1,390,168.01	\$ 1,244,484.98	\$ 145,683.03
Other Salaries for Instruction	485,760.00	15,777.20	501,537.20	383,425.67	118,111.53
Purchased Professional and Technical Services	269,362.00	2,411.00	271,773.00	94,721.76	177,051.24
Other Purchased Services	89,795.00	36,446.00	126,241.00	168,805.23	(132,359.23)
General Supplies	51,000.00	398,362.68	449,362.68	426,557.47	61,600.21
Textbooks		(29,328.00)	(29,328.00)	21,301.20	370.80
Other Objects		17,899.39	17,899.39	9,528.39	8,371.00
Total Instruction	\$ 2,000,669.00	\$ 646,984.28	\$ 2,647,653.28	\$ 2,348,824.70	\$ 298,828.58
Support Services:					
Salaries	\$ 100,158.00	\$ 152,844.83	\$ 253,002.83	\$ 185,899.79	\$ 67,103.04
Salaries of Supervisors of Instruction	19,196.00	(403.04)	18,792.96	18,792.96	
Salaries of Other Professional Staff	28,192.00	(1,412.50)	26,779.50	26,779.40	0.10
Salaries of Secretarial and Clerical Assistants	5,403.00	6,663.49	12,066.49	12,066.49	
Other Salaries		220,716.70	220,716.70	206,886.25	13,830.45
Personal Services - Employee Benefits	173,886.00	360,823.41	534,709.41	416,870.76	117,838.65
Purchased Professional - Educational Services	18,658.00	(2,758.00)	15,900.00	13,900.00	2,000.00
Purchased Professional and Technical Services	122,033.00	276,573.12	398,606.12	276,075.14	122,530.98
Other Purchased Services	10,498.00	44,300.27	54,798.27	43,818.55	10,979.72
Purchased Property Services		11,241.74	11,241.74		11,241.74
Supplies and Materials	7,372.00	165,883.97	173,255.97	154,404.82	18,851.15
Travel	6,595.00	15,059.52	21,654.52	7,657.22	13,997.30
Other Objects	6,900.00	944.00	7,844.00	1,149.24	6,694.76
Total Support Services	\$ 498,891.00	\$ 1,250,477.51	\$ 1,749,368.51	\$ 1,364,300.62	\$ 385,067.89
Transfer to Fund 11		\$ 2,000.00	\$ 2,000.00		\$ 2,000.00
Total Fund Transfers		\$ 2,000.00	\$ 2,000.00		\$ 2,000.00
Total Expenditures	\$ 2,499,560.00	\$ 1,899,461.79	\$ 4,399,021.79	\$ 3,713,125.32	\$ 685,896.47

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1 \$ 17,758,498.94	C-2 \$ 3,713,125.32
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
June 30, 2010	None	101,930.95
June 30, 2011	None	(16,638.94)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	922,005.00	37,795.00
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.	<u>(833,226.00)</u>	<u>(32,828.20)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	B-2 \$ <u>17,847,277.94</u>	B-2 \$ <u>3,803,384.13</u>
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	C-1 \$ 18,075,389.42	C-2 \$ 3,713,125.32
Difference - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order are placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
June 30, 2010	None	101,930.95
June 30, 2011	<u>None</u>	<u>(16,638.94)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	B-2 \$ <u>18,075,389.42</u>	B-2 \$ <u>3,798,417.33</u>

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Exhibit E-1

	Title II		Title IV		Part A		Title I		Totals 2011
	Part A		Part D		Carryover		School Improvement		
	2010-2011	2009-2010	2010-2011	2009-2010	2009-2010	2008-2009	2010-2011	2009-2010	
REVENUES:									
State sources	\$ 519,103.00								\$ 519,103.00
Federal sources	1,531,254.18	\$ 1,743.22	\$ 1,385.01	\$ 1,376.55	\$ 2,100.00	\$ 4,148.00	\$ 800.00	\$ 696,193.01	\$ 434,602.12
Local sources	64,041.51								64,041.51
Total revenues	\$ 2,114,398.69	\$ 1,743.22	\$ 1,385.01	\$ 1,376.55	\$ 2,100.00	\$ 4,148.00	\$ 800.00	\$ 696,193.01	\$ 434,602.12
EXPENDITURES:									
Instruction:									
Salaries of teachers	\$ 662,887.37	\$ 31,746.08						\$ 6,530.00	\$ 179,407.40
Other salaries for instruction	360,350.67							3,075.00	363,425.67
Purchased professional - education services	93,971.76								94,721.76
Purchased professional and technical services	35,048.00								168,805.23
Other purchased services	214,167.20				\$ 1,000.00			110,959.48	426,567.47
General supplies	21,301.20							2,772.28	31,585.27
Textbooks	9,528.39								21,301.20
Other objects									9,528.39
Total instruction	\$ 1,417,864.59	\$ 31,746.08				\$ 1,000.00		\$ 2,772.38	\$ 211,742.67
Support services:									
Salaries	\$ 107,926.65	\$ 25,603.00						\$ 28,332.84	\$ 165,899.79
Salaries of supervisors of instruction	16,782.96				\$ 1,950.00				10,792.96
Salaries of other professional staff	26,779.40								26,779.40
Salaries of secretarial and clerical assistants	5,195.49							6,870.00	12,065.49
Other salaries	150,952.77								206,865.25
Personal services-employees benefits	147,156.27	\$ 9,041.64			150.00			262.91	\$ 56,033.48
Purchased professional and technical services	188,245.41	4,835.00	\$ 900.00					2,509.00	64,851.10
Purchased professional-educational services	9,000.00				\$ 2,050.00	\$ 800.00			35,409.73
Other purchased services	20,933.55	1,782.00						1,670.00	4,900.00
Travel	6,873.39								7,848.00
Supplies and materials	15,078.01	10,889.88	488.01	\$ 1,376.55				40,255.81	43,816.55
Other Objects									500.00
Total support services	\$ 696,534.90	\$ 34,629.82	\$ 1,386.01	\$ 1,376.55	\$ 2,100.00	\$ 3,148.00	\$ 800.00	\$ 210,804.25	\$ 222,859.45
Total expenditures	\$ 2,114,398.49	\$ 66,375.90	\$ 1,743.22	\$ 1,376.55	\$ 2,100.00	\$ 4,148.00	\$ 800.00	\$ 696,193.01	\$ 434,602.12

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Exhibit E-16

	Title III		I.D.E.A. Part B				Total Carried Forward (Exh. E-1)
	2010-2011	2009-2010	2010-2011 Regular Program	2009-2010 Regular	2010-2011 Preschool	2009-2010 Preschool	
REVENUES:							
State sources	\$ 518,103.00						\$ 518,103.00
Federal sources	786,064.58	3,364.98	\$ 11,116.81	\$ 357,419.07	\$ 17,567.00	\$ 282,862.92	1,531,294.18
Local sources	64,041.51						64,041.51
Total revenues	\$ 1,379,809.89	\$ 3,364.98	\$ 11,116.81	\$ 357,419.07	\$ 17,567.00	\$ 282,862.92	\$ 2,114,399.49
EXPENDITURES:							
Instruction:							
Salaries of teachers	\$ 579,531.45			\$ 314,388.69		\$ 65,055.20	\$ 652,975.37
Other salaries for instruction	41,773.00					24,188.88	300,350.67
Purchased professional - education services	93,871.76						93,871.76
Purchased professional and technical services	390.00						35,648.00
Other purchased services	86,329.17	28.06	\$ 4,540.27		\$ 17,567.00	117,242.70	214,167.20
General supplies	21,301.20						21,301.20
Textbooks	9,528.39						9,528.39
Other objects							
Total instruction	\$ 832,824.97	\$ 23,460.80	\$ 4,540.27	\$ 314,388.69	\$ 17,567.00	\$ 206,486.88	\$ 1,417,664.59
Support services:							
Salaries	\$ 66,169.04					\$ 75.00	\$ 107,626.65
Salaries of supervisors of instruction	18,792.96						18,792.96
Salaries of other professional staff	26,779.40						26,779.40
Salaries of secretarial and clerical assistants	5,185.49						5,185.49
Other salaries	144,250.25						150,652.77
Personal services-employee benefits	104,845.15		\$ 4,322.52	\$ 1,050.00		36,697.68	147,156.27
Purchased professional and technical services	110,872.32	5,233.66	330.38			19,823.95	189,245.41
Purchased professional-educational services	9,000.00			1,025.00			9,000.00
Other purchased services	20,933.55						20,933.55
Travel	6,873.39						6,873.39
Supplies and materials	13,152.37		1,925.64				15,078.01
Other Objects							
Total support services	\$ 546,684.92	\$ 2,409.00	\$ 6,578.54	\$ 43,030.38	\$ 2,075.00	\$ 56,306.04	\$ 606,534.90
Total expenditures	\$ 1,379,809.89	\$ 48,877.07	\$ 11,116.81	\$ 357,419.07	\$ 17,567.00	\$ 282,862.92	\$ 2,114,399.49

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Exhibit E-1b

	Total Brought Forward (Exh. E-1a)	21st Century CLC Program	2009-2010 21st Century CLC Program	2010-2011	INCLUDE Grant Carryover 2009-2010	Preschool Education Adj	Preschool Education Adj	Total Carried Forward (Exh. E-1b)
REVENUES:								
State sources	\$ 108,313.66							\$ 108,313.66
Federal sources	4,800.00							796,664.56
Local sources	64,041.51	\$ 434,736.24	\$ 96,543.16	\$ 203,880.37	\$ 56,704.81	\$ 39,806.04	\$ 372,893.20	64,041.51
Total revenues	<u>\$ 175,155.17</u>	<u>\$ 434,736.24</u>	<u>\$ 96,543.16</u>	<u>\$ 203,880.37</u>	<u>\$ 56,704.81</u>	<u>\$ 39,806.04</u>	<u>\$ 372,893.20</u>	<u>\$ 1,379,609.09</u>
EXPENDITURES:								
Instruction:								
Salaries of teachers	10,587.45	\$ 180,731.25	\$ 47,382.50	\$ 55,451.25	\$ 25,959.00		\$ 259,410.00	\$ 579,531.45
Other salaries for instruction		862.50	2,982.50				37,928.00	41,773.00
Purchased professional - education services	\$ 85,012.48	8,959.30	380.00					93,971.78
Purchased professional and technical services	18,539.80	41,287.55	8,486.79	809.60	3,209.08		15,876.35	89,329.17
General supplies	21,301.20	5,579.00	3,949.39					21,301.20
Textbooks								9,528.39
Other objects								
Total instruction	<u>\$ 135,440.01</u>	<u>\$ 237,429.00</u>	<u>\$ 61,211.18</u>	<u>\$ 58,360.05</u>	<u>\$ 29,168.08</u>		<u>\$ 313,214.35</u>	<u>\$ 632,824.97</u>
Support services:								
Salaries	\$ 19,285.00			\$ 58,481.04	\$ 8,423.00			\$ 86,189.04
Salaries of supervisors of instruction							\$ 18,782.68	18,782.68
Salaries of other professional staff							26,779.40	26,779.40
Salaries of secretarial and clerical assistants							5,196.49	5,196.49
Other salaries		\$ 122,475.25	\$ 21,775.00					144,250.25
Personal services-employee benefits	1,918.06	26,165.16	5,511.63	20,813.03	2,630.31			104,845.15
Purchased professional and technical services	11,313.25	22,000.00	6,245.37	59,000.00	12,413.70			110,973.32
Purchased professional-educational services							9,000.00	9,000.00
Other purchased services	5,631.74	14,311.81		990.00				20,933.55
Travel	119.01	1,330.03	1,380.86	173.49	3,870.00			6,873.39
Supplies and materials	1,447.20	11,024.37	410.12	61.96	199.72			13,152.37
Other Objects								
Total support services	<u>\$ 39,714.26</u>	<u>\$ 197,306.64</u>	<u>\$ 35,331.98</u>	<u>\$ 147,519.52</u>	<u>\$ 27,536.73</u>		<u>\$ 59,766.65</u>	<u>\$ 546,984.92</u>
Total expenditures	<u>\$ 175,155.17</u>	<u>\$ 434,736.24</u>	<u>\$ 96,543.16</u>	<u>\$ 203,880.37</u>	<u>\$ 56,704.81</u>	<u>\$ 39,806.04</u>	<u>\$ 372,893.20</u>	<u>\$ 1,379,609.09</u>

