

HOLMDEL SCHOOL DISTRICT
HOLMDEL, NEW JERSEY

FISCAL YEAR ENDED JUNE 30, 2011

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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INTRODUCTORY SECTION

HOLMDEL TOWNSHIP PUBLIC SCHOOL DISTRICT

"A Commitment to Excellence"



Office of Business Administrator/Board Secretary

65 McCampbell Road

Holmdel, NJ 07733

Tel 732-946-1800

November 9, 2011

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

Dear Board Members:

The comprehensive annual financial report of the Holmdel School District ("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 Holmdel Board of Education ("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 operation of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart, a roster of principal officials and a list of consultants and advisors. The financial section includes the district-wide and fund financial statements and schedules, as well as the auditor's report and the Management's Discussion and Analysis. The statistical section includes selected financial statements and schedules as well as information generally presented on a multi-year basis.

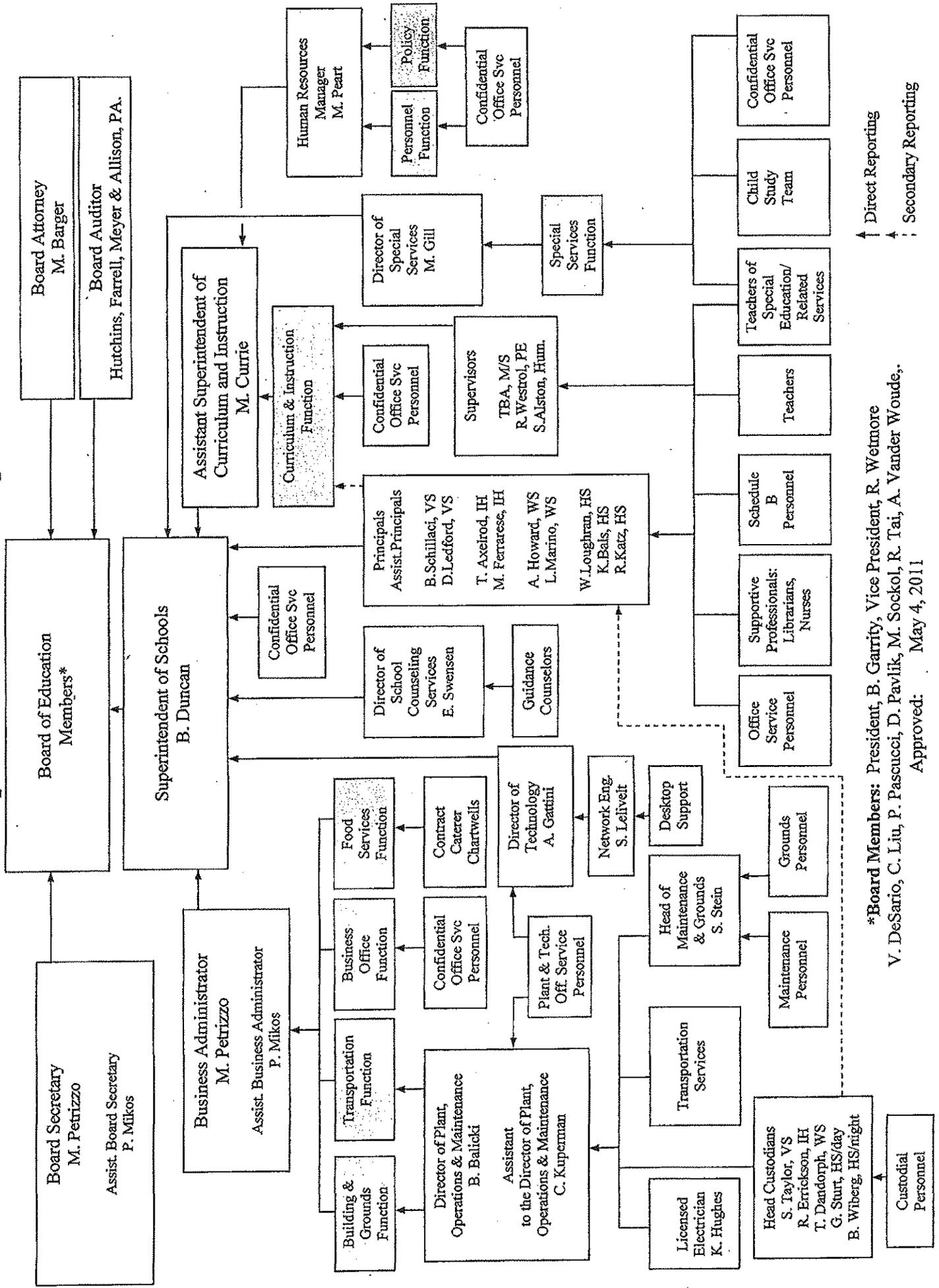
The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, the U.S. Office of Management and Budget ("OMB") Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and the State Treasury OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

Respectfully submitted,

Barbara Duncan
Superintendent of Schools

Michael R. Petrizzo, CPA
Business Administrator/Board Secretary

Holmdel Township Board of Education Organization Chart



*Board Members: President, B. Garrity, Vice President, R. Wetmore
 V. DeSario, C. Liu, P. Pascucci, D. Pavlik, M. Sockol, R. Tai, A. Vander Woude,

Approved: May 4, 2011

↑ Direct Reporting
 ↑ Secondary Reporting

HOLMDEL TOWNSHIP BOARD OF EDUCATION
4 CRAWFORDS CORNER ROAD
HOLMDEL, NEW JERSEY 07733-0407

ROSTER OF OFFICIALS

JUNE 30, 2011

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Barbara Garrity, President	2014
Robin Wetmore, Vice-President	2012
Chiung-Yin Cheng Liu	2012
Dr. Ray M. Tai	2012
Michael Sockol	2013
Dennis Pavlik	2013
Ana M. Vander Woude	2013
Victor DeSario	2014
Phyllis Pascucci	2014

Other Officials

Barbara Duncan, Superintendent of Schools

Michael R. Petrizzo CPA, Business Administrator/Board Secretary

Mary Beth Currie, Assistant Superintendent Curriculum & Instruction

Peter Mikos, Assistant Business Administrator/Assistant Board Secretary

Mandie Peart, Human Resource Manager

Leon Bruno, Treasurer of School Funds

Martin M. Barger, Board Attorney

HOLMDEL TOWNSHIP BOARD OF EDUCATION
4 CRAWFORDS CORNER ROAD
HOLMDEL, NEW JERSEY 07733-0407

CONSULTANTS AND ADVISORS

JUNE 30, 2011

Architect

SSP Architect Group
148 West End Avenue
P.O. Box 758
Somerville, NJ 08876

Audit Firm/Financial Advisors

Robert W. Allison, CPA, RMA
Hutchins, Farrell, Meyer & Allison, P.A.
912 Highway 33
Suite 2
Freehold, NJ 07728

Attorney

Martin M. Barger, Esq.
Reussille, Mausner, Carotenuto, Steel & Barger
Red Bank Professional Plaza
365 Broad Street
P.O. Box 580
Red Bank, NJ 07701-0580

Official Depository

Bank of America
Holmdel Branch
Main Street
Holmdel, NJ 07733

FINANCIAL SECTION

Hutchins, Farrell, Meyer & Allison, P.A.

Certified Public Accountants • Business & Financial Advisors

Robert H. Hutchins, CPA, CVA, CFF
Eugene M. Farrell, CPA, RMA, CFP
Robert W. Allison, CPA, RMA
Alan E. Meyer, CPA/ABV, CFF
Joann DiLieto, CPA

Patrice R. Antonucci, CPA
Glenn G. VanPell, CPA
Karen D. Davis, CPA, CVA
Crystal L. Fitzpatrick, CPA
Hélène T. Morizzo, CPA

Monmouth County Office

912 Highway 33 • Suite 2
Freehold, NJ 07728
(732) 409-0800
Fax: (732) 866-9312

Ocean County Office

512 Main Street • PO Box 1778
Toms River, NJ 08754
(732) 240-5600
Fax: (732) 505-8358

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Board of Education of the Holmdel School District, in the County of Monmouth, State of New Jersey as of and for the fiscal 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 Holmdel Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Holmdel Board of Education, in the County of Monmouth, State of New Jersey, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Honorable President and Members
of the Board of Education
Holmdel School District
County of Monmouth
Holmdel, New Jersey
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In accordance with Government Auditing Standards, we have also issued our report dated November 9, 2011 on our consideration of the Holmdel Board of Education'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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison information on pages 8 through 16 and 56 through 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted to inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Holmdel Board of Education's basic financial statements. The Introductory Section, Combining and Individual Fund Financial Statements, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 ("OMB") Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid, respectively, and are also not a required part of the basic financial statements. The Combining and Individual Fund Financial Statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to

Honorable President and Members
of the Board of Education
Holmdel School District
County of Monmouth
Holmdel, New Jersey
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prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



Robert W. Allison
Licensed Public School Accountant
No. 897
Hutchins, Farrell, Meyer & Allison, P.A.