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Exhibit E-16

	New Jersey Chapter 226 Nonpublic Nursing Services	New Jersey Chapter 192 Auxiliary Nonpublic Comp. Education	New Jersey Chapter 153 Handicapped Nonpublic Exam. and Class.	Nonpublic Corrective Speech	Nonpublic Textbooks	21 st. CCLC Program Fees	Safety Grant	2010-2011 Child Grant	Carryover Child Grant	Freehold Education Foundation	James Monroe Liberty Fellowship	Total Carried Forward (Exh. E-1b)
REVENUES:												
State sources	\$ 24,028.45	\$ 5,860.75	\$ 16,903.15	\$ 28,163.20	\$ 21,301.20	\$ 21,008.74	\$ 5,631.74	\$ 8,660.32	\$ 24,979.46	\$ 3,761.25	\$ 4,800.00	\$ 108,313.66
Federal sources												4,800.00
Local sources		\$ 5,860.75	\$ 16,903.15	\$ 28,163.20	\$ 21,301.20	\$ 21,008.74	\$ 5,631.74	\$ 8,660.32	\$ 24,979.46	\$ 3,761.25	\$ 4,800.00	\$ 64,041.51
Total revenues	\$ 24,028.45	\$ 5,860.75	\$ 16,903.15	\$ 28,163.20	\$ 21,301.20	\$ 21,008.74	\$ 5,631.74	\$ 8,660.32	\$ 24,979.46	\$ 3,761.25	\$ 4,800.00	\$ 175,155.17
EXPENDITURES:												
Instruction:												
Salaries of teachers						\$ 5,787.45					\$ 4,800.00	\$ 10,587.45
Other salaries for instruction												
Purchased professional - education services	\$ 24,028.45	\$ 5,860.75	\$ 16,903.15	\$ 28,163.20	\$ 21,301.20							85,012.46
Purchased professional and technical services												
Other purchased services						14,778.55			\$ 3,761.25			18,539.80
General supplies					\$ 21,301.20							21,301.20
Textbooks												
Other objects												
Total instruction	\$ 24,028.45	\$ 5,860.75	\$ 16,903.15	\$ 28,163.20	\$ 21,301.20	\$ 20,566.00				\$ 3,761.25	\$ 4,800.00	\$ 135,440.91
Support services:												
Salaries								\$ 8,085.00	\$ 11,200.00			\$ 19,285.00
Salaries of supervisors of instruction												
Salaries of other professional staff												
Salaries of secretarial and clerical assistants												
Other salaries												
Personal services-employee benefits												1,918.05
Purchased professional and technical services						\$ 442.74		575.32	900.00			11,313.25
Purchased professional-educational services												
Other purchased services												
Travel												5,631.74
Supplies and materials												119.01
Other Objects							\$ 5,931.74					1,447.20
Total support services							\$ 5,931.74					\$ 39,714.26
Total expenditures	\$ 24,028.45	\$ 5,860.75	\$ 16,903.15	\$ 28,163.20	\$ 21,301.20	\$ 21,008.74	\$ 5,631.74	\$ 8,660.32	\$ 24,979.46	\$ 3,761.25	\$ 4,800.00	\$ 175,155.17

CAPITAL PROJECTS FUND

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2011

<u>Number</u>	<u>Issue/Project Title</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Prior Year's Transfer to Debt Service Fund</u>	<u>Unexpended Balance June 30, 2011</u>
				<u>Prior Years</u>	<u>Current Year</u>		
SP 201844	EDA - Freehold Learning Center	09/25/01	\$ 1,276,312.00	\$ 1,042,377.65		\$ 29,805.00	\$ 204,129.35
SP 201845	EDA - Park Avenue School	09/25/01	5,142,909.00	4,059,343.23		120,195.00	963,370.77
			\$ 6,419,221.00	\$ 5,101,720.88		\$ 150,000.00	\$ 1,167,500.12

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Revenues and Other Financing Sources		
Interest on investments	\$	<u>2.86</u>
Total revenues	\$	<u>2.86</u>
Expenditures and Other Financing Uses		
Purchased professional and technical services	\$	
Construction services		<u> </u>
Total expenditures	\$	<u> </u>
Excess(deficiency) of revenues over/(under) expenditures	\$	2.86
Other financing sources/(uses): transfer in/(out)		<u>(2.86)</u>
Net change in fund balance	\$	
Fund balance, beginning		<u>1,167,500.12</u>
Fund balance, ending	\$	<u><u>1,167,500.12</u></u>
Analysis of balance:		
Bond proceeds	\$	625,009.08
Grant receivable		<u>542,491.04</u>
Balance	F-1	<u><u>1,167,500.12</u></u>

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
FREEHOLD LEARNING CENTER
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State sources - SCC Grant	\$ 501,684.00		\$ 501,684.00	\$ 501,684.00
Transfer from capital outlay	28.00		28.00	28.00
Bond proceeds and transfers	<u>774,600.00</u>		<u>774,600.00</u>	<u>774,600.00</u>
Total revenues	<u>\$ 1,276,312.00</u>		<u>\$ 1,276,312.00</u>	<u>\$ 1,276,312.00</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	\$ 165,943.20		\$ 165,943.20	\$ 165,943.20
Construction services	<u>876,434.45</u>		<u>876,434.45</u>	<u>876,434.45</u>
Total expenditures	<u>\$ 1,042,377.65</u>		<u>\$ 1,042,377.65</u>	<u>\$ 1,042,377.65</u>
Transfer to debt service fund	<u>\$ 29,805.00</u>		<u>\$ 29,805.00</u>	<u>\$ 29,805.00</u>
Excess (deficiency) of revenues over/(under) expenditures	<u>\$ 204,129.35</u>		<u>\$ 204,129.35</u>	<u>\$ 204,129.35</u>

Additional project information:

Project Number	SP 201844
Grant Date	04/08/01 - 04/29/02
Bond Authorization Date	9/25/2001
Bonds Authorized	\$ 1,276,284.00
Bonds Issued	\$ 774,600.00
Original Authorized Cost	\$ 1,276,312.00
Additional Authorized Cost (Cancelled)	\$ (29,805.00)
Revised Authorized Cost	\$ 1,246,507.00

Percentage Increase over Original Authorized Cost	XX
Percentage completion	100.00%
Original target completion date	12/30/2003
Revised target completion date	6/30/2005

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
PARK AVENUE ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State sources - SCC Grant	\$ 1,966,436.00		\$ 1,966,436.00	\$ 1,966,436.00
Transfer from capital outlay	73.00		73.00	73.00
Bond proceeds and transfers	<u>3,176,400.00</u>		<u>3,176,400.00</u>	<u>3,176,400.00</u>
Total revenues	<u>\$ 5,142,909.00</u>		<u>\$ 5,142,909.00</u>	<u>\$ 5,142,909.00</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	\$ 667,702.20		\$ 667,702.20	\$ 667,702.20
Construction services	<u>3,391,641.03</u>		<u>3,391,641.03</u>	<u>3,391,641.03</u>
Total expenditures	<u>\$ 4,059,343.23</u>		<u>\$ 4,059,343.23</u>	<u>\$ 4,059,343.23</u>
Transferred to debt service fund	<u>\$ 120,195.00</u>		<u>\$ 120,195.00</u>	<u>\$ 120,195.00</u>
Excess (deficiency) or revenues over/(under) expenditures	<u>\$ 963,370.77</u>		<u>\$ 963,370.77</u>	<u>\$ 963,370.77</u>
Additional project information:				
Project Number	SP201845			
Grant Date	04/08/01 - 04/29/02			
Bond Authorization Date	9/25/2001			
Bonds Authorized	\$ 5,142,836.00			
Bonds Issued	\$ 3,176,400.00			
Original Authorized Cost	\$ 5,142,909.00			
Additional Authorized Cost (Cancelled)	\$ (120,195.00)			
Revised Authorized Cost	\$ 5,022,714.00			
Percentage Increase over Original Authorized Cost	XX			
Percentage completion	100.00%			
Original target completion date	12/30/2003			
Revised target completion date	6/30/2005			

PROPRIETARY FUNDS

ENTERPRISE FUND

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
PROPRIETARY FUND
STATEMENT OF NET ASSETS
JUNE 30, 2011

	<u>Business-Type Activities - Enterprise Fund</u>
	<u>Food Service Total Enterprise</u>
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 104,210.85
Accounts receivable:	
State	600.35
Federal	34,608.99
Other	1,031.50
Inventory	23,792.71
Security deposit	<u>932.74</u>
Total current assets	\$ <u>165,177.14</u>
Noncurrent assets:	
Furniture, Machinery and Equipment	\$ 164,187.27
Less: accumulated depreciation	<u>134,812.77</u>
Total noncurrent assets	\$ <u>29,374.50</u>
Total assets	\$ <u><u>194,551.64</u></u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	\$ 14,402.68
Compensated absences	<u>0.09</u>
Total liabilities	\$ <u><u>14,402.77</u></u>
<u>NET ASSETS</u>	
Invested in capital assets net of related debt	\$ 29,374.50
Unrestricted	<u>150,774.37</u>
Total net assets	\$ <u><u>180,148.87</u></u>

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Business Type Activities - Enterprise Fund
	<u>Food Service</u> <u>Total Enterprise</u>
Operating Revenues:	
Local Sources:	
Daily sales - reimbursable programs	\$ 143,202.35
Miscellaneous	12,958.93
	\$ 156,161.28
Operating Expenses:	
Cost of sales	\$ 355,417.85
Salaries	228,195.78
Employee benefit	15,832.07
Other purchased professional services	25,574.72
General supplies	31,805.68
Insurance	20,377.59
Management fee	50,270.40
Depreciation	5,551.60
	\$ 733,025.69
Total operating expenses	\$ 733,025.69
Operating income/(loss)	\$ (576,864.41)
Nonoperating revenues:	
State sources:	
State school lunch program	\$ 8,891.42
Federal sources:	
National school lunch program	398,895.94
School breakfast program	90,632.98
After school snack program	31,705.30
School Fresh Fruit and Vegetable program	28,717.31
Food distribution program	43,941.26
	\$ 602,784.21
Total nonoperating revenues	\$ 602,784.21
Income/(loss) before contributions and transfers	\$ 25,919.80
Change in net assets	\$ 25,919.80
Total net assets - beginning	154,229.07
Total net assets - ending	\$ 180,148.87

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Business Type Activities</u> <u>Enterprise Funds</u>
	<u>Food Service</u> <u>Total Enterprise</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers	\$ 121,070.35
Payments to Employees	(228,195.78)
Payments for Employee Benefits	(15,832.07)
Payments to Suppliers	<u>(440,499.80)</u>
Net Cash Provided by/(Used for) Operating Activities	\$ <u>(563,457.30)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
State Sources	\$ 36,799.70
Federal Sources	<u>540,105.11</u>
Net Cash Provided by/(Used for) Noncapital Financing Activities	\$ <u>576,904.81</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	\$ 13,447.51
Balances - Beginning of Year	<u>90,763.34</u>
Balances - End of Year	\$ <u><u>104,210.85</u></u>
<u>Reconciliation of Operating Income/(Loss) to Net Cash</u> <u>Provided/(Used) by Operating Activities</u>	
Operating Gain/(Loss)	\$ <u>(576,864.41)</u>
Adjustments to Reconcile Operating Loss to Cash Provided/ (Used) by Operating Activities:	
Depreciation	\$ 5,551.60
Federal Commodities	43,941.26
Change in Assets and Liabilities:	
(Increase) in Inventory	(4,958.65)
(Decrease) in Accounts Payable	(3,713.77)
(Decrease) in Interfund Payable	<u>(5,281.33)</u>
Total Adjustments	\$ <u>35,539.11</u>
Net Cash Provided/(Used) by Operating Activities	\$ <u><u>(541,325.30)</u></u>

FIDUCIARY FUNDS

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	Trust		Agency Fund	
	<u>Unemployment Compensation</u>	<u>Private Purpose Scholarship Fund</u>	<u>Student Activity</u>	<u>Payroll</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ <u>226,991.71</u>	\$ <u>833.00</u>	\$ <u>11,516.20</u>	\$ <u>5,037.87</u>
Total Assets	\$ <u><u>226,991.71</u></u>	\$ <u><u>833.00</u></u>	\$ <u><u>11,516.20</u></u>	\$ <u><u>5,037.87</u></u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 15,599.04			
Payable to Student Groups			\$ 11,516.20	
Payroll Deductions and Withholdings				\$ 4,277.05
Interfund Payable - General Fund				<u>760.82</u>
Total Liabilities	\$ <u><u>15,599.04</u></u>		\$ <u><u>11,516.20</u></u>	\$ <u><u>5,037.87</u></u>
<u>NET ASSETS</u>				
Held in Trust for Unemployment Claims and Other Purposes	\$ 211,392.67			
Reserved for Scholarships		<u>833.00</u>		
Total Net Assets	\$ <u><u>211,392.67</u></u>	\$ <u><u>833.00</u></u>		

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Trust	
	Unemployment Compensation Trust Fund	Private Purpose Scholarship Fund
<u>Additions</u>		
Contributions:		
Plan Members	\$ 37,062.69	
District	262,134.00	
Total Additions	\$ 299,196.69	
<u>Deductions</u>		
Quarterly Contribution Reports	\$ 144,159.30	
Unemployment Claims	14,087.69	
Accounts Payable	15,599.04	
Total Deductions	\$ 173,846.03	
Change in Net Assets	\$ 125,350.66	
Total Net Assets - Beginning of the Year	\$ 86,042.01	\$ 833.00
Total Net Assets - End of the Year	\$ 211,392.67	\$ 833.00

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Agency			Balance June 30, 2011
	Balance July 1, 2010	Cash Receipts	Cash Disbursements	
Elementary Schools:				
Cash and Cash Equivalents	\$ 4,648.34	\$ 25,293.23	\$ 24,028.82	\$ 5,912.75
Total Elementary Schools	\$ 4,648.34	\$ 25,293.23	\$ 24,028.82	\$ 5,912.75
Middle Schools:				
Cash and Cash Equivalents	\$ 3,402.84	\$ 25,988.65	\$ 23,845.04	\$ 5,546.45
Total Middle Schools	\$ 3,402.84	\$ 25,988.65	\$ 23,845.04	\$ 5,546.45
Other Student Accounts:				
Cash and Cash Equivalents	\$ 729.02	\$ 21,420.00	\$ 22,092.02	\$ 57.00
Total Other Accounts	\$ 729.02	\$ 21,420.00	\$ 22,092.02	\$ 57.00
Total All Schools	\$ 8,780.20	\$ 72,701.88	\$ 69,965.88	\$ 11,516.20

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Agency			Balance June 30, 2011
	Balance July 1, 2010	Additions	Deletions	
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 2,229.91	\$ 13,798,028.98	\$ 13,795,221.02	\$ 5,037.87
Interfund Receivable - General Fund	2,053.96	<u> </u>	<u>2,053.96</u>	<u> </u>
Total Assets	<u>\$ 4,283.87</u>	<u>\$ 13,798,028.98</u>	<u>\$ 13,797,274.98</u>	<u>\$ 5,037.87</u>
<u>LIABILITIES</u>				
Payroll Deductions and Withholdings	\$ 1,038.44	\$ 5,599,533.57	\$ 5,596,294.96	\$ 4,277.05
Net Pay		8,196,441.45	8,196,441.45	
Interfund Payable - General Fund	2,932.65	760.82	2,932.65	760.82
Interfund Payable - UCC	<u>312.78</u>	<u> </u>	<u>312.78</u>	<u> </u>
Total Liabilities	<u>\$ 4,283.87</u>	<u>\$ 13,796,735.84</u>	<u>\$ 13,795,981.84</u>	<u>\$ 5,037.87</u>

LONG-TERM DEBT

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2011

Issue	Date of Original Issue	Original Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2010	Retired	Balance June 30, 2011
			Date	Amount				
Improvements to the Elementary Schools	12/1/1996	\$ 5,885,000.00	12/1/2011	350,000.00	5.25%	\$ 2,835,000.00	\$ 350,000.00	\$ 2,485,000.00
			12/1/2012	400,000.00				
			12/1/13-14	425,000.00				
			12/1/2015	450,000.00				
			12/1/2016	435,000.00				
Improvements to the District Schools	12/1/2001	\$ 3,939,000.00	8/15/2011	175,000.00	4.70%	2,889,000.00	175,000.00	2,714,000.00
			8/15/12-14	200,000.00				
			8/15/2015	225,000.00				
			8/15/2016	226,000.00				
			8/15/17-20	300,000.00				
			8/15/2021	288,000.00				
Total						\$ 5,724,000.00	\$ 525,000.00	\$ 5,199,000.00

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE
JUNE 30, 2011

<u>Series</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding June 30, 2010</u>	<u>Increased Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2011</u>
Copiers	N/A	\$ 69,390.56	\$ 6,666.54	\$	6,666.54	
Copiers	N/A	27,410.36	16,072.11		5,544.32	\$ 10,527.79
Copiers	N/A	34,033.80	23,306.50		5,883.40	17,423.10
Copiers	N/A	20,460.00	13,934.06		3,601.06	10,333.00
Copiers	N/A	31,741.20	27,409.96		2,390.78	25,019.18
Copiers	N/A	13,920.00	11,909.08		1,379.62	10,529.46
Copiers	N/A	18,438.72	16,277.79		3,697.29	12,580.50
Total		\$ 115,576.04	\$ 115,576.04	\$	29,163.01	\$ 86,413.03

BOARD OF EDUCATION
BOROUGH OF FRESHFIELD SCHOOL DISTRICT
COUNTY OF MONMOUTH
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 658,411.00		\$ 658,411.00	\$ 658,411.00	
State Sources:					
Debt Service Aid Type II	<u>137,910.00</u>		<u>137,910.00</u>	<u>137,910.00</u>	
Total Revenues	<u>\$ 796,321.00</u>		<u>\$ 796,321.00</u>	<u>\$ 796,321.00</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	\$ 271,320.50		\$ 271,320.50	\$ 271,320.50	
Redemption of Principal	<u>525,000.00</u>		<u>525,000.00</u>	<u>525,000.00</u>	
Total Expenditures	<u>\$ 796,320.50</u>		<u>\$ 796,320.50</u>	<u>\$ 796,320.50</u>	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ 0.50		\$ 0.50	\$ 0.50	
Other Financing Sources:					
Operating Transfer In:					
Interfund Receivable	(3.67)		(3.67)	(3.67)	
Capital Projects Fund - Excess Bond Proceeds	<u>2.86</u>		<u>2.86</u>	<u>2.86</u>	
	<u>(0.81)</u>		<u>(0.81)</u>	<u>(0.81)</u>	
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ (0.31)		\$ (0.31)	\$ (0.31)	
Fund Balance, July 1	0.61		0.61	0.61	
Fund Balance, June 30	<u>0.30</u>		<u>0.30</u>	<u>0.30</u>	
Recapitulation of Excess/(Deficiency) of Revenues Over/(Under) Expenditures:					
Budgeted Fund Balance			\$ 0.50	\$ 0.50	\$ 0.50

STATISTICAL TABLES (SECTION)
(UNAUDITED)

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

<u>Contents</u>	<u>Exhibit</u>
Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	J-1 to J-5
Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	J-6 to J-9
Debt Capacity These schedules contain information to help the reader assess the district's outstanding debt.	J-10 to J-13
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.	J-14 & J-15
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.	J-16 to J-20

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.*

FINANCIAL TRENDS

BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities								
Invested in capital assets, net of related debt	\$ 3,268,865	\$ 3,356,915	\$ 2,015,519	\$ 2,044,545	\$ 2,205,363	\$ 2,342,335	\$ 2,586,033	\$ 2,619,340
Restricted	1	1	20,971	1	711,665	1,167,630	1,037,480	899,020
Unrestricted	(634,362)	(635,752)	604,026	270,896	357,271	703,546	511,249	586,568
Total governmental activities net assets	<u>\$ 2,634,505</u>	<u>\$ 2,721,164</u>	<u>\$ 2,640,516</u>	<u>\$ 2,315,442</u>	<u>\$ 3,274,299</u>	<u>\$ 4,213,511</u>	<u>\$ 4,134,762</u>	<u>\$ 4,104,927</u>
Business-type activities								
Invested in capital assets, net of related debt	\$ 24,294	\$ 19,280	\$ 14,339	\$ 9,658	\$ 25,206	\$ 18,474	\$ 12,794	\$ 29,375
Unrestricted	1,872	3,670	6,813	6,813	33,315	52,012	141,435	150,774
Total business-type activities net assets	<u>\$ 26,166</u>	<u>\$ 22,950</u>	<u>\$ 21,152</u>	<u>\$ 16,471</u>	<u>\$ 58,521</u>	<u>\$ 70,486</u>	<u>\$ 154,229</u>	<u>\$ 180,149</u>
District-wide								
Invested in capital assets, net of related debt	\$ 3,293,160	\$ 3,376,195	\$ 2,029,858	\$ 2,054,203	\$ 2,230,569	\$ 2,360,809	\$ 2,598,827	\$ 2,648,714
Restricted	1	1	20,971	1	711,665	1,167,630	1,037,480	899,020
Unrestricted	(632,489)	(632,082)	610,839	277,709	390,586	755,558	652,684	737,342
Total district net assets	<u>\$ 2,660,671</u>	<u>\$ 2,744,114</u>	<u>\$ 2,661,668</u>	<u>\$ 2,331,913</u>	<u>\$ 3,332,820</u>	<u>\$ 4,283,997</u>	<u>\$ 4,288,991</u>	<u>\$ 4,285,076</u>