November 9, 2011

REQUIRED SUPPLEMENTARY INFORMATION – PART I

HOLMDEL TOWNSHIP PUBLIC SCHOOL DISTRICT
HOLMDEL TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

UNAUDITED

The discussion and analysis of Holmdel Township Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2011 are as follows:

- ◆ General revenues accounted for \$57.6 million in revenue or 96.81% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1.9 million or 3.19% percent to total revenues of \$59.5 million.
- ◆ Total assets of governmental activities as of June 30, 2011 were \$58.6 million of which cash and cash equivalents represented \$3.5 million, net receivables \$1.7 million and capital assets \$53.3 million.
- ◆ The School District had \$57.1 million in expenses; only \$1.9 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$57.6 million were adequate to provide for these programs.
- ◆ The General Fund had \$52.6 million in revenues and \$52.3 million in expenditures. The General Fund's balance increased approximately \$0.3 million over 2010.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Holmdel Township Public 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* provide information about the activities of the whole School district, presenting both an aggregate view of the School district's finances and a 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. In the case of Holmdel Township Public school district, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The Statement of Net Assets and the Statement of Activities helps answer this question. These 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 School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the school district as a whole, the financial positions of the School district has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

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

- ◆ **Governmental Activities** – All of the School District's programs and services are reported here including, but not limited to, 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 School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major (all) funds is included in the 2010-11 comprehensive annual financial report as presented by the School District. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School district's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

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

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for fiscal year 2011 as compared to the 2010 fiscal year.

Table 1
Changes in Net Assets

	<u>2011</u>	<u>2010</u>
Assets:		
Current and Other Assets	\$ 6,717,769	\$ 6,761,840
Capital Assets, Net	<u>52,834,305</u>	<u>54,260,227</u>
Total Assets	<u>59,552,074</u>	<u>61,022,067</u>
Liabilities:		
Long-Term Liabilities	22,004,435	24,414,206
Other Liabilities	<u>3,283,093</u>	<u>4,789,396</u>
Total Liabilities	<u>25,287,528</u>	<u>29,203,602</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	29,486,237	27,944,537
Restricted	3,741,642	3,529,843
Unrestricted	<u>1,036,666</u>	<u>344,085</u>
Total Net Assets	<u>\$34,264,545</u>	<u>\$31,818,465</u>

Table 2 provides a comparison analysis of District-wide changes in net assets from fiscal years 2010 and 2011.

Table 2

Changes in Net Assets

	<u>2011</u>	<u>2010</u>
<u>Revenues</u>		
Program Revenues:		
Charges for Services	\$ 1,910,093	\$ 1,842,754
Operating and Capital Grants and Contributions	14,743	1,247,408
General Revenues:		
Property Taxes	50,340,891	49,785,650
Grants and Entitlements	6,965,580	7,729,658
Other	<u>306,575</u>	<u>1,018,094</u>
Total Revenues	<u>59,537,882</u>	<u>61,623,564</u>
<u>Program Expenses</u>		
Instruction	29,598,122	30,284,790
Support Services:		
Pupils and Instructional Staff	9,975,114	9,701,359
General Administration, School Administration, Business	3,839,398	3,904,936
Operations and Maintenance of Facilities	7,574,763	8,227,159
Pupil Transportation	3,008,797	3,240,832
Interest on Debt	860,350	1,047,959
Food Service and Latchkey	1,452,594	1,490,660
Other	<u>782,664</u>	<u>885,402</u>
Total Expenses	<u>57,091,802</u>	<u>58,783,097</u>
Increase in Net Assets	<u>\$ 2,446,080</u>	<u>\$ 2,840,467</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 84.6% percent of revenues for governmental activities for the Holmdel Township Public School District for fiscal year 2011. The District's total revenues were \$59.5 million for the fiscal year ended June 30, 2011. Federal, state and local/governmental grants accounted for another 11.7%.

The total cost of all program and services was \$57.09 million. Instruction comprises 51.8% of total District expenses.

Business-Type Activities

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

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total 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. Comparisons to the net cost of services for the 2009/10 school year are shown in the right hand column in the table.

Table 3

Governmental Activities

	2011		2010	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$ 29,598,122	\$ 29,359,852	\$ 30,284,790	\$ 30,067,405
Support Services:				
Pupils and Instructional Staff	9,975,114	9,975,114	9,701,359	9,701,359
General Administration, School Administration, Business	3,839,398	3,839,398	3,904,936	3,904,936
Operation and Maintenance of Facilities	7,574,763	7,574,763	8,227,159	8,227,159
Pupil Transportation	3,008,797	2,994,054	3,240,832	1,993,424
Interest and Fiscal Charges	860,350	860,350	1,047,959	1,047,959
Other	<u>782,664</u>	<u>782,664</u>	<u>885,402</u>	<u>885,402</u>
Total Expenses	<u>\$ 55,639,208</u>	<u>\$ 55,386,195</u>	<u>\$ 57,292,437</u>	<u>\$ 55,827,644</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Extracurricular activities includes expenses related to student activities provided by the School district which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

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

Other includes unallocated depreciation and amortization.

The School District's Funds

Information about the School District's major funds is included in the 2010-11 comprehensive annual financial report as presented by the School District. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., General Fund, Special Revenue Fund, Capital Projects and Debt Service Fund presented in the fund-based statements) had total revenues of \$57.9 million and expenditures of \$57.4 million.

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 (excluding capital projects) for the fiscal year ended June 30, 2011, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2009/10</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 50,885,708	87.94%	\$ 662,594	1.32%
State Sources	5,696,655	9.84	(1,852,672)	(24.54)
Federal Sources	<u>1,283,573</u>	<u>2.22</u>	<u>(144,166)</u>	<u>(10.10)</u>
Total	<u>\$ 57,865,936</u>	<u>100.00%</u>	<u>\$(1,334,244)</u>	<u>(2.25)%</u>

The increase in Local Sources is mostly attributable to an increase in the Local Tax Levy and Non-Resident Tuition.

The decrease in State Sources is mostly attributable to a reduction in NJ DOE and Social Security reimbursements.

The decrease in Federal Sources is attributed to a decrease in grant awards, specifically the ARRA IDEA competition grants.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2011.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2009/10</u>	<u>Percent of Increase/ Decrease</u>
Current Expense:				
Instruction	\$ 22,568,740	39.36%	\$ (496,510)	(2.15)%
Undistributed Expenditures	31,122,842	54.27	303,409	0.98
Capital Outlay	494,228	0.86	(358,456)	(42.04)
Debt Service:				
Principal	2,170,000	3.78	15,000	0.70
Interest	<u>990,520</u>	<u>1.73</u>	<u>(75,644)</u>	<u>(7.09)</u>
Total	<u>\$ 57,346,330</u>	<u>100.00%</u>	<u>\$ (612,201)</u>	<u>(1.06)%</u>

The decrease in Current - Instruction is primarily attributed to a reduction in Salaries due to staff reductions and breakage attributed to replacing higher salaries.

The increase in Current - Undistributed Expenditures is attributed to Student and Health-related Services, Maintenance of School Facilities, Unemployment Compensation, and Health Benefits.

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2011, the School District amended its General Fund budget as needed. The School District uses program-based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

- ◆ Staffing changes based on student needs
- ◆ Increases in tuition for out of district special education placements

While the District's final budget for the General Fund anticipated that revenues and expenditures would roughly equal, the actual results for the year show a \$258,947 increase in surplus funds.

Capital Assets

At the end of the fiscal year 2011, the School District had \$53.3 million invested in land, buildings, furniture and equipment, and vehicles (net of depreciation).

Table 4

Capital Assets (Net of Depreciation) at June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Land	\$ 5,122,300	\$ 5,122,300
Construction in Progress	26,941,289	26,941,289
Site Improvements	1,320,883	1,339,924
Building and Improvements	18,121,520	18,756,387
Equipment and Machinery	<u>1,762,896</u>	<u>2,049,557</u>
Total	<u>\$ 53,268,888</u>	<u>\$ 54,209,457</u>

Debt Administration

At June 30, 2011, the School District had \$24.1 million as outstanding debt. Of this amount \$717,788 is for compensated absences, \$981,900 for capital leases and the balance, \$22,485,000, for bonds for school construction.

At June 30, 2011, the School District's overall legal debt margin was \$156,063,846.