Note: Only the last eight years of information are presented as GASB 34 was implemented during fiscal year ended June 30, 2003.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Expenses								
Governmental activities								
Instruction								
Regular	\$ 6,782,685	\$ 7,006,698	\$ 7,447,836	\$ 7,842,265	\$ 8,381,421	\$ 8,590,909	\$ 8,525,481	\$ 9,118,099
Special education	1,618,536	1,634,047	1,833,422	2,213,650	1,785,986	2,106,147	2,233,631	2,280,846
Other special education			527,102	734,719	734,719	754,348	829,074	958,899
Other instruction	745,162	863,452	421,368	149,922	172,757	95,150	97,788	139,516
Support Services:								
Tuition	645,649	647,709	757,451	692,787	812,020	840,266	783,788	822,606
Student & instruction related services	1,647,938	1,754,926	2,436,244	2,988,808	2,983,162	2,949,086	3,181,058	3,785,116
School Administrative services	589,843	628,095	678,022	720,526	753,886	748,160	755,019	791,134
General administration	576,925	602,035	708,618	741,111	832,115	1,528,882	1,534,124	1,785,162
Central Services					122,028			
Central Services		275,089	277,932	309,410	328,138			
Plant operations and maintenance	1,192,974	1,494,152	1,503,662	1,623,617	1,598,415	1,752,133	2,056,408	1,940,801
Pupil transportation	423,664	467,059	542,060	565,925	578,656	493,554	551,485	470,538
Other support services	270,603						296,572	271,261
Interest on long-term debt	432,325	410,931	391,799	370,669	347,679	323,155	-	-
Total governmental activities expenses	14,926,305	15,785,192	16,998,414	18,745,992	19,430,982	20,181,790	20,844,428	22,343,978
Business-type activities:								
Food service	403,326	371,833	396,263	439,133	531,422	625,274	674,929	733,025
Total business-type activities expense	403,326	371,833	396,263	439,133	531,422	625,274	674,929	733,025
Total district expenses	\$ 15,329,630	\$ 16,157,026	\$ 17,394,677	\$ 19,185,125	\$ 19,962,404	\$ 20,807,064	\$ 21,519,357	\$ 23,077,003

BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Program Revenues								
Governmental activities:								
Charges for services:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Instruction (tuition)								
Pupil transportation								
Central and other support services								
Special schools								
Operating grants and contributions	3,088,333	3,334,132	3,925,366	4,099,153	4,626,660	2,840,252	2,660,666	3,941,294
Capital grants and contributions								
Total governmental activities program revenues	<u>3,088,333</u>	<u>3,334,132</u>	<u>3,925,366</u>	<u>4,099,153</u>	<u>4,626,660</u>	<u>2,840,252</u>	<u>2,660,666</u>	<u>3,941,294</u>
Business-type activities:								
Charges for services:								
Food service	46,644	49,569	52,858	53,111	130,927	153,976	144,444	156,161
Operating grants and contributions	267,121	276,856	311,037	356,173	407,545	483,263	614,228	602,784
Total business type activities program revenues	<u>313,765</u>	<u>326,425</u>	<u>363,895</u>	<u>409,284</u>	<u>538,472</u>	<u>637,239</u>	<u>758,672</u>	<u>758,945</u>
Total district program revenues	<u>\$ 3,382,098</u>	<u>\$ 3,660,556</u>	<u>\$ 4,289,261</u>	<u>\$ 4,508,437</u>	<u>\$ 5,165,132</u>	<u>\$ 3,477,491</u>	<u>\$ 3,439,338</u>	<u>\$ 4,700,239</u>
Net (Expense)/Revenue								
Governmental activities	\$ (11,857,972)	\$ (12,451,061)	\$ (13,073,048)	\$ (14,646,839)	\$ (14,804,322)	\$ (17,341,538)	\$ (18,163,762)	\$ (18,402,684)
Business-type activities	<u>(89,561)</u>	<u>(45,409)</u>	<u>(32,368)</u>	<u>(29,849)</u>	<u>7,050</u>	<u>11,965</u>	<u>83,743</u>	<u>25,920</u>
Total district-wide net expense	<u>\$ (11,947,532)</u>	<u>\$ (12,496,469)</u>	<u>\$ (13,105,416)</u>	<u>\$ (14,676,688)</u>	<u>\$ (14,797,272)</u>	<u>\$ (17,329,573)</u>	<u>\$ (18,080,019)</u>	<u>\$ (18,376,764)</u>
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Property taxes levied for general purposes, net	\$ 5,186,208	\$ 6,019,089	\$ 6,410,747	\$ 6,988,482	\$ 7,504,804	\$ 7,737,636	\$ 7,956,512	\$ 8,028,124
Taxes levied for debt service	496,200	623,303	630,703	631,154	614,451	630,302	611,839	658,411
Unrestricted grants and contributions	5,564,028	5,853,310	6,104,085	6,522,607	7,462,236	9,392,206	9,307,495	9,765,675
Restricted grants	286,766	-	480	2,403	-	-	-	-
Tuition Received	-	-	-	74,771	117,821	96,742	-	-
Investment earnings	-	-	-	-	40,990	5,279	-	-
Miscellaneous income	130,024	86,224	124,280	85,026	75,817	462,695	127,278	53,478
Transfers	<u>(77,481)</u>	<u>(44,205)</u>	<u>(277,696)</u>	<u>(58,032)</u>	<u>(52,940)</u>	<u>(44,109)</u>	<u>81,869</u>	<u>(132,640)</u>
Total governmental activities	<u>\$ 11,574,745</u>	<u>\$ 12,537,721</u>	<u>\$ 12,992,399</u>	<u>\$ 14,321,765</u>	<u>\$ 15,763,179</u>	<u>\$ 18,280,751</u>	<u>\$ 18,085,013</u>	<u>\$ 18,372,848</u>

BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
General Revenues and Other Changes in Net Assets (Continued)								
Business-type activities:								
Investment earnings	\$ 65,095	\$ 42,192	\$ 30,570	\$ 25,168	\$ 35,000	\$ -	\$ -	\$ -
Transfers		42,192	30,570	25,168	35,000	-	-	-
Total business-type activities	\$ 65,095	\$ 84,384	\$ 61,140	\$ 50,336	\$ 70,000	\$ -	\$ -	\$ -
Total district-wide	\$ 11,639,839	\$ 12,579,913	\$ 13,022,969	\$ 14,346,933	\$ 15,798,179	\$ 18,280,751	\$ 18,085,013	\$ 18,372,848
Change in Net Assets								
Governmental activities	\$ (283,227)	\$ 88,660	\$ (80,649)	\$ (325,074)	\$ 958,857	\$ 939,213	\$ (78,749)	\$ (29,836)
Business-type activities	(24,466)	(3,217)	(1,798)	(4,681)	42,050	11,965	83,743	25,920
Total district	\$ (307,693)	\$ 85,443	\$ (82,447)	\$ (329,755)	\$ 1,000,907	\$ 951,178	\$ 4,994	\$ (3,916)

Note: Only the last eight years of information are presented as GASB 34 was implemented during fiscal year ended June 30, 2003.

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

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
General Fund								
Reserved	\$ 1	\$ 52,375	\$ 20,971	\$ 1	\$ 711,665	\$ 1,167,630	\$ 1,034,294	\$ 899,020
Unreserved	(82,939)	(7,155)	(12,223)	(39,281)	62,171	265,677	-	-
Total general fund	\$ (82,938)	\$ 45,220	\$ 8,748	\$ (39,280)	\$ 773,836	\$ 1,433,307	\$ 1,034,294	\$ 899,020
All Other Governmental Funds								
Reserved	\$ 74,942			\$ 99,477				
Unreserved (deficit), reported in:								
Special revenue fund	(75,723)	(75,723)	(75,722)	(75,722)	(74,710)	(36,577)	(37,795)	(32,828)
Capital projects fund	1,148,509	1,269,720	1,268,470	1,163,744	1,167,500	1,167,500	1,167,500	1,167,500
Debt service fund	1	1	1	1	2	1	1	0
Total all other governmental funds	\$ 1,147,729	\$ 1,193,998	\$ 1,192,749	\$ 1,187,500	\$ 1,092,792	\$ 1,130,924	\$ 1,129,705	\$ 1,134,672

Note: Only the last eight years of information is presented as GASB 34 was implemented during fiscal year ended June 30, 2003.

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

	Fiscal Year Ending June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Tax levy	\$ 4,796,046	\$ 5,732,343	\$ 5,681,408	\$ 6,642,392	\$ 7,041,450	\$ 7,629,636	\$ 8,119,255	\$ 8,367,938	\$ 8,568,351	\$ 8,686,535
Tuition charges		27,460	5,769	13,110	30,453	74,771	117,821	96,742		
Interest earnings	48,125	31,919	57,394	183,729	93,827	65,354	40,990	5,279	24	4
Miscellaneous	67,865	6,871,165	7,442,439	7,803,169	7,972,349	8,367,629	106,731	498,275	165,211	117,519
State sources	10,097,462	1,033,740	1,179,922	1,388,473	2,057,101	2,216,478	9,674,300	10,124,947	8,507,323	10,386,526
Federal sources	748,459						2,383,682	2,071,930	3,439,694	3,154,471
Total revenue	15,757,958	13,696,647	14,366,933	16,010,873	17,195,180	18,476,547	20,442,779	21,165,111	20,680,603	22,345,055
Expenditures										
Instruction										
Regular instruction	4,601,825	5,056,914	5,294,867	5,486,292	5,872,970	6,124,949	6,465,760	6,713,493	6,623,844	6,947,817
Special education instruction	1,045,296	1,078,176	1,194,639	1,192,477	1,330,037	1,496,642	1,222,149	1,551,730	1,654,345	1,632,014
Other special instruction	271,323	239,591	193,528	192,048	179,263	356,365	502,763	555,775	614,056	686,122
Other instruction	50,896	73,505	63,822	76,081	78,419	64,608	66,615	70,103	72,427	99,828
Support Services:										
Tuition	515,354	503,634	645,649	647,709	757,451	692,787	812,020	840,266	783,788	822,606
Student & inst. related services	1,641,702	1,434,162	1,546,603	1,703,290	1,895,932	2,232,261	2,231,427	2,287,037	2,462,505	2,807,375
General administration	353,575	395,489	361,467	365,133	439,184	402,568	428,889	1,128,254	497,116	578,666
School administrative services	419,410	450,659	435,284	459,044	492,574	488,939	517,773	553,267	561,269	568,736
Central services				275,089	277,888	309,410	328,138	435,003	392,181	403,822
Admin. information technology							122,028	223,552	248,796	283,763
Plant operations and maintenance	826,602	929,548	895,885	1,105,577	1,106,024	1,098,471	1,093,672	632,351	1,523,085	1,388,702
Pupil transportation	314,503	271,710	312,611	347,317	411,929	410,488	424,477	387,522	431,362	336,684
Other Support Services	184,887	206,317	270,603							
Employee benefits	1,640,304	2,389,501	2,868,209	3,054,207	3,428,772	4,024,824	4,553,425	4,200,043	4,372,740	5,078,497
Capital outlay	2,341,144	3,647,086	540,985	73,907	302,093	72,279	178,056	93,321	71,544	137,243
Debt service:										
Principal	225,000	225,000	375,000	400,000	400,000	425,000	425,000	475,000	475,000	525,000
Interest and other charges	267,619	479,509	425,602	406,083	385,908	365,077	343,589	320,790	296,677	271,321
Total expenditures	14,699,438	17,380,804	15,424,753	15,794,254	17,358,444	18,564,668	19,715,781	20,467,507	21,080,835	22,568,196
Excess (Deficiency) of revenues over (under) expenditures	1,058,519	(3,684,157)	(1,057,821)	216,619	(163,264)	(88,121)	726,998	687,604	(400,232)	(223,141)

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

	Fiscal Year Ending June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Other Financing sources (uses)										
Proceeds from borrowing	\$ 3,951,000	\$ 200,000	\$ 40,981	\$ 156,115	\$ 59,011	\$ 27,410				\$ 92,637
Capital leases (non-budgeted)										
Proceeds from refunding										
Payments to escrow agent										
Transfers in										
Transfers out	(79,949)	(66,910)	(65,095)	(42,192)	(30,570)	(25,168)	(35,000)			(4)
Total other financing sources (uses)	3,871,051	133,090	(24,114)	(42,192)	125,544	33,843	(7,590)			92,833
Net change in fund balances	\$ 4,929,571	\$ (3,551,067)	\$ (1,081,934)	\$ 174,427	\$ (37,720)	\$ (54,278)	\$ 719,408	\$ 697,604	\$ (400,232)	\$ (130,309)
Debt service as a percentage of noncapital expenditures	3.99%	5.13%	5.38%	5.13%	4.61%	4.27%	3.93%	3.81%	3.67%	3.55%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005. Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