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Balance</u>
Partial Refunding of 1996 and 1997 Issues	10/01/03	\$14,425,000	\$ 9,310,000
Partial Refunding of March 15, 2002 Bonds, Various Capital Projects and Purchase of Furniture and Equipment	07/01/05	13,415,000	<u>13,175,000</u>
			<u>\$22,485,000</u>

For the Future

The Holmdel Township Public School District is in very good financial condition presently. A potential concern is the continued reliance on local property taxes, especially in light of reductions in State Aid. Future finances are not without challenges. The School District has mitigated the decreasing State funding by increasing revenue through Enterprise Fund initiatives in concert with an energy conservation program which continues to result in savings. Anticipation of continued reductions, coupled with a State-mandated tax levy cap, brings even more challenges to funding the School District. The School District is researching alternate revenue sources to offset costs.

Holmdel Township is primarily a residential community, with comparatively few commercial ratables; thus the burden is focused on homeowners to foot the tax burden.

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 School district's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Michael R. Petrizzo, CPA, at the Holmdel Township Board of Education, 65 McCampbell Road, Holmdel, NJ 07733, or e-mail at mpetrizzo@holmdelschools.org.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities display information about the District. These Statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These Statements distinguish between the governmental and business-type activities of the District.

HOLMDEL SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2011

	Governmental Activities	Business -Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 3,515,721.35	\$ 901,900.48	\$ 4,417,621.83
Receivables, Net	1,654,910.87	1,285.55	1,656,196.42
Inventory		15,515.53	15,515.53
Deferred Bond Issuance Costs, Net	168,755.89	459,679.51	628,435.40
Capital Assets, Net (Note 10)	<u>53,268,888.31</u>	<u>(434,583.66)</u>	<u>52,834,304.65</u>
Total Assets	<u>58,608,276.42</u>	<u>943,797.41</u>	<u>59,552,073.83</u>
Liabilities:			
Accounts Payable	315,289.15	468.16	315,757.31
Accrued Expenses	262,257.59		262,257.59
Deferred Revenue	108,554.95	75,424.00	183,978.95
Noncurrent Liabilities (Note 11):			
Due Within One Year	2,521,100.00		2,521,100.00
Due Beyond One Year	<u>22,004,434.62</u>		<u>22,004,434.62</u>
Total Liabilities	<u>25,211,636.31</u>	<u>75,892.16</u>	<u>25,287,528.47</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	29,461,141.41	25,095.85	29,486,237.26
Restricted for:			
Capital Projects	46,471.78		46,471.78
General Purposes	3,695,169.83		3,695,169.83
Unrestricted	<u>193,857.09</u>	<u>842,809.40</u>	<u>1,036,666.49</u>
Total Net Assets	<u>\$ 33,396,640.11</u>	<u>\$ 867,905.25</u>	<u>\$ 34,264,545.36</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

HOLMDEL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES

For the fiscal year ended June 30, 2011

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
			Totals	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
GOVERNMENTAL ACTIVITIES								
Instruction:								
Regular	\$ 17,134,466.27	\$ 5,032,616.47	\$ 22,167,082.74	\$ 238,270.00	\$ (21,928,812.74)	\$ (21,928,812.74)	\$ (21,928,812.74)	
Special Education	4,185,659.81	1,812,785.70	5,998,445.51		(5,998,445.51)	(5,998,445.51)	(5,998,445.51)	
Other Special Instruction	495,564.95		495,564.95		(495,564.95)	(495,564.95)	(495,564.95)	
Other Instruction	753,123.99	183,905.82	937,029.81		(937,029.81)	(937,029.81)	(937,029.81)	
Support Services:								
Tuition	1,112,962.83		1,112,962.83		(1,112,962.83)	(1,112,962.83)	(1,112,962.83)	
Student and Instruction Related Services	6,999,587.97	1,862,562.41	8,862,150.38		(8,862,150.38)	(8,862,150.38)	(8,862,150.38)	
School Administrative Services	1,442,768.20	338,647.71	1,781,415.91		(1,781,415.91)	(1,781,415.91)	(1,781,415.91)	
General Administration	492,514.16	393,642.34	886,156.50		(886,156.50)	(886,156.50)	(886,156.50)	
Central Services	1,120,560.05		1,120,560.05		(1,120,560.05)	(1,120,560.05)	(1,120,560.05)	
Administrative Information Technology	51,265.19		51,265.19		(51,265.19)	(51,265.19)	(51,265.19)	
Plant Operations and Maintenance	5,974,533.48	1,600,229.24	7,574,762.72	\$ 14,742.91	(7,574,762.72)	(7,574,762.72)	(7,574,762.72)	
Pupil Transportation	2,452,410.73	556,386.42	3,008,797.15		(2,994,054.24)	(2,994,054.24)	(2,994,054.24)	
Interest on Long-Term Debt	990,520.00	(130,169.71)	860,350.29		(860,350.29)	(860,350.29)	(860,350.29)	
Unallocated Depreciation and Amortization		782,663.82	782,663.82		(782,663.82)	(782,663.82)	(782,663.82)	
Total Government Activities	43,205,937.63	12,433,270.22	55,639,207.85	238,270.00	(55,386,194.94)	(55,386,194.94)	(55,386,194.94)	
BUSINESS-TYPE ACTIVITIES								
Food Service	1,244,816.87		1,244,816.87	1,450,535.21	\$ 205,718.34	205,718.34	205,718.34	
Latchkey Program	181,113.47		181,113.47	194,342.80	13,229.33	13,229.33	13,229.33	
Summer Enrichment	26,664.00		26,664.00	26,945.00	281.00	281.00	281.00	
Total Business-Type Activities	1,452,594.34		1,452,594.34	1,671,823.01	219,228.67	219,228.67	219,228.67	
Total Primary Government	\$ 44,658,531.97	\$ 12,433,270.22	\$ 57,091,802.19	\$ 1,910,093.01	\$ (55,386,194.94)	\$ (55,386,194.94)	\$ (55,166,966.27)	
GENERAL REVENUES								
Property Taxes Levied for:								
General Purposes					\$ 47,180,371.00	\$ 47,180,371.00	\$ 47,180,371.00	
Debt Service					3,160,520.00	3,160,520.00	3,160,520.00	
Federal and State Aid Not Restricted					6,965,580.42	6,965,580.42	6,965,580.42	
Investment Earnings					4,973.40	4,973.40	4,973.40	
Miscellaneous Income					301,573.54	301,573.54	301,573.54	
Total General Revenues					57,613,018.36	57,613,018.36	57,613,018.36	
Change in Net Assets					2,226,823.42	2,226,823.42	2,446,080.19	
Net Assets - Beginning					31,169,816.69	31,169,816.69	31,818,465.17	
Net Assets - Ending					\$ 33,396,640.11	\$ 33,396,640.11	\$ 34,264,545.36	

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

HOLMDEL SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 3,560,227.84		\$ 43,665.28		\$ 3,603,893.12
Due From Other Funds	240,320.78			\$ 0.43	240,321.21
Receivables From Other Governments	1,077,000.92	\$ 192,704.84			1,269,705.76
Other Receivables	<u>136,115.65</u>	<u>5,962.18</u>	<u>2,806.50</u>		<u>144,884.33</u>
Total Assets	<u>5,013,665.19</u>	<u>198,667.02</u>	<u>46,471.78</u>	<u>0.43</u>	<u>5,258,804.42</u>
Liabilities and Fund Balances					
Liabilities:					
Cash Deficit		88,171.34		0.43	88,171.77
Accounts Payable	299,891.42	1,940.73			301,832.15
Due To Other Funds	0.43				0.43
Other Current Liabilities	13,457.00				13,457.00
Deferred Revenue		<u>108,554.95</u>			<u>108,554.95</u>
Total Liabilities	<u>313,348.85</u>	<u>198,667.02</u>		<u>0.43</u>	<u>512,016.30</u>
Fund Balances:					
Restricted:					
Maintenance Reserve	776,081.34				776,081.34
Capital Projects Fund			31,266.11		31,266.11
Committed:					
Capital Projects Fund			15,205.67		15,205.67
Assigned:					
Other Purposes - Year-End Encumbrances Designated by BOE for Subsequent Year's Expenditures	1,319,088.49				1,319,088.49
Unassigned	<u>1,600,000.00</u>				<u>1,600,000.00</u>
	<u>1,005,146.51</u>				<u>1,005,146.51</u>
Total Fund Balances	<u>4,700,316.34</u>		<u>46,471.78</u>		<u>4,746,788.12</u>
Total Liabilities and Fund Balances	<u>\$ 5,013,665.19</u>	<u>\$ 198,667.02</u>	<u>\$ 46,471.78</u>	<u>\$ 0.43</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$76,211,895.89 and the accumulated depreciation is \$22,943,007.58 (See Note 10).	53,268,888.31
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the fund (See Note 11).	(24,525,534.62)
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 costs are \$291,329.31 and the accumulated amortization is \$122,573.42	168,755.89
Accrued interest on long-term liabilities are not reported as liabilities in the fund.	<u>(262,257.59)</u>
Net Assets of Governmental Activities	<u><u>\$ 33,396,640.11</u></u>

HOLMDEL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the fiscal year ended June 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues:					
Local Sources:					
Local Tax Levy	\$ 47,180,371.00			\$ 3,160,520.00	\$ 50,340,891.00
Tuition Charges	238,270.00				238,270.00
Interest Earned on Investments	4,973.40				4,973.40
Miscellaneous	249,983.96	\$ 51,589.58			301,573.54
Total - Local Sources	47,673,598.36	51,589.58		3,160,520.00	50,885,707.94
State Sources	5,193,458.45	503,196.03			5,696,654.48
Federal Sources	12,752.99	1,270,820.28			1,283,573.27
Total Revenues	52,879,809.80	1,825,605.89		3,160,520.00	57,865,935.69
Expenditures:					
Current:					
Regular Instruction	15,728,483.18	1,405,908.09			17,134,391.27
Special Education Instruction	4,185,659.81				4,185,659.81
Other Special Instruction	495,564.95				495,564.95
Other Instruction	753,123.99				753,123.99
Support Services and Undistributed Costs:					
Tuition	1,112,962.83				1,112,962.83
Student and Instruction Related Services	6,579,869.59	419,697.80			6,999,567.39
General Administration	492,514.16				492,514.16
School Administrative Services	1,442,768.20				1,442,768.20
Central Services	1,126,612.74				1,126,612.74
Administrative Information Technology	51,265.19				51,265.19
Plant Operations and Maintenance	5,974,533.48				5,974,533.48
Pupil Transportation	2,452,410.73				2,452,410.73
Employee Benefits	11,470,207.56				11,470,207.56
Debt Service:					
Principal				2,170,000.00	2,170,000.00
Interest and Other Charges				990,520.00	990,520.00
Capital Outlay	494,227.83		\$ 6,910.94		501,138.77
Total Expenditures	52,360,204.24	1,825,605.89	6,910.94	3,160,520.00	57,353,241.07
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	519,605.56		(6,910.94)		512,694.62
Fund Balance - July 1	4,180,710.78		53,382.72		4,234,093.50
Fund Balance - June 30	\$ 4,700,316.34	\$ 0.00	\$ 46,471.78	\$ 0.00	\$ 4,746,788.12

HOLMDEL SCHOOL DISTRICT

RECONCILIATION OF THE 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 (from B-2)		\$ 512,694.62
Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:		
<p>Capital outlays are reported in governmental funds as expenditures. However, on the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.</p>		
Depreciation Expense	\$ (1,045,859.86)	
Capital Outlay	<u>105,291.46</u>	(940,568.40)
<p>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.</p>		
		2,170,000.00
<p>Repayment of capital leases 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.</p>		
		401,900.00
<p>Bond discount, bond premium and issuance costs are amortized over the lives of the bonds in the Statement of Activities but are recorded as an addition from the proceeds from sales of bonds in the governmental funds.</p>		
		17,266.78
<p>Losses on Refunding Bonds are amortizes over the life of the defeased bonds; these losses are a reduction to the reconciliation.</p>		
		(99,833.33)
<p>In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacation and sick pay) 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 a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.</p>		
		(47,372.51)
<p>In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The decrease in accrued interest from the previous year is an addition in the reconciliation.</p>		
		<u>212,736.26</u>
Change in Net Assets of Governmental Activities		<u>\$ 2,226,823.42</u>

HOLMDEL SCHOOL DISTRICT
STATEMENT OF FUND NET ASSETS

PROPRIETARY FUNDS

June 30, 2011

	Business-Type Activities Enterprise Funds			Totals
	<u>Food Service</u>	<u>Latchkey Program</u>	<u>Summer Enrichment</u>	
Assets:				
Current Assets:				
Cash and Cash Equivalents	\$ 736,575.28	\$ 80,618.20	\$ 84,707.00	\$ 901,900.48
Accounts Receivables	1,255.55		30.00	1,285.55
Inventories	15,515.53			15,515.53
Total - Current Assets	<u>753,346.36</u>	<u>80,618.20</u>	<u>84,737.00</u>	<u>918,701.56</u>
Noncurrent Assets:				
Furniture, Machinery and Equipment	433,839.51	25,840.00		459,679.51
Less:				
Accumulated Depreciation	<u>(409,724.88)</u>	<u>(24,858.78)</u>		<u>(434,583.66)</u>
Total - Noncurrent Assets	<u>24,114.63</u>	<u>981.22</u>		<u>25,095.85</u>
Total Assets	<u>\$ 777,460.99</u>	<u>\$ 81,599.42</u>	<u>\$ 84,737.00</u>	<u>\$ 943,797.41</u>
Liabilities and Net Assets:				
Liabilities:				
Current Liabilities:				
Accounts Payable		\$ 468.16		\$ 468.16
Deferred Revenue	\$ 24,796.50		\$ 50,627.50	75,424.00
Total Liabilities	<u>\$ 24,796.50</u>	<u>\$ 468.16</u>	<u>\$ 50,627.50</u>	<u>\$ 75,892.16</u>
Net Assets:				
Invested in Capital Assets, Net of Related Debt	\$ 24,114.63	\$ 981.22		\$ 25,095.85
Unrestricted	728,549.86	80,150.04	\$ 34,109.50	842,809.40
Total Net Assets	<u>\$ 752,664.49</u>	<u>\$ 81,131.26</u>	<u>\$ 34,109.50</u>	<u>\$ 867,905.25</u>

HOLMDEL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

PROPRIETARY FUNDS

For the fiscal year ended June 30, 2011

	Business-Type Activities Enterprise Funds			Totals
	Food Service	Latchkey Program	Summer Enrichment	
Operating Revenues:				
Charges for Services:				
Daily Sales - Non-Reimbursable Programs	\$ 1,403,215.65			\$ 1,403,215.65
Tuition		\$ 194,342.80	\$ 26,945.00	221,287.80
Miscellaneous Revenue	47,319.56			47,319.56
Total Operating Revenues	<u>1,450,535.21</u>	<u>194,342.80</u>	<u>26,945.00</u>	<u>1,671,823.01</u>
Operating Expenses:				
Salaries	328,745.40	160,359.68	23,548.00	512,653.08
Support Services - Employee Benefits	89,055.59	12,267.52	1,801.42	103,124.53
Management Fees	105,417.80			105,417.80
Purchased Professional/Technical Services	51,901.01			51,901.01
Other Purchased Services			390.00	390.00
Supplies and Materials	39,156.21	6,251.12	424.82	45,832.15
Depreciation	23,712.42	1,962.40		25,674.82
Cost of Sales	532,096.00			532,096.00
Miscellaneous Expenditures	74,732.44	272.75	499.76	75,504.95
Total Operating Expenses	<u>1,244,816.87</u>	<u>181,113.47</u>	<u>26,664.00</u>	<u>1,452,594.34</u>
Operating Income	<u>205,718.34</u>	<u>13,229.33</u>	<u>281.00</u>	<u>219,228.67</u>
Nonoperating Revenues:				
Interest and Investment Revenue	10.98	3.17	13.95	28.10
Total Nonoperating Revenues	<u>10.98</u>	<u>3.17</u>	<u>13.95</u>	<u>28.10</u>
Change in Net Assets	205,729.32	13,232.50	294.95	219,256.77
Total Net Assets - Beginning	<u>546,935.17</u>	<u>67,898.76</u>	<u>33,814.55</u>	<u>648,648.48</u>
Total Net Assets - Ending	<u>\$ 752,664.49</u>	<u>\$ 81,131.26</u>	<u>\$ 34,109.50</u>	<u>\$ 867,905.25</u>

HOLMDEL SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the fiscal year ended June 30, 2011