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

Fiscal Year Ending June 30,	Interest on Investments	E-Rate	Miscellaneous	Tuition	Refund of Prior Year Expenditures	Use of Building	Annual Totals
2002	\$ 48,125	\$	30,330			\$	78,455
2003	17,207	28,215	10,727			3,250	59,399
2004	4,167	29,416	689	3,760	20,729	2,800	61,561
2005	10,635	19,874	15,635	11,806	24,999	800	83,749
2006	24,884	9,021	21,197	38,575	9,008		102,685
2007	57,846	41,084	29,828	3,886	10,228		142,872
2008	38,860	35,614	20,547	11,014	8,641		114,676
2009	5,128	35,460	426,034	96,742	-	1,200	564,564
2010	181	13,942	16,250	96,081		800	127,254
2011	3	19,134	29,744	3,796		800	53,478

Source: District records

REVENUE CAPACITY

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Gfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Tax-Exempt Property	Net Valuation	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b
2002	\$ 5,421,900	\$ 330,156,100	\$ -	\$ -	\$ 101,088,100	\$ 28,194,100	\$ 11,088,100	\$ 475,948,300	\$ 7,726,301	\$ 119,371,500	\$ 603,046,101	\$ 579,389,858	1.074
2003	4,580,700	331,257,600	-	-	102,940,501	28,234,100	11,094,100	478,107,001	6,441,774	130,128,089	614,676,874	641,130,455	1.147
2004	4,440,800	333,950,200	-	-	103,896,400	28,234,100	11,341,900	481,563,400	6,011,295	129,507,900	617,082,595	743,614,803	1.272
2005	16,243,200	756,435,500	-	-	243,404,500	35,266,400	23,720,400	1,075,070,000	10,492,300	129,507,900	1,215,070,200	921,934,131	0.609
2006	16,481,600	756,389,400	-	-	243,545,100	34,727,100	23,720,400	1,074,863,600	10,503,653	210,712,800	1,296,080,053	1,083,528,602	0.667
2007	13,574,000	761,011,000	-	-	238,881,500	34,727,100	22,941,400	1,071,145,000	9,846,278	206,875,000	1,287,966,278	1,177,761,253	0.736
2008	11,815,100	763,101,500	-	-	237,093,900	34,727,100	22,941,400	1,069,679,000	10,469,959	207,916,700	1,288,065,659	1,251,360,049	0.756
2009	11,552,000	765,785,300	-	-	236,440,200	25,345,900	23,097,700	1,062,221,100	11,377,335	206,266,600	1,279,865,035	1,277,270,269	0.780
2010	11,375,600	766,577,000	-	-	242,880,100	25,345,900	22,374,900	1,068,553,500	10,281,773	206,266,600	1,285,101,873	1,209,211,673	0.796
2011	10,342,700	768,700,500	-	-	241,539,000	25,345,900	22,386,400	1,068,316,500	9,917,155	206,266,600	1,284,500,255	1,214,517,164	0.810

Source: Municipal Tax Assessor

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

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

* Revaluation effective 2005.

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

b Tax rates are per \$100 of Assessed Valuation

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

Fiscal Year Ended June 30,	Borough of Freehold School District Direct Rate (From J-6)			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Direct School Tax Rate ^c	Municipality of Freehold	Freehold Regional High School	County of Monmouth		
2002	0.974	0.100	1.074	1.047	0.595	0.505	3.221	
2003	1.047	0.100	1.147	1.090	0.619	0.524	3.380	
2004	1.152	0.120	1.272	1.110	0.629	0.541	3.552	
2005	0.559	0.050	0.609	0.598	0.339	0.269	1.815	
2006	0.612	0.055	0.667	0.630	0.372	0.280	1.949	
2007	0.663	0.073	0.736	0.659	0.368	0.277	2.040	
2008	0.697	0.059	0.756	0.718	0.375	0.278	2.127	
2009	0.723	0.050	0.780	0.756	0.382	0.289	2.207	
2010	0.740	0.056	0.796	0.791	0.376	0.283	2.246	
2011	0.750	0.060	0.810	0.822	0.378	0.300	2.310	

Source: Municipal Tax Collector

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

* Revaluation effective 2005.

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

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

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

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

		2011			2002		
		Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Freehold Racing Association		\$ 29,225,300	1	2.74%	\$ 27,300,000	1	5.64%
Nestle	Nestle USA	23,674,400	2	2.22%	20,499,200	2	4.24%
AEW Brookside	Freehold Racing Association	14,269,000	3	1.34%	3,000,000	3	0.62%
NJ Bell	Bell Atlantic	9,917,155	4	0.93%	2,925,000	4	0.60%
East Coast Post & Coach	Post and Coach Freehold Assoc.	6,495,700	5	0.61%	2,600,000	5	0.54%
Park Plaza Shopping Center	Freeferm Associates	5,560,900	6	0.52%	2,500,000	6	0.52%
Freeferm Associates	Park Plaza Shopping Center	4,565,000	7	0.43%	1,750,000	7	0.36%
Delli Santi, Nicholas	Delli-Santi	3,000,000	8	0.28%	1,696,600	8	0.35%
Bell Atlantic	CSB Building Corporation	3,000,000	9	0.28%	1,540,100	9	0.32%
Chius Property	Chius Property Inc.	2,650,000	10	0.25%	1,417,000	10	0.29%
	FUNB CRNAPP						
Total		\$ 102,357,455		9.58%	\$ 65,227,900		13.49%
Net Valuation Taxable		\$ 1,068,316,500			\$ 483,674,601		

Source: Municipal Tax Assessor

Note: Revaluation Effective for 2005.

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Fiscal Tax Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 15,788,592	\$ 15,431,481	97.73%	\$ 357,111
2003	16,625,341	16,336,322	98.26%	289,019
2004	17,569,192	17,308,085	98.51%	261,107
2005	19,914,240	19,469,967	97.77%	444,273
2006	21,433,929	20,946,689	97.72%	487,240
2007	22,313,025	21,992,755	98.56%	420,501
2008	23,236,126	22,780,509	98.03%	297,895
2009	23,685,225 ^(b)	23,685,225	97.93%	438,626 ^(b)
2010	24,223,049	23,950,403	97.70%	N/A
2011	24,897,105	N/A	N/A	N/A

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

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

b Anticipated.

DEBT CAPACITY

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2002	\$ 8,924,000	-	\$ 72,858	-	-	\$ 8,996,858	4.12%	820	
2003	8,699,000	-	233,211	-	-	8,932,211	4.09%	814	
2004	8,324,000	-	199,748	-	-	8,523,748	3.90%	777	
2005	7,924,000	-	123,539	-	-	8,047,539	3.68%	733	
2006	7,524,000	-	177,703	-	-	7,701,703	3.52%	702	
2007	7,099,000	-	157,456	-	-	7,256,456	3.32%	661	
2008	6,674,000	-	128,216	-	-	6,802,216	3.11%	620	
2009	6,199,000	-	74,608	-	-	6,273,608	2.87%	572	
2010	5,724,000	-	23,739	-	-	5,747,739	2.63%	524	
2011	5,199,000	-	86,413	-	-	5,285,413	2.42%	439	

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

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

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

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		
2002	\$ 8,924,000	-	\$ 8,924,000	1.85%	813
2003	8,699,000	-	8,699,000	1.80%	793
2004	8,324,000	-	8,324,000	1.71%	758
2005	7,924,000	-	7,924,000	0.73%	722
2006	7,524,000	-	7,524,000	0.69%	686
2007	7,099,000	-	7,099,000	0.66%	647
2008	6,674,000	-	6,674,000	0.62%	608
2009	6,199,000	-	6,199,000	0.57%	565
2010	5,724,000	-	5,724,000	0.54%	522
2011	5,199,000	-	5,199,000	0.43%	431

Notes:

- Details regarding the district's outstanding debt can be found in the notes to the financial statements.
- ^a See Exhibit NJ J-6 for property tax data.
- ^b Population data can be found in Exhibit NJ J-14.
- ^c Revaluation effective for 2005.

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2011

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Freehold	\$ 9,472,206	100.000%	\$ 9,472,206
County of Monmouth	488,135,115	0.961692%	4,694,356
Other debt			
Freehold Regional School	41,770,000	3.4154%	1,426,613
Subtotal, overlapping debt			\$ 15,593,175
Borough of Freehold District Direct Debt:			
Issued and Outstanding	\$ 5,199,000		
Authorized but not Issued	1,138,816		6,337,816
Total direct and overlapping debt			\$ 21,930,991

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

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

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

BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2011

Equalized valuation basis	
2010	\$ 1,205,130,817
2009	1,181,821,429
2008	1,264,545,455
	<u>\$ 3,651,497,701</u>

Average equalized valuation of taxable property	\$ 1,217,165,900
Debt limit (3 % of average equalization value)	36,514,977 ^a
Total Net Debt Applicable to Limit	<u>6,337,816</u>
Legal debt margin	<u>\$ 30,177,161</u>

	Fiscal Year										
	2002	2003	2004	2005	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 15,232,383	\$ 16,713,565	\$ 18,974,278	\$ 22,480,999	\$ 31,250,269	\$ 34,595,408	\$ 36,700,251	\$ 36,789,898	\$ 36,789,898	\$ 36,789,848	\$ 36,514,977
Total net debt applicable to limit	<u>11,132,967</u>	<u>10,167,531</u>	<u>9,462,816</u>	<u>9,062,816</u>	<u>8,662,816</u>	<u>8,237,816</u>	<u>7,812,816</u>	<u>7,337,816</u>	<u>6,862,816</u>	<u>6,337,816</u>	<u>6,337,816</u>
Legal debt margin	<u>\$ 4,099,416</u>	<u>\$ 6,545,034</u>	<u>\$ 9,511,462</u>	<u>\$ 13,418,183</u>	<u>\$ 22,587,453</u>	<u>\$ 26,357,592</u>	<u>\$ 28,887,435</u>	<u>\$ 29,452,082</u>	<u>\$ 29,927,032</u>	<u>\$ 29,927,032</u>	<u>\$ 30,177,161</u>
Total net debt applicable to the limit as a percentage of debt limit	73.09%	60.83%	49.87%	40.31%	27.72%	23.81%	21.29%	19.95%	18.65%	18.65%	17.36%

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

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population^a</u>	<u>Personal Income^b</u>	<u>Per Capita Personal Income^c</u>	<u>Unemployment Rate^d</u>
2002	\$ 10,976	\$ 218,532,160	\$ 19,910	6.70%
2003	10,976	218,532,160	19,910	6.70%
2004	10,976	218,532,160	19,910	5.60%
2005	10,976	218,532,160	19,910	6.20%
2006	10,976	218,532,160	19,910	6.30%
2007	10,976	218,532,160	19,910	5.70%
2008	10,976	218,532,160	19,910	7.30%
2009	10,976	218,532,160	19,910	N/A
2010	10,976	218,532,160	19,910	11.90%
2011	12,052	218,532,160	19,910	12.00%

Source:

- ^a Population information provided by the NJ Dept of Labor and Workforce Development
- ^b Personal income has been estimated based upon the municipal population and per capita personal income presented.
- ^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.
- ^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