	Business-Type Activities Enterprise Funds			Totals
	Food Service	Latchkey Program	Summer Enrichment	
Cash Flows From Operating Activities:				
Receipts From Customers	\$ 1,449,279.66	\$ 335,523.31	\$ 78,167.43	\$ 1,862,970.40
Payments To Employees	(328,745.40)	(160,359.68)	(23,548.00)	(512,653.08)
Payments For Employee Benefits	(89,055.59)	(12,267.52)	(1,801.42)	(103,124.53)
Payments To Suppliers	(857,081.27)	(147,730.95)	(35,322.83)	(1,040,135.05)
Net Cash Provided By/(Used For) Operating Activities	<u>174,397.40</u>	<u>15,165.16</u>	<u>17,495.18</u>	<u>207,057.74</u>
Cash Flows From Investing Activities:				
Interest on Investments	<u>10.98</u>	<u>3.17</u>	<u>13.95</u>	<u>28.10</u>
Net Cash Provided By Investing Activities	<u>10.98</u>	<u>3.17</u>	<u>13.95</u>	<u>28.10</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	174,408.38	15,168.33	17,509.13	207,085.84
Balance - Beginning of Year	<u>562,166.90</u>	<u>65,449.87</u>	<u>67,197.87</u>	<u>694,814.64</u>
Balance - End of Year	<u>\$ 736,575.28</u>	<u>\$ 80,618.20</u>	<u>\$ 84,707.00</u>	<u>\$ 901,900.48</u>
Reconciliation of Operating Loss To Net Cash Used for Operating Activities:				
Operating Income Used for Operating Activities:	\$ 205,718.34	\$ 13,229.33	\$ 281.00	\$ 219,228.67
Depreciation	23,712.42	1,962.40		25,674.82
Decrease in Inventories	(13,996.32)			(13,996.32)
Decrease/(Increase) in Accounts Receivable	(1,255.55)			(1,255.55)
(Decrease)/Increase in Accounts Payable		(26.57)	(408.32)	(434.89)
Increase/(Decrease) in Deferred Revenue	(39,781.49)		17,622.50	(22,158.99)
Total Adjustments	<u>(31,320.94)</u>	<u>1,935.83</u>	<u>17,214.18</u>	<u>(12,170.93)</u>
Net Cash Provided By/(Used For) Operating Activities	<u>\$ 174,397.40</u>	<u>\$ 15,165.16</u>	<u>\$ 17,495.18</u>	<u>\$ 207,057.74</u>

HOLMDEL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

June 30, 2011

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Fund</u>	Agency <u>Fund</u>	<u>Total</u>
Assets:				
Cash and Cash Equivalents	\$ 2,148.17	\$ 9,183.91	\$ 886,068.10	\$ 897,400.18
Intrafund Receivable	<u>121,399.28</u>	<u> </u>	<u> </u>	<u>121,399.28</u>
Total Assets	<u><u>\$ 123,547.45</u></u>	<u><u>\$ 9,183.91</u></u>	<u><u>\$ 886,068.10</u></u>	<u><u>\$ 1,018,799.46</u></u>
Liabilities:				
Intrafund Payable			\$ 121,399.28	\$ 121,399.28
Interfund Payable			240,320.78	240,320.78
Due To State	\$ 39,477.62			39,477.62
Payable To Student Groups			229,313.47	229,313.47
Payroll Deductions and Withholdings			<u>295,034.57</u>	<u>295,034.57</u>
Total Liabilities	<u>39,477.62</u>		<u>886,068.10</u>	<u>925,545.72</u>
Net Assets:				
Held in Trust for Unemployment Claims and Other Purposes	84,069.83			84,069.83
Reserved for Scholarships		<u>\$ 9,183.91</u>		<u>9,183.91</u>
Total Net Assets	<u>84,069.83</u>	<u>9,183.91</u>		<u>93,253.74</u>
Total Liabilities and Net Assets	<u><u>\$ 123,547.45</u></u>	<u><u>\$ 9,183.91</u></u>	<u><u>\$ 886,068.10</u></u>	<u><u>\$ 1,018,799.46</u></u>

HOLMDEL SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

For the fiscal year ended June 30, 2011

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Fund</u>
Additions:		
Contributions:		
Plan Members	\$ 117,126.00	
Other	<u>235,807.00</u>	<u>\$ 5,400.00</u>
Total Contributions	<u>352,933.00</u>	<u>5,400.00</u>
Investment Earnings:		
Interest	<u>0.46</u>	
Net Investment Earnings	<u>0.46</u>	
Total Additions	<u>352,933.46</u>	<u>5,400.00</u>
Deductions:		
Quarterly Contribution Reports	294,369.73	
Scholarships Awarded		<u>6,650.00</u>
Total Deductions	<u>294,369.73</u>	<u>6,650.00</u>
Change in Net Assets	58,563.73	(1,250.00)
Net Assets - Beginning of Year	<u>25,506.10</u>	<u>10,433.91</u>
Net Assets - End of Year	<u><u>\$ 84,069.83</u></u>	<u><u>\$ 9,183.91</u></u>

HOLMDEL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

The Holmdel School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades K-12. The Holmdel School District had an approximate enrollment of 3,244 students at June 30, 2011.

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

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

HOLMDEL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Basis of Presentation, Basis of Accounting:

The School District's basic financial statements consist of District-wide statements, including a Statement of Net Assets and a Statement of Activities, and Fund Financial Statements which provide a more detailed level of financial information.

Basis of Presentation

District-Wide 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 overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These Statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

Fund Financial Statements: During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The Fund Financial Statements provide information about the District's funds, including its fiduciary funds. Separate statements for each Fund category – governmental, proprietary, and fiduciary – are presented. The New Jersey Department of Education ("NJDOE") has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among District financial reporting models.

HOLMDEL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Presentation (Cont'd):

The District reports the following governmental funds:

General Fund - The General Fund is the general operating fund of the District and 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, which are classified in the Capital Outlay subfund.

As required by the NJDOE, 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.

HOLMDEL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Presentation (Cont'd):

The District reports the following proprietary fund:

Enterprise (Food Service) Fund - The Enterprise Fund accounts for all revenues and expenses pertaining to the Board's cafeteria operations. The Food Service Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the costs (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

The District's Enterprise Fund is comprised of the Food Service Fund, the Latchkey Program, and the Summer Enrichment Program.

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 are as follows:

Food Service Fund:	
Equipment	12 Years
Light Trucks and Vehicles	4 Years
Heavy Trucks and Vehicles	6 Years
Folding Gates	10 Years

HOLMDEL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Presentation (Cont'd):

The District reports the following 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 and the Scholarship Account.

Nonexpendable Trust Fund - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. At June 30, 2011, the District had no Non-Expendable Trust Funds.

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.

HOLMDEL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Accounting

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

District-Wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the Enterprise Fund and Fiduciary Funds use the accrual basis of accounting. Differences in the accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as, under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "Accounts Receivable". Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

All governmental and business-type activities and Enterprise Funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

HOLMDEL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the County Office and are 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. 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. All budget amendments/transfers must be approved by Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally-authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The Capital Project Fund presents the remaining project appropriations compared to current-year expenditures.

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

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports. At June 30, 2011, there was a reconciling difference of \$260,659.00 between the budgetary basis and GAAP basis in the General Fund and of \$101,631.73 in the Special Revenue Fund.

The following presents a reconciliation of the General Fund revenues and Special Revenue Fund revenues and expenditures from the budgetary basis of accounting as presented in the Budgetary Comparison Schedules - General and Special Revenue 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. Note that the District does not report encumbrances outstanding at year-end as expenditures in the General Fund since the General Fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payment.

HOLMDEL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Budgets/Budgetary Control (Cont'd):

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	General <u>Fund</u>	Special Revenue <u>Fund</u>
SOURCES/INFLOWS OF RESOURCES		
Actual amounts (budgetary) "revenues" from the Budgetary Comparison Schedules	\$ 52,619,150.80	\$ 1,723,974.16
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Add: Prior Year Encumbrances		156,869.14
Less: Current Year Encumbrances		(55,237.41)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	283,481.00	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(22,822.00)</u>	
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 52,879,809.80</u>	<u>\$ 1,825,605.89</u>
USES/OUTFLOWS OF RESOURCES		
Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule	\$ 52,360,204.24	\$ 1,723,974.16
Difference - 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 the supplies are received for financial reporting purposes.		
Add: Prior Year Encumbrances		156,869.14
Less: Current Year Encumbrances		<u>(55,237.41)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 52,360,204.24</u>	<u>\$ 1,825,605.89</u>

HOLMDEL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Encumbrance Accounting:

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.

E. Assets, Liabilities, and Equity:

Interfund Transactions:

Transfers between Governmental and Business-type activities on the District-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as Interfund transfers. Interfund transfers are reported as other financing sources/uses in Governmental Funds and after non-operating revenues/expenses in the Enterprise Fund. Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Inventories:

Inventory purchases, other than those recorded in the Enterprise Fund, are recorded as expenditures during the first year of purchase. Enterprise Fund inventories are valued at cost, which approximates market, using the first-in/first-out ("FIFO") method.

HOLMDEL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Assets, Liabilities, and Equity (Cont'd):

Capital Assets:

The District has an established formal system of accounting for its Capital Assets. Purchased or constructed Capital Assets are reported at cost. Donated Capital Assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The District does not possess any infrastructure.

All reported Capital Assets except for Land and Construction in Progress are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	40
Building Improvements	40
Temporary or Portable Buildings	30
Vehicles	8
Office and Computer Equipment	5-20
Instructional Equipment	10
Grounds Equipment	15

Compensated Absences:

The District accounts for Compensated Absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting 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 the employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

In the District-wide Statement of Net Assets, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

HOLMDEL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Assets, Liabilities, and Equity (Cont'd):

Compensated Absences (Cont'd):

The liability for vested compensated absences of the proprietary fund-types is recorded within those funds as the benefits accrue to employees. As of June 30, 2011, no liability existed for compensated absences in the Food Service Fund.

Deferred Revenue:

Deferred Revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as Deferred Revenue. Grants and entitlement received before the eligibility requirements are met are also recorded as Deferred Revenue.

Accrued Liabilities and Long-Term Obligations:

All Payables, Accrued Liabilities, and Long-Term Obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually-required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

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 balance of any borrowing 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. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted Net Assets are available.

HOLMDEL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Assets, Liabilities, and Equity (Cont'd):

Fund Balance Reserves:

The 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, maintenance, capital and subsequent years expenditures.

Revenues – Exchange and Nonexchange Transactions:

Revenue resulting from Exchange Transactions, in which each party gives and receives essentially equal value, is recorded on the actual accrual basis when the Exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year-end.

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

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

Operating Revenues and Expenses:

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

HOLMDEL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Assets, Liabilities, and Equity (Cont'd):

Allocation of Indirect 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. Indirect Expenses are allocated to functions but are reported separately in the Statement of Activities. 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 Indirect Expense column of the Statement of Activities. Depreciation expense that could not be attributable to a specific function is considered an Indirect Expense and is reported separately in the Statement of Activities. Interest on long-term debt is considered an Indirect Expense and is reported separately on the Statement of Activities.

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.

Management Estimates:

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

HOLMDEL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

2. CAPITAL RESERVE ACCOUNT

A Capital Reserve Account was established by the Holmdel Board of Education on October 11, 2000 for the accumulation of funds for use as Capital Outlay expenditures in subsequent fiscal years. The Capital Reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the Capital Reserve Account are restricted to Capital Projects in the District's 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 of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A District may also appropriate additional amounts when the excess 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 actual interest earnings of \$0.00.

The June 30, 2010 LRFP balance of local support costs of uncompleted Capital Projects at June 30, 2011 is \$0.00.

3. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2011, the District made transfers to Capital Outlay in the amount of \$0.00 from the General Fund. The transfers were made up of prior-year encumbrances and legally-restricted funds.

HOLMDEL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

4. MAINTENANCE RESERVE ACCOUNT

A Maintenance Reserve Account was established by the Holmdel School Board of Education by inclusion of \$50,000.00 for the accumulation of funds for use as maintenance of Capital Projects in subsequent fiscal years. The Maintenance Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget. Funds placed in the Maintenance Reserve Account are to provide maintenance for completed projects in the District's approved LRFP.

The activity of the Maintenance Reserve for the July 1, 2010 to June 30, 2011 fiscal year is as follows:

Beginning Balance, July 1, 2010	\$ 795,648.56
Add:	
Budget - Transfer of Funds Increase	<u>756,478.06</u>
	1,552,126.62
Less:	
Budget – Transfer to Surplus	<u>776,045.28</u>
Ending Balance, June 30, 2011	<u>\$ 776,081.34</u>

5. DEPOSITS AND INVESTMENTS

The Board of Education considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as Cash and Cash Equivalents.

Deposits

The Board's deposits are insured through the Federal Deposit Insurance Corporation ("FDIC") or New Jersey's Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000.00 in the aggregate by the FDIC for each bank. At June 30, 2011 and 2010, the book values of the Board's deposits were \$5,363,209.66 and \$4,602,561.70, respectively.

HOLMDEL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

5. DEPOSITS AND INVESTMENTS (CONT'D)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

At June 30, 2011 and 2010, the Board's bank balances were \$7,040,225.07 and \$7,489,678.81, respectively, were exposed to Custodial Credit Risk as follows:

	<u>2011</u>	<u>2010</u>
Insured	<u>\$ 7,040,225.07</u>	<u>\$ 7,489,678.81</u>

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully-collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2011, the Board had no investments.

Interest Rate Risk

The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

HOLMDEL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

5. DEPOSITS AND INVESTMENTS (CONT'D)

Credit Risk

State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Investment and interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

6. RECEIVABLES

Receivables at June 30, 2011, consisted of interfund and intergovernmental. All Receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	<u>Governmental Fund Financial Statements</u>	<u>District-Wide Financial Statements</u>
State Aid	\$ 1,076,724.45	\$ 1,076,724.45
Federal Aid	192,981.31	192,981.31
Interfunds	240,321.21	240,320.78
Other	<u>144,884.33</u>	<u>146,169.88</u>
	1,654,911.30	1,656,196.42
Less Allowance for Uncollectibles	<u>0.00</u>	<u>0.00</u>
Total Receivables, Net	<u>\$ 1,654,911.30</u>	<u>\$ 1,656,196.42</u>

HOLMDEL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

7. INTERFUND BALANCES AND TRANSFERS

Balances due to/from other funds at June 30, 2011 consist of the following:

\$ 240,320.78	Due to General Fund from Trust and Agency Fund representing cash advances Payroll Agency
<u> .43</u>	Due to Debt Service Fund from General Operating Fund representing cash advances
<u>\$ 240,321.21</u>	

Transfers

Not applicable.

8. INVENTORY

Inventory in the Food Service Fund at June 30, 2011 consisted of the following:

Food	\$ 8,341.77
Supplies	<u>7,173.76</u>
	<u>\$ 15,515.53</u>

The value of Federal-donated commodities as reflected on Schedule A (required by the Single Audit Act of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements. No commodities were received as of July, 2011.

9. DEFERRED BOND ISSUANCE COSTS

In the 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. The amortization expense for the fiscal year ended June 30, 2011 amounted to \$168,755.89.

HOLMDEL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

10. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 5,122,300.00			\$ 5,122,300.00
Construction in Progress	26,941,289.06			26,941,289.06
Total Capital Assets Not Being Depreciated	32,063,589.06			32,063,589.06
Capital Assets Being Depreciated:				
Site Improvements	1,431,275.79			1,431,275.79
Building and Building Improvements	36,137,331.89	\$ 88,908.51		36,226,240.40
Machinery and Equipment	6,592,249.69	16,382.95	\$ 117,842.00	6,490,790.64
Totals at Historical Cost	44,160,857.37	105,291.46	117,842.00	44,148,306.83
Less Accumulated Depreciation for:				
Site Improvements	(91,352.18)	(19,040.16)		(110,392.34)
Building and Building Improvements	(17,380,945.19)	(723,775.67)		(18,104,720.86)
Machinery and Equipment	(4,542,692.35)	(303,044.03)	(117,842.00)	(4,727,894.38)
Total Accumulated Depreciation	(22,014,989.72)	(1,045,859.86)	(117,842.00)	(22,943,007.58)
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	22,145,867.65	(940,568.40)		21,205,299.25
Government Activity Capital Assets, Net	54,209,456.71	(940,568.40)		53,268,888.31
Business-Type Activities:				
Capital Assets Being Depreciated:				
Equipment	459,679.51			459,679.51
Less Accumulated Depreciation	(408,908.84)	(25,674.82)		(434,583.66)
Enterprise Fund Capital Assets, Net	50,770.67	(25,674.82)		25,095.85
Total	\$ 54,260,227.38	\$ (966,243.22)	\$ 0.00	\$ 53,293,984.16

HOLMDEL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

10. CAPITAL ASSETS (CONT'D)

The NJ State Department of Education has set the capitalization threshold used by school districts in the State of New Jersey at \$2,000.00.

Depreciation expense was charged to functions as follows:

Instruction	\$ 93,432.23
General and Business Administrative Services	5,193.50
Plant Operations and Maintenance	76,314.55
Pupil Transportation	88,255.76
Unallocated	<u>782,663.82</u>
 Total	 <u>\$ 1,045,859.86</u>

11. LONG-TERM OBLIGATIONS

A. Long-Term Obligation Activity:

Changes in Long-Term Obligations for the year ended June 30, 2011, are as follows:

	Balance June 30, <u>2010</u>	<u>Additions</u>	<u>Retired</u>	Balance June 30, <u>2011</u>	Amounts Due Within <u>One Year</u>
<u>Governmental Activities:</u>					
Bonds Payable	\$ 24,655,000.00		\$ 2,170,000.00	\$ 22,485,000.00	\$ 2,200,000.00
Compensated Absences Payable	670,415.21	\$ 151,530.80	104,158.29	717,787.72	
Capital Leases Payable	<u>1,383,800.00</u>		<u>401,900.00</u>	<u>981,900.00</u>	<u>321,100.00</u>
	<u>\$ 26,709,215.21</u>	<u>\$ 151,530.80</u>	<u>\$ 2,676,058.29</u>	<u>\$ 24,184,687.72</u>	<u>\$ 2,521,100.00</u>
Less:					
Net Premium/(Discount)				\$ 340,846.90	
Current Portion of Long-Term Debt				<u>(2,521,100.00)</u>	
				<u>\$ 22,004,434.62</u>	

HOLMDEL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

11. LONG-TERM OBLIGATIONS (CONT'D)

A. Long-Term Obligation Activity: (cont'd)

Compensated absences and capital leases have been liquidated in the General Fund.