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

Employer	2011			2000		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment
County of Monmouth (Est)	345	1	a	990	1	a
Nestle-Hills Coffee Company	200	3	a	350	2	a
Freehold Borough Board of Education	218	2	a	170	4	a
Freehold Regional High School (Est)	150	4	a	174	3	a
Freehold Racing Association	125	5	a	120	5	a
	<u>1,038</u>		<u>a</u>	<u>1,804</u>		<u>a</u>

Source: Borough of Freehold

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

OPERATING INFORMATION

BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST EIGHT FISCAL YEARS

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction								
Regular	76.0	78.5	71.5	87.0	83.1	89.0	94.0	99.1
Special education	43.5	46.5	43.0	40.0	38.0	38.0	39.0	31.5
Other instruction	10.0	6.0	11.0	11.0	16.6	16.8	18.1	20.5
Support Services:								
Student & instruction related services	18.5	18.5	18.5	24.0	18.8	21.2	24.2	24.2
General administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administrative services	9.0	9.0	9.0	9.0	11.5	13.0	16.7	16.7
Central services	3.0	4.0	4.0	5.0	4.3	5.0	7.0	7.0
Plant operations and maintenance	9.5	13.0	12.0	11.0	11.0	12.0	12.0	12.0
Pupil transportation	1.5	2.5	3.0	3.0	3.0	3.0	3.0	3.0
Total	173.0	180.0	174.0	192.0	188.3	200.0	216.0	216.0

Source: District Personnel Records

**BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
OPERATING STATISTICS
LAST THIRTEEN FISCAL YEARS**

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2000	1,150	10,185,822	8,857	1.67%	103.00	1:22	1:26	1128.6	1,065	3.84%	94.36%
2001	1,169	10,895,114	9,320	5.23%	109.00	1:22	1:26	1174.0	1,104	4.02%	94.04%
2002	1,304	11,865,676	9,099	-2.37%	116.00	1:22	1:26	1301.1	1,224	10.83%	94.07%
2003	1,350	13,029,209	9,651	6.06%	124.00	1:22	1:24	1351.9	1,276	3.90%	94.39%
2004	1,379	14,083,167	10,213	5.82%	121.00	1:21	1:23	1364.0	1,304	0.90%	95.59%
2005	1,346	14,914,264	11,080	8.50%	121.00	1:22	1:24	1354.6	1,285	-0.69%	94.89%
2006	1,362	16,270,444	11,946	7.81%	116.00	1:24	1:26	1358.7	1,332	0.30%	98.00%
2007	1,377	17,702,312	12,856	7.62%	99.00	1:22	1:25	1366.6	1,298	0.89%	94.97%
2008	1,347	18,769,135	13,934	8.39%	63.00	1:20	1:24	1341.6	1,277	-1.26%	95.18%
2009	1,328	19,578,397	14,743	5.80%	69.00	1:18	1:23	1320.8	1,292	-1.55%	97.82%
2010	1,369	20,237,614	14,783	0.27%	68.00	1:19	1:23	1356.1	1,297	2.67%	95.63%
2011	1,426	21,736,564	15,243	3.11%	67.00	1:20	1:23	1406.5	1,347	3.72%	95.73%

Sources: District records

Note: Enrollment based on annual October district count.

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

**BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHOOL BUILDING INFORMATION
LAST EIGHT FISCAL YEARS**

	2004	2005	2006	2007	2008	2009	2010	2011
<u>District Building</u>								
<u>Elementary School</u>								
Freehold Learning Center (1972, 1996 and 2001)								
Square Footage	49,239	49,239	49,239	49,239	49,239	49,239	49,239	49,239
Functional Capacity	460	460	460	460	460	460	460	460
Enrollment	519	509	540	516	453	503	490	504
<u>Elementary/Intermediate School</u>								
Park Avenue Complex (1957, 1962, 1969, 1996, 2001 and 2006)								
Square Footage	97,810	97,810	97,810	97,810	97,810	97,810	97,810	97,810
Functional Capacity	660	660	660	660	660	660	660	660
Enrollment	860	839	822	829	829	809	865	906
<u>Other</u>								
Central Administration								
Square Feet	1,164	1,164	1,164	1,164	1,164	1,164	1,164	1,164
Number of Schools at June 30, 2011								
Elementary = 1								
Elementary/Intermediate = 1								

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

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

	* School Facilities Project # (s)	Freehold Learning Center	Park Avenue Complex	Total
2002	N/A	\$ 67,196	\$ 135,069	\$ 202,265
2003	N/A	20,066	52,997	73,063
2004	N/A	15,337	43,432	58,769
2005	N/A	22,490	69,912	92,402
2006	N/A	23,741	29,101	52,842
2007	N/A	16,797	31,194	47,991
2008	N/A	24,874	36,124	60,998
2009	N/A	34,205	68,821	103,026
2010	N/A	88,602	178,272	266,874
2011	1640-060-09-0ZUJ	78,972	158,895	237,867
Total School Facilities		\$ 472,087	\$ 964,233	\$ 1,436,320

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

Source: District records

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
INSURANCE SCHEDULE
JUNE 30, 2011
UNAUDITED

<u>Type of Policy</u>	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Utica:		
Property - Blanket Building and Contents	\$ 28,640,019.00	\$ 1,000.00
Employee Benefits Coverage	1,000,000.00	1,000.00
General Liability Coverage:		
Limit of Liability - Aggregate	3,000,000.00	
Products - Completed Operations	3,000,000.00	
Personal and Advertising Liability	1,000,000.00	
Fire Damage	1,000,000.00	
Premises Medical Payments	10,000.00	
Inland Marine		
Misc. Articles Floater:		
Valuable Papers and Records	100,000.00	100.00
Cameras	50,000.00	250.00
Musical Instruments	500,000.00	250.00
Mobile Equipment	500,000.00	250.00
Electronic Data Processing:		
Hardware	400,000.00	250.00
Software	425,000.00	250.00
Extra Expense	50,000.00	
Automobile Coverage:		
Liability	1,000,000.00	
Medical Payments	10,000.00	
Uninsured/Underinsured Motorist	1,000,000.00	
Commercial Crime:		
Employee Dishonesty Blanket	100,000.00	

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
INSURANCE SCHEDULE
JUNE 30, 2011
UNAUDITED
(CONTINUED)

<u>Type of Policy</u>	<u>Coverage</u>	<u>Deductible</u>
Commercial Umbrella Policy	\$ 5,000,000.00	\$ 10,000.00
Educators Legal Liability Policy	2,000,000.00	5,000.00
Boiler & Machinery - Hartford Steam Boiler - Limit for Accident	28,640,019.00	1,000.00
Workers Compensation and Employers Liability Insurance Policy - New Jersey School Board Association Insurance Group (MOCSSIF)		
Each accident	2,000,000.00	
Each employee	2,000,000.00	
Aggregate	2,000,000.00	
Volunteer Accident Policy - Peoples Benefit/Bollinger	25,000.00	
Student Accident for All Students Including Interscholastic Athletics Except Football	1,000,000.00	
Public Official Bonds - Selective Way Insurance Company:		
Bruce Rodman - Treasurer	200,000.00	
Patrick S. DeGeorge, CPA - School Business Administrator/Board Secretary	100,000.00	
Patricia Saxton - Bookkeeper	25,000.00	

Source: District records.

SINGLE AUDIT SECTION

SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited the financial statements of the Board of Education of the Borough of Freehold School District, County of Middlesex, State of New Jersey, as of and for the year ended June 30, 2011, and have issued our report thereon dated December 1, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Borough of Freehold School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Freehold School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of Freehold School District's internal control over financial reporting.

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

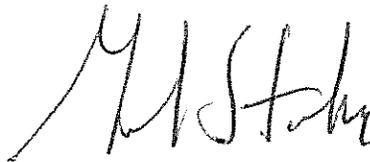
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

Compliance and Other Matters

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

This report is intended solely for the information of the Board of Education of the Borough of Freehold School District and its management, the New Jersey State Department of Education (the cognizant audit agency) and other federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
December 1, 2011

SAMUEL KLEIN AND COMPANY
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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE
A DIRECT AND MATERIAL EFFECT ON EACH OF ITS MAJOR FEDERAL OR
STATE PROGRAMS AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH FEDERAL OMB CIRCULAR A-133 AND
STATE OF NEW JERSEY OMB CIRCULAR LETTER 04-04**

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

Compliance

We have audited the compliance of the Borough of Freehold Board of Education, in the County of Middlesex, State of New Jersey with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*, and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2011. The Borough of Freehold, Board of Education'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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Borough of Freehold Board of Education's management. Our responsibility is to express an opinion on the Borough of Freehold Board of Education's compliance based on our audit.

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; the audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey; OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations, and New Jersey OMB's Circular Letter 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Those standards, OMB Circular A-133 and New Jersey OMB's Circular Letter 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Freehold Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Borough of Freehold Board of Education's compliance with those requirements.

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE
A DIRECT AND MATERIAL EFFECT ON EACH OF ITS MAJOR FEDERAL OR
STATE PROGRAMS AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH FEDERAL OMB CIRCULAR A-133 AND
STATE OF NEW JERSEY OMB CIRCULAR LETTER 04-04
(CONTINUED)**

In our opinion, the Borough of Freehold Board of Education, in the County of Middlesex, State of New Jersey complied, in all material respects, with the 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, 2011.

Internal Control Over Compliance

The management of the Borough of Freehold Board of Education is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants that could have a direct and material effect on each of its federal and state programs. In planning and performing our audit, we considered the Borough of Freehold Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Borough of Freehold School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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 program will not be prevented, or detected and corrected, on a timely basis.

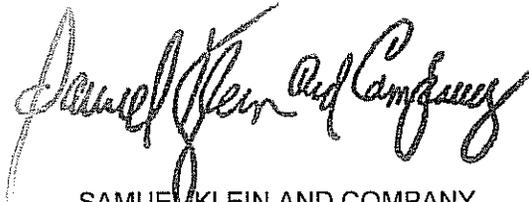
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE
A DIRECT AND MATERIAL EFFECT ON EACH OF ITS MAJOR FEDERAL OR
STATE PROGRAMS AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH FEDERAL OMB CIRCULAR A-133 AND
STATE OF NEW JERSEY OMB CIRCULAR LETTER 04-04
(CONTINUED)**

This report is intended for the information and use of the Board of Education of the Borough of Freehold and its management, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
December 1, 2011