Interest paid on debt issued by the District is exempt from federal income tax. Because of this, bondholders are willing to accept a lower interest rate than they would taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The Federal Tax Code refers to this as arbitrage.

Earnings in excess of the yield on the debt issue are rebated to the Federal Government based on requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceeds legally-allowable returns.

Rebatable arbitrage liabilities related to the District debt are not recorded in governmental funds. There is no recognition in the Balance Sheet or Income Statement until rebatable amounts are due and payable to the Federal Government.

	Government Activities			Balance
	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Dates of Maturity</u>	<u>June 30, 2011</u>
Bonds Payable	10/01/03 07/01/05	3.00-5.00% 4.00-4.50%	10/01/11-18 03/15/12-23	\$ 9,310,000.00 <u>13,175,000.00</u>
Total Bonds				<u>\$ 22,485,000.00</u>

HOLMDEL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

11. LONG-TERM OBLIGATIONS (CONT'D)

B. Debt Service Requirements:

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

Debt Service Requirements on serial bonds payable at June 30, 2011 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 2,200,000.00	\$ 913,857.50	\$ 3,113,857.50
2013	2,230,000.00	821,482.50	3,051,482.50
2014	2,250,000.00	719,432.50	2,969,432.50
2015	2,290,000.00	628,826.25	2,918,826.25
2016	2,315,000.00	536,307.50	2,851,307.50
2017	2,300,000.00	436,970.00	2,736,970.00
2018	2,290,000.00	336,720.00	2,626,720.00
2019	1,795,000.00	257,320.00	2,052,320.00
2020	1,185,000.00	197,520.00	1,382,520.00
2021	1,175,000.00	150,120.00	1,325,120.00
2022	1,165,000.00	101,945.00	1,266,945.00
2023	<u>1,290,000.00</u>	<u>54,180.00</u>	<u>1,344,180.00</u>
	<u>\$ 22,485,000.00</u>	<u>\$ 5,154,681.25</u>	<u>\$ 27,639,681.25</u>

As of June 30, 2011, the District had no authorized but not issued bonds.

HOLMDEL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

11. LONG-TERM OBLIGATIONS (CONT'D)

C. Capital Leases - The District is obligated under certain leases accounted for as capital leases. The leased assets and related obligations are accounted for in the General Fixed Assets and the General Long-Term Funds, respectively. Assets under capital leases total \$2,197,502.00. The following is a schedule of future minimum lease payments under capital leases as of June 30, 2011:

<u>Year</u>	<u>Amount</u>
2012	\$ 352,582.00
2013	351,510.00
2014	171,785.00
2015	<u>172,380.00</u>
Total Minimum Lease Payments	1,048,257.00
Less:	
Amount Representing Interest	<u>66,357.00</u>
Present Value of Net Minimum Lease Payments	<u>\$ 981,900.00</u>

12. OPERATING LEASES

The District had no operating leases as of June 30, 2011.

13. 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 which have been established by state statute and are administered by 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 is required supplementary information for the Public Employees Retirement Systems 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, 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.

HOLMDEL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

13. PENSION PLANS (CONT'D)

Public Employees' Retirement System ("PERS") - The Public Employees' Retirement System was established in January, 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 1/60 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 always full 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 account.

Significant Legislation - During the year ended June 30, 1997, legislation was enacted 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 assets valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for 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 to 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.

HOLMDEL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

13. PENSION PLANS (CONT'D)

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.

Three-Year Trend Information for PERS

<u>Year Funding June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2011	\$ 782,419.00	100.00%	\$ 782,419.00
2010	614,498.00	100.00	614,498.00
2009	503,909.00	100.00	503,909.00

Three-Year Trend Information (Paid on Behalf of District)

<u>Year Funding June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2011	\$ 1,676,876.00	100.00%	\$ 0.00
2010	1,589,431.00	100.00	0.00
2009	1,503,547.00	100.00	0.00

During the year ended June 30, 2011, the State of New Jersey contributed \$75,399.00 to the TPAF for normal pension and \$1,601,477.00 for post-retirement medical 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 \$1,784,902.59 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 revenues and expenditures in accordance with GASB 24.

HOLMDEL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

13. PENSION PLANS (CONT'D)

Legislation enacted during 1991 provides 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 1992 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 \$500.00 per month for two years for employees at least age 60 with 10 but less than 20 years of service. The District will assume the increased cost for the early retirement as it affects their District.

14. POST – RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (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 P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, 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 14,050 eligible retired members in fiscal year 2010.

The State will set the contribution rate based on the annual required contribution of the employers ("ARC"), an amount actuarially-determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed 30 years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2011, 2010 and 2009 were \$1,601,447.00, \$1,509,081.00, and \$1,428,600.00, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey.

HOLMDEL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

15. DEFERRED COMPENSATION

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

AXA Equitable Life Insurance Co.	Fidelity Investments
MetLife Insurance Co.	AIG Valic (Variable Annuity Life Ins. Co.)
Lincoln Investments	

16. RISK MANAGEMENT

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

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

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 table below is a summary of the 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 the previous two years.

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010/11	\$ 235,807.00	\$117,126.00	\$ 294,369.73	\$ 84,069.83
2009/10	165,000.00	83,945.32	256,864.14	25,506.10
2008/09	0.00	74,948.70	121,150.18	33,420.64

17. CONTINGENT LIABILITIES

Grant Programs

The District participates in federally-assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The 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.

HOLMDEL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

18. FUND BALANCE APPROPRIATED (GASB 54 Here)

The District has implemented GASB 54 during fiscal year 2011.

As such, fund balance will be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable Fund Balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund).
- Restricted Fund Balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed Fund Balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest-level action to remove or change the constraint.
- Assigned Fund Balance – amounts a District *intends* to use for a specific purpose; intent can be expressed by the Board or by an official or body to which the Board delegates the authority.
- Unassigned Fund Balance – amounts that are available for any purpose; these amounts are reported only in the General Fund.

Fund balance reporting is the result of State Statutes, New Jersey Department of Education regulations and motions (resolutions/ordinances) that are passed at Board meetings. The Board acts on these motions under the guidance of the District's Superintendent and Business Administrator.

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of each fiscal year, utilizing adjusting journal entries.

First, non-spendable fund balances are determined; then, restricted fund balances for specific purposes are determined (not including non-spendable amounts). Any remaining fund balance amounts for the non-General Funds are classified as restricted fund balances.

There is a potential for the non-General Funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceed the positive fund balances for the non-General Funds.

HOLMDEL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

18. FUND BALANCE APPROPRIATED (CONT'D)

Classification Totals

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Fund Balances:					
Restricted	\$ 776,081.34			\$ 31,266.11	\$ 807,347.45
Committed				15,205.67	15,205.67
Assigned	2,919,088.49				2,919,088.49
Unassigned	<u>1,005,146.51</u>				<u>1,005,146.51</u>
	<u>\$ 4,700,316.34</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 46,471.78</u>	<u>\$ 4,746,788.12</u>

19. CALCULATION OF EXCESS SURPLUS

Not applicable.

20. SERVICE AGREEMENT – MOESC

The Monmouth-Ocean Educational Services Commission ("MOESC") provides the following services to the Board:

	<u>Grant Amount</u>	<u>Expenditures</u>	<u>Balance*</u>
Non-Public Textbooks	\$ 89,750.00	\$ 88,673.01	\$ 1,076.99
Non-Public Nursing	106,010.00	105,767.95	242.05
Non-Public ESL	854.00		854.00
Non-Public Comp. Ed	113,031.00	108,844.70	4,186.30
Non-Public Transportation	11,777.00	11,777.00	
Non-Public Exam & Class	98,099.00	98,099.00	
Non-Public Corrective Speech	30,510.00	28,163.08	2,346.92
Non-Public Supplemental Inst.	51,557.00	51,348.50	208.50

* We have been advised that Monmouth-Ocean Educational Services Commission will be responsible for returning unexpended balances to the state.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