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Federal Grantor / Pass - Through Grantor / Program Title	Federal CFDA Number	Grant Period		Award Amount	Balance, June 30, 2010		Walkover/ (Carryover) Amount	Adjustment	Cash Received	Budgetary (Expenditures)	Refunded to Grantor	Deferred Revenue	Balance, June 30, 2011 (Accounts Receivable)	Due to Grantor
		From	To		Deferred Revenue/ (Accounts Receivable)	Due to Grantor								
General Fund:														
Medical Assistance Program	93.778	7/1/2010	- 6/30/2011	\$ 41,129.92					\$ 41,129.92	\$ (41,129.92)				
									\$ 41,129.92	\$ (41,129.92)				
U.S. Department of Agriculture														
Passed - Through State Department of Education:														
Enterprise Fund:														
Food Distribution Program	10.550	7/1/2010	- 6/30/2011	\$ 43,941.25					\$ 43,941.25	\$ (43,941.25)				
Food Distribution Program	10.550	7/1/2009	- 6/30/2010	61,295.39	\$ 2,854.37				(2,854.37)					
School Breakfast Program	10.553	7/1/2009	- 6/30/2010	84,580.02	(8,087.72)				8,087.72					
School Breakfast Program	10.553	7/1/2010	- 6/30/2011	90,832.69					83,126.24	(90,832.89)			\$ (7,506.74)	
National School Lunch Program	10.555	7/1/2009	- 6/30/2010	377,365.59	(32,921.96)				32,921.96					
National School Lunch Program	10.555	7/1/2010	- 6/30/2011	388,895.94					373,681.14	(388,895.84)			(25,214.60)	
After School Snack Program	10.550	7/1/2009	- 6/30/2010	25,819.34	(2,022.42)				2,022.42					
After School Snack Program	10.558	7/1/2010	- 6/30/2011	31,705.30					30,129.84	(31,705.30)			(1,575.46)	
Fresh Fruit and Vegetable Program	10.582	7/1/2010	- 6/30/2011	26,717.31					26,405.32	(26,717.31)			(311.99)	
Fresh Fruit and Vegetable Program	10.582	7/1/2009	- 6/30/2010	44,547.88	(8,384.38)				8,384.38					
Total Enterprise Fund				\$ (8,384.38)					\$ 610,710.29	\$ (596,747.16)			\$ (24,008.89)	
									\$ 610,710.29	\$ (596,747.16)			\$ (24,008.89)	
U.S. Department of Education														
Passed - Through State Department of Education:														
Special Revenue Fund:														
Title I, Part A Carryover	84.010A	9/1/2009	- 8/31/2010	\$ 784,951.00	\$ (250,088.90)			\$ 290.10		\$ (47,470.10)			\$ (287,278.80)	
Title I, Part A Carryover	84.010A	9/1/2009	- 8/30/2010	610,293.00	48,467.98		\$ (11,573.00)					\$ 37,894.98		
Title I, Part A Carryover	84.010A	9/1/2010	- 8/31/2011	824,185.00	(14,190.31)		11,573.00		\$ 208,105.00	(229,659.88)			(130,104.01)	
Title I	84.010A	9/1/2010	- 8/31/2011	751,138.00					566,086.00	(698,193.01)			(63,316.82)	
ARRA Title I	84.388A	9/1/2010	- 8/31/2011	497,735.00	(23,857.50)				395,143.00	(434,602.12)			(114,625.89)	
Title I, School Improvement Carryover	84.010A	9/1/2008	- 8/31/2009	118,315.00	(58,159.14)				13,109.00	(72,215.74)		152.80		
Title I, School Improvement Carryover	84.010A	9/1/2009	- 8/31/2010	48,052.00	152.80									
Title I, School Improvement Carryover	84.010A	9/1/2008	- 8/31/2009	38,362.00			\$ 5,031.10							\$ 5,031.10

See accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Federal Grantor / Pass - Through Grantor / Program Title	Federal CFDA Number	Grant Period From To	Award Amount	Balance, June 30, 2010		Walkover/ (Carryover) Amount	Adjustment	Cash Received	Budgetary (Expenditures)	Refunded to Grantor	Balance, June 30, 2011	
				Deferred Revenue/ (Accounts Receivable)	Due to Grantor						Deferred Revenue	Due to Grantor
U.S. Department of Education (Continued)												
Passed - Through State Department of Education: (Continued)												
Special Revenue Fund (Continued):												
Title I, School Improvement	84.010A	9/1/2010 - 8/31/2011	\$ 40,000.00					\$ 1,230.00	\$ (2,430.00)			\$ (1,200.00)
Title II, Part A Carryover	84.387A	9/1/2010 - 8/31/2011	71,929.00	\$ (11,494.06)	\$ 11,494.06							
Title III, Part A Carryover	84.387A	9/1/2010 - 8/31/2011	74,139.00	(1,613.44)	(11,484.06)		23,567.00	(35,225.30)				(24,665.60)
Title II, Part A Carryover	84.281A	9/1/2008 - 8/31/2009	69,237.00	4,276.59				(1,743.22)				\$ 2,533.37
Title II, Part A	84.281A	9/1/2010 - 8/31/2011	77,530.00				60,039.00	(59,375.90)				(6,336.90)
Title II, Part A Carryover	84.281A	9/1/2008 - 8/31/2009	69,036.00	\$ 4,092.00								\$ 4,092.00
Title II, Part B Carryover	84.318X	9/1/2009 - 8/31/2010	6,519.00	(1,811.48)	\$ 125.00			(1,376.55)				(1,686.48)
Title II, Part D Carryover	84.318X	9/1/2010 - 8/31/2011	6,377.00	(2,002.00)			1,824.00	(1,376.55)				(1,554.55)
Title II, Part D Carryover	84.281A	9/1/2009 - 8/31/2010	4,331.00	1,113.29	(1,113.29)			(2,100.00)				(986.71)
Title II, Part D Carryover	84.281A	9/1/2009 - 8/31/2010	4,331.00		1,113.29		1,186.00	(1,366.01)				(200.01)
Title II, Part D	84.281A	9/1/2010 - 8/31/2011	1,539.00					(3,364.89)				(8,991.82)
Title III, Part A Carryover	84.281A	9/1/2008 - 8/31/2009	54,236.00	(3,626.84)				(1,118.81)				(14,513.15)
Title III, Part A Carryover	84.365A	9/1/2009 - 8/31/2010	41,324.00	(7,539.34)			4,145.00					
Title III, Part A Carryover	84.365A	9/1/2008 - 8/31/2009	55,840.00	2,648.73	(2,648.73)							
Title III, Part A Carryover	84.365A	9/1/2009 - 8/31/2010	59,480.00		2,648.73			(2,648.73)				
Title III, Part A Carryover	84.365A	9/1/2008 - 8/31/2009	59,480.00	2,648.73	(2,648.73)			(4,403.77)				
Title III, Part A	84.365A	9/1/2010 - 8/31/2011	57,134.00	5,686.10			37,281.00	(46,877.07)				(11,596.07)
Title III, Immigrant Carryover	84.365A	9/1/2009 - 8/31/2010	20,922.00	1,758.12	(1,758.12)							
Title III, Immigrant Carryover	84.365A	9/1/2009 - 8/31/2010	20,922.00		1,758.12			6,052.50				\$ (9,010.62)
Title IV, Part A Carryover	84.186A	9/1/2008 - 8/31/2010	12,115.00	(5,999.00)	2,864.00		3,135.00	(800.00)				278.10
Title IV, Part A Carryover	84.186A	9/1/2009 - 8/31/2010	15,229.00	4,307.55	(2,864.00)							1,443.55
Title IV, Part A Carryover	84.186A	9/1/2008 - 8/31/2009	16,056.00									
Title IV, Part A Carryover	84.186A	9/1/2009 - 8/31/2010	12,123.00	(1,832.10)			3,930.00	(4,148.00)				(2,060.10)
Title V, Part A Carryover	84.298A	9/1/2007 - 8/31/2009	4,214.00	1,640.93								(1,840.93)
Title V, Part A Carryover	84.298A	9/1/2008 - 8/31/2009	4,617.00		2,572.07							(2,572.07)
Title V, Part A	84.298A	9/1/2004 - 8/31/2005	11,220.00		566.75							566.75

See accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

**BOARD OF EDUCATION
BOROUGH OF FRESHFIELD SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Federal Grantor / Pass - Through Grantor / Program Title	Federal CFDA Number	Grant Period From To	Balance, June 30, 2010		Award Amount	Defered Revenue/ (Accounts Receivable)	Due to Grantor	Walkover/ (Carryover) Amount	Adjustment	Cash Received	Budgetary (Expenditures)	Refunded to Grantor	Deferred Revenue	Balance, June 30, 2011	
			Defered Revenue/ (Accounts Receivable)	Due to Grantor										(Accounts Receivable)	Due to Grantor
U.S. Department of Education (Continued)															
Passed - Through State Department of Education: (Continued)															
Special Revenue Fund (Continued):															
I.D.E.A., Part B Carryover	84.027A	9/1/2008 - 8/31/2010	\$	388,520.00	\$	(29,333.50)	\$	29,333.50	\$	69,363.00	\$	(2,075.00)	\$	27,030.99	
I.D.E.A., Part B Carryover	84.027A	9/1/2009 - 8/31/2010		389,772.00		(39,257.02)									
I.D.E.A., Part B Carryover	84.027A	9/1/2008 - 8/31/2009		387,393.00			10.76			316,421.00				\$	(40,968.07)
I.D.E.A., Part B	84.027A	9/1/2010 - 8/31/2011		386,697.00					17,691.00	(357,419.07)					
I.D.E.A., Preschool Carryover	84.173	9/1/2009 - 8/31/2010		17,691.00					17,691.00	(17,691.00)			474.00		
I.D.E.A., Preschool	84.173	9/1/2010 - 8/31/2011		18,365.00					18,041.00	(17,587.00)					
ARRA IDEA Basic Carryover	84.391A	9/1/2009 - 8/31/2011		451,650.00		33,226.00			345,754.00	(282,882.92)			116,697.08		
ARRA IDEA Basic	84.391A	9/1/2009 - 8/31/2011		451,650.00				18,788.71							
ARRA Preschool	84.392A	9/1/2009 - 8/31/2011		16,251.00		0.28			10,563.00	(13,593.75)			344.71		(3,030.47)
ARRA Preschool	84.392A	9/1/2009 - 8/31/2011		16,251.00				(8.28)	7,750.00						
IDEAL Literacy with Disabilities	84.027A	7/1/2009 - 6/30/2010		60,546.00		(7,405.29)	1.46					(1.46)			
IDEAL Literacy with Disabilities	84.027A	7/1/2007 - 6/30/2008		65,943.00											
IDEAL Literacy with Disabilities	84.027A	7/1/2009 - 6/30/2010		59,522.00											
Comprehensive School Reform															
Park Avenue Elementary	84.332A	1/1/2008 - 9/30/2009		150,000.00			8.01								
Comprehensive School Reform															
Intermediate - Extension	84.332A	1/1/2007 - 9/30/2007		182,000.00			8.85								
21st Century CLC Program Carryover	84.287C	7/1/2009 - 6/30/2010		535,000.00		26,723.73							26,723.73		
21st Century CLC Program Carryover	84.287C	7/1/2007 - 6/30/2008		535,000.00			52.69								
21st Century CLC Program Carryover	84.287C	7/1/2009 - 6/30/2010		535,000.00		(12,221.89)			123,824.00	(92,776.11)			17,553.00		
21st Century CLC Program Carryover	84.287C	2/1/2005 - 6/30/2006		707,870.00			199.90								
21st Century CLC Program	84.287C	7/1/2010 - 6/30/2011		535,000.00					334,014.00	(434,736.24)					(100,722.24)
Include Grant Carryover	84.318X	7/1/2009 - 6/30/2010		226,000.00		1,079.74		(1,079.74)							
Include Grant Carryover	84.318X	7/1/2009 - 6/30/2010		226,000.00			1,079.74						1,079.74		
Include Grant Carryover	84.318X	7/1/2009 - 6/30/2010		240,000.00		(89,202.83)			147,065.00	(55,704.81)			1,157.26		
Include Grant	84.318X	7/1/2010 - 6/30/2011		235,000.00					144,769.00	(203,680.37)					(59,171.37)

See accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor / Pass - Through Grantor / Program Title	Federal CFDA Number	Grant Period From To	Award Amount	Balance, June 30, 2010		Walkover/ (Carryover) Amount	Cash Received	Budgetary (Expenditures)	Refunded to Grantor	Deferred Revenue	Balance, June 30, 2011	
				Deferred Revenue/ (Accounts Receivable)	Due to Grantor						Deferred Revenue	Due to Grantor
U.S. Department of Education (Continued)												
Passed - Through State Department of Education: (Continued)												
Special Revenue Fund (Continued):												
Children's Health Insurance Program	93.767	7/1/2009 - 6/30/2010	\$ 26,000.00	\$ 26,000.00	\$	(26,000.00)						
Children's Health Insurance Program	93.767	7/1/2010 - 6/30/2011	26,000.00		26,000.00		\$ (24,979.46)			\$ 3,020.54		
Children's Health Insurance Program	93.767	7/1/2010 - 6/30/2011	48,000.00				(6,660.32)				\$ (6,660.32)	
Passed - Through Monro Township Board of Education:												
James Monroe Library Fellowship	84.215X	7/1/2010 - 6/30/2011	11,370.00				\$ 4,800.00				(4,800.00)	
Total Special Revenue Fund				\$ (603,446.80)	\$ 20,445.54		\$ 2,922,076.00	\$ (3,160,855.74)	(14,304.98)	\$ 272,861.75	\$ (689,689.37)	\$ 12,186.93
Total Federal Financial Assistance				\$ (452,020.91)	\$ 20,445.54		\$ 3,573,916.20	\$ (3,798,732.02)	(14,304.98)	\$ 272,861.75	\$ (674,288.95)	\$ 12,186.93

See accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

State Grantor/ Program Title	Grant or State Project Number	Grant Period From To	Award Amount	June 30, 2010		Adjustment	Cash Received	Budgetary (Expenditures)	Repayment of Prior Year's Balance	Balance, June 30, 2011		MEMO	
				Deferred Revenue/ (Accounts Receivable)	Due to Grantor					Deferred Revenue (Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:													
General Funds:													
Categorical Special Education Aid	11-495-034-5120-089	7/1/2010 - 6/30/2011	\$ 740,657.00				\$ 740,657.00	\$ (740,657.00)		\$	\$	\$	\$ 740,657.00
Equalization Aid	11-495-034-5120-078	7/1/2010 - 6/30/2011	7,614,524.00				7,614,524.00	(7,614,524.00)					7,614,524.00
Extraordinary Aid	11-100-034-5120-473	7/1/2010 - 6/30/2011	78,404.00				78,404.00	(78,404.00)					78,404.00
Extraordinary Aid	10-100-034-5120-473	7/1/2009 - 6/30/2010	58,881.00	\$ (58,881.00)			58,881.00	(1,158.26)					1,158.26
Nonpublic Transportation Aid	11-495-034-5120-014	7/1/2010 - 6/30/2011	1,150.26				1,150.26	(1,158.26)					
Nonpublic Transportation Aid	10-495-034-5120-014	7/1/2009 - 6/30/2010	1,409.00	(1,409.00)			1,409.00	(1,158.26)					
TPAF - Pension Contribution (On-Behalf- Non Budgeted)	11-495-034-5095-005	7/1/2010 - 6/30/2011	24,480.00				24,480.00	(24,480.00)					24,480.00
TPAF - Post Retirement Medical (On-Behalf Non Budgeted)	11-495-034-5095-001	7/1/2010 - 6/30/2011	519,950.00				519,950.00	(519,950.00)					519,950.00
Reimbursed T.P.A.F. Social Security Contributions (Non Budgeted)	11-495-034-5095-002	7/1/2010 - 6/30/2011	646,421.13				646,421.13	(646,421.13)					646,421.13
Reimbursed T.P.A.F. Social Security Contributions (Non Budgeted)	10-495-034-5095-002	7/1/2009 - 6/30/2010	602,225.98	(30,067.19)			30,067.18	(10,172.00)					(10,172.00)
TPAF Wage Freeze	11-495-034-5095-007	7/1/2010 - 6/30/2011	10,172.00				5,086.00	(10,172.00)					(10,172.00)
Total General Fund			\$ 9,641,475.31	\$ (60,257.18)			\$ 9,641,475.31	\$ (9,635,796.39)					\$ 9,615,422.39

**BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

State Grant/ Program Title	Grant or State Project Number	Grant Period From To	Award Amount	June 30, 2010		Adjustment	Cash Received	Budgetary (Expenditures)	Repayment of Prior Years Balance	Balance, June 30, 2011		MEMO	
				Deferred Revenue/ (Accounts Receivable)	Due to Grantor					Deferred Revenue (Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
Special Revenue Fund:													
N.J. Nonpublic Aid:													
Textbook Aid	10-100-034-5120-064	7/1/2009 - 6/30/2010	\$ 26,951.00	\$ 260.59	-	\$	\$ 21,372.00	\$ (21,301.20)	\$ (260.59)	\$	\$ 70.80	\$	\$ 21,301.20
Textbook Aid	11-100-034-5120-064	7/1/2010 - 6/30/2011	21,372.00						(9.37)				
Nursing Services	10-100-034-5120-070	7/1/2009 - 6/30/2010	31,961.00	9.37									
Nursing Services	11-100-034-5120-070	7/1/2010 - 6/30/2011	25,324.00				25,324.00	(24,028.45)			1,295.55		24,028.45
Technology Initiative	11-100-034-5120-373	7/1/2010 - 6/30/2011											
Auxiliary Services:													
Compensatory Education	11-100-034-5120-087	7/1/2010 - 6/30/2011	13,396.00				13,396.00	(5,860.75)			7,535.25		5,860.75
Compensatory Education	09-100-034-5120-087	7/1/2009 - 6/30/2009	25,979.00	2,487.00					(2,487.00)				
Transportation	10-100-034-5120-088	7/1/2009 - 6/30/2010	9,501.00	2,607.00					(2,607.00)				
Transportation	11-100-034-5120-088	7/1/2010 - 6/30/2011	5,888.00				5,888.00	(5,888.00)					5,888.00
Home Instruction	10-100-034-5120-089	7/1/2009 - 6/30/2010	527.13	\$ (827.13)	\$ 0.13		527.00						
Home Instruction	11-100-034-5120-089	7/1/2010 - 6/30/2011	980.00	980.00					(880.00)				
English as a Second Language	10-100-034-5120-089	7/1/2009 - 6/30/2010											
Handicapped Services:													
Supplemental Instruction	10-100-034-5120-065	7/1/2009 - 6/30/2010	8,550.00	799.00					(799.00)				
Supplemental Instruction	11-100-034-5120-065	7/1/2010 - 6/30/2011	7,643.00				7,643.00	(4,155.91)			3,474.09		4,155.91
Examination and Classification	10-100-034-5120-065	7/1/2009 - 6/30/2010	23,951.00	2,746.00					(2,746.00)				
Examination and Classification	11-100-034-5120-065	7/1/2010 - 6/30/2011	19,780.00				19,780.00	(16,903.15)			2,876.85		16,903.15
Connective Speech	11-100-034-5120-065	7/1/2010 - 6/30/2011	35,204.00				35,204.00	(28,163.20)			7,040.80		28,163.20
Other:													
Leads Grant	08-100-034-5065-289	7/1/2008 - 6/30/2009	15,600.00	6,267.94						\$	6,267.94		
Preschool Education Aid	11-495-034-5120-025	7/1/2010 - 6/30/2011	377,950.00				340,155.00	(372,983.20)			(32,828.20)		372,983.20
Preschool Education Aid	10-495-034-5120-025	7/1/2009 - 6/30/2010	377,950.00	(9,402.35)			37,795.00	(26,392.65)					26,392.65
Preschool Education Aid	09-495-034-5120-088	7/1/2008 - 6/30/2009	387,867.00	10,435.13				(10,435.13)					10,435.13
Total Special Revenue Fund			\$ 6,674.59	\$ 9,889.95	\$ 0.13	\$ 507,184.00	\$ (518,125.64)	\$ (9,889.99)	\$ (26,550.29)	\$ 22,293.34	\$	\$	\$ 518,125.64

See Accompanying Notes to Schedules of Financial Assistance.

BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Grantor/ Program Title	Grant or State Project Number	Grant Period From To	Award Amount	June 30, 2010		Adjustment	Cash Received	Budgetary (Expenditures)	Repayment of Prior Year's Balance	Balance, June 30, 2011		MEMO
				Deferred Revenue/ (Accounts Receivable)	Due to Grantor					Deferred Revenue (Accounts Receivable)	Due to Grantor	
Debt Service Fund:												
Debt Service Support	11-100-034-5120-125	7/1/2010 - 6/30/2011	\$ 137,910.00				\$ 137,910.00	\$ (137,910.00)			\$	\$ 137,910.00
Total Debt Service Fund							\$ 137,910.00	\$ (137,910.00)			\$	\$ 137,910.00
Enterprise Fund:												
National School Breakfast												
Program (State Share)	10-100-010-3350-021	7/1/2009 - 6/30/2010	\$ 5,241.00	\$ (506.40)		\$ 506.40						
National School Lunch Program												
(State Share)	10-100-010-3350-023	7/1/2009 - 6/30/2010	15,378.50	(1,338.32)		1,338.32						
National School Lunch Program												
(State Share)	11-100-010-3350-023	7/1/2010 - 6/30/2011	8,861.42			9,291.07	(8,861.42)			\$ (800.35)		
Total Enterprise Fund			\$ (1,844.72)			\$ 10,135.79	(8,861.42)			\$ (800.35)		
New Jersey Economic Development Authority:												
Capital Projects Fund:												
Freehold Learning Center	SP201844	7/1/2001 - 6/30/2007	\$ 501,684.00	\$ (132,117.73)						\$ (132,117.73)		\$ 402,356.42
Park Ave. Elementary School	SP201845	7/1/2001 - 6/30/2007	1,966,436.00	(464,206.61)						(464,206.61)		1,523,272.54
Total Capital Projects Fund			\$ (596,324.54)							\$ (596,324.54)		\$ 1,925,628.96
Total State Financial Assistance			\$ 9,888.86	\$ 0.13	\$ 10,296,705.10	\$ (10,300,653.45)	\$ (9,888.96)	\$ (708,133.41)	\$ 22,253.34	\$ 12,157,005.99		\$ 12,157,005.99

See Accompanying Notes to Schedules of Financial Assistance.

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2011

1. GENERAL

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

2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

**BOARD OF EDUCATION
 BOROUGH OF FREEHOLD SCHOOL DISTRICT
 NOTES TO THE SCHEDULES OF EXPENDITURES OF
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (CONTINUED)
 YEAR ENDED JUNE 30, 2011**

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$88,779.00 for the General Fund and a decrease of \$4,966.80 for the Special Revenue Fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 41,129.92	\$ 9,724,545.39	\$ 9,765,675.31
Special Revenue Fund	3,113,341.07	524,070.60	3,637,411.67
Debt Service Fund		137,910.00	137,910.00
Food Service Fund	<u>593,892.79</u>	<u>8,891.42</u>	<u>602,784.21</u>
	<u>\$ 3,748,363.78</u>	<u>\$ 10,395,417.41</u>	<u>\$ 14,143,781.19</u>

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

5. FEDERAL AND STATE LOANS OUTSTANDING

The District had no loans outstanding payable to federal or state entities at June 30, 2011.

6. OTHER

The amount reported as TPAF Pension Contributions and TPAF Post Retirement Medical Benefit Contributions represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2011. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share social security contributions for TPAF members for the year ended June 30, 2011.

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unqualified, dated
December 1, 2011

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

Unqualified, dated
December 1, 2011

Any audit findings disclosed that are required to be reported
 in accordance with section .510(a) of Circular A-133? yes x no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010A</u>	<u>Title I, Part A</u>
<u>84.027A</u>	<u>IDEA, Part B</u>
<u>84.287C</u>	<u>21st Century CLC Program</u>
<u>10.553,</u>	
<u>10.555 and-10.558</u>	<u>Child Nutrition Project Cluster</u>
<u>84.391A</u>	<u>ARRA IDEA</u>
<u>84.389A</u>	<u>ARRA Title I</u>

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000.00

Auditee qualified as low-risk auditee?

 yes X no

BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS
YEAR ENDED JUNE 30, 2011

FOR THE YEAR ENDED JUNE 30, 2010:

There were no findings for the year ended June 30, 2010.