HOLMDEL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal year ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 47,180,371.00		\$ 47,180,371.00	\$ 47,180,371.00	
Tuition				238,270.00	\$ 238,270.00
Interest Earned on Investments				4,973.40	4,973.40
Unrestricted Miscellaneous Revenues	400,000.00		400,000.00	249,983.96	(150,016.04)
Total Local Sources	47,580,371.00		47,580,371.00	47,673,598.36	93,227.36
State Sources:					
Extraordinary Aid	269,058.00		269,058.00	1,044,459.00	775,401.00
Categorical Special Education Aid	396,303.00		396,303.00	396,303.00	
Other State Aid				30,258.86	30,258.86
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				1,601,477.00	1,601,477.00
TPAF NCGI Premium (On-Behalf - Non-Budgeted)				75,399.00	75,399.00
TPAF Social Security (Reimbursed - Non-Budgeted)				1,784,902.59	1,784,902.59
Total State Sources	665,361.00		665,361.00	4,932,799.45	4,267,438.45
Federal Sources:					
Medicaid Reimbursement	8,228.00		8,228.00	12,752.99	4,524.99
Total Federal Sources	8,228.00		8,228.00	12,752.99	4,524.99
Total Revenues	48,253,960.00		48,253,960.00	52,619,150.80	4,365,190.80
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	288,394.00	13,880.00	302,274.00	293,993.73	8,280.27
Grades 1-5	5,038,543.00	195,164.00	5,233,707.00	5,224,439.67	9,267.33
Grades 6-8	3,306,658.00	282,999.00	3,589,657.00	3,589,656.39	0.61
Grades 9-12	5,444,519.00	208,537.00	5,653,056.00	5,616,452.08	36,603.92
Regular Programs - Home Instruction:					
Salaries of Teachers	12,800.00	12,190.00	24,990.00	24,990.00	
Purchased Professional - Educational Services	1,700.00		1,700.00	1,512.00	188.00
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	11,600.00	(7,911.00)	3,689.00	675.72	3,013.28
Purchased Professional - Educational Services	3,572.00	(1,545.00)	2,027.00	943.96	1,083.04
General Supplies	535,516.00	42,707.22	578,223.22	560,272.37	17,950.85
Textbooks	336,950.00	(4,200.00)	332,750.00	274,034.67	58,715.33
Other Objects	165,830.00	(1,137.00)	164,693.00	141,512.39	23,180.61
Total Regular Programs - Instruction	15,146,082.00	740,684.22	15,886,766.22	15,728,483.18	158,283.04
Special Education - Instruction - Cognitive - Mild:					
Salaries of Teachers	67,223.00	5,479.00	72,702.00	72,701.69	0.31
Total Special Education - Instruction - Cognitive - Mild	67,223.00	5,479.00	72,702.00	72,701.69	0.31
Special Education - Instruction - Visual Impairments:					
Purchased Professional - Educational Services	59,300.00		59,300.00	37,687.50	21,612.50
Total Special Education - Instruction - Visual Impairments	59,300.00		59,300.00	37,687.50	21,612.50
Special Education - Instruction - Multiple Disabilities:					
Salaries of Teachers	141,234.00	6,573.00	147,807.00	143,720.22	4,086.78
Other Salaries for Instruction	179,080.00	8,898.00	187,978.00	187,977.31	0.69
General Supplies	3,200.00	(1,250.00)	1,950.00	1,543.17	406.83
Textbooks	1,000.00		1,000.00		1,000.00
Other Objects	3,000.00		3,000.00		3,000.00
Total Special Education - Instruction - Multiple Disabilities	327,514.00	14,221.00	341,735.00	333,240.70	8,494.30
Sp. Educ. - Instruction - Resource Room/Resource Center:					
Salaries of Teachers	2,865,664.00	172,857.00	3,038,521.00	3,038,520.62	0.38
General Supplies	20,800.00	7,177.03	27,977.03	24,533.77	3,443.26
Textbooks	10,000.00	(9,177.03)	822.97	822.97	
Total Sp. Educ. - Instruction - Resource Room/Resource Center	2,896,464.00	170,857.00	3,067,321.00	3,063,877.36	3,443.64

HOLMDEL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Fiscal year ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES (continued):					
Special Education - Instruction - Autism:					
Salaries of Teachers	112,036.00	7,213.00	119,249.00	119,248.52	0.48
Other Salaries for Instruction	84,949.00	55,700.00	140,649.00	140,648.76	0.24
General Supplies	2,000.00		2,000.00	1,901.28	98.72
Total Special Education - Instruction - Autism	198,985.00	62,913.00	261,898.00	261,798.56	99.44
Sp. Educ. - Instruction - Preschool Disabilities - Part-Time:					
Salaries of Teachers	250,711.00	28,554.00	279,265.00	279,264.90	0.10
Other Salaries for Instruction	79,145.00	2,315.00	81,460.00	73,543.39	7,916.61
General Supplies	3,000.00		3,000.00	873.84	2,126.16
Total Sp. Educ. - Instruction - Preschool Disabilities - Part-Time	332,856.00	30,869.00	363,725.00	353,682.13	10,042.87
Special Education - Instruction - Home Instruction:					
Salaries of Teachers	90,000.00		90,000.00	58,061.26	31,938.74
Purchased Professional - Educational Services	15,000.00		15,000.00	4,213.03	10,786.97
General Supplies	400.00		400.00	397.58	2.42
Total Special Education - Instruction - Home Instruction	105,400.00		105,400.00	62,671.87	42,728.13
Total Special Education - Instruction	3,987,742.00	284,339.00	4,272,081.00	4,185,659.81	86,421.19
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	473,330.00	22,235.00	495,565.00	495,564.95	0.05
Total Basic Skills/Remedial - Instruction	473,330.00	22,235.00	495,565.00	495,564.95	0.05
Bilingual Education - Instruction:					
Salaries of Teachers	47,455.00	(33,820.00)	13,635.00		13,635.00
General Supplies	1,500.00		1,500.00		1,500.00
Total Bilingual Education - Instruction	48,955.00	(33,820.00)	15,135.00		15,135.00
School Sponsored Co/Extra-Curricular Activities - Instruction:					
Salaries	193,262.00	6,779.00	200,041.00	197,340.84	2,700.16
Supplies and Materials	21,800.00	(6,305.00)	15,495.00	8,738.87	6,756.13
Other Objects	4,000.00		4,000.00	1,008.00	2,992.00
Total School Spon. Co/Extra-Curricular Activities - Instruction	219,062.00	474.00	219,536.00	207,087.71	12,448.29
School Sponsored Athletics - Instruction:					
Salaries	396,215.00	2,890.00	399,105.00	376,096.00	23,009.00
Supplies and Materials	67,000.00	(4,752.00)	62,248.00	58,779.61	3,468.39
Other Objects	104,975.00	18,075.00	123,050.00	111,160.67	11,889.33
Total School Sponsored Athletics - Instruction	568,190.00	16,213.00	584,403.00	546,036.28	38,366.72
Total - Instruction	20,443,361.00	1,030,125.22	21,473,486.22	21,162,831.93	310,654.29
Undist. Expend. - Instruction:					
Tuition To County Voc. School District - Regular	438,438.00	38,449.00	476,885.00	476,884.06	0.94
Tuition To Private Schools for the Disabled Within State	941,004.00	(65,680.00)	875,324.00	631,578.77	243,745.23
Tuition To Priv. Sch Disabled & Other LEAs - Spl, O/S St	750.00		750.00		750.00
Tuition To Priv. Sch Disabled & Other LEAs - Spl, O/S St		4,500.00	4,500.00	4,500.00	
Total Undist. Expend. - Instruction	1,380,190.00	(22,731.00)	1,357,459.00	1,112,962.83	244,496.17
Undist. Expend. - Health Services:					
Salaries	449,266.00	76,724.00	525,990.00	525,989.27	0.73
Purchased Professional and Technical Services	500.00	(500.00)			
Supplies and Materials	7,865.00	10.00	7,875.00	6,994.05	880.95
Other Objects	140,100.00	(3,350.00)	136,750.00	102,341.00	34,409.00
Total Undist. Expend. - Health Services	597,731.00	72,884.00	670,615.00	635,324.32	35,290.68
Undist. Expend. - Other Support Serv. Stud. - Related Svc:					
Salaries	767,609.00	49,720.00	817,329.00	817,328.25	0.75
Purchased Professional - Education Services	5,000.00	10,300.00	15,300.00	15,300.00	
Supplies and Materials	13,000.00	2,000.00	15,000.00	8,867.00	6,133.00
Other Objects	156,000.00	28,000.00	184,000.00	158,525.65	25,474.35
Total Undist. Expend. - Other Support Serv. Stud. - Related Svc.	941,609.00	90,020.00	1,031,629.00	1,000,020.90	31,608.10

HOLMDEL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Fiscal year ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES (continued):					
Undist. Expend. - Other Support Serv. Stud. - Extra Svc:					
Salaries	903,095.00	(5,036.00)	898,059.00	898,058.78	0.22
Purchased Professional - Educational Services	105,500.00	10,100.00	115,600.00	105,632.25	9,967.75
Supplies and Materials	5,000.00		5,000.00	3,192.88	1,807.12
Total Undist. Expend. - Other Support Serv. Stud. - Extra Svc.	1,013,595.00	5,064.00	1,018,659.00	1,006,883.91	11,775.09
Undist. Expend. - Other Support Serv. Students - Regular:					
Salaries of Other Professional Staff	846,596.00	20,470.00	867,066.00	867,065.20	0.80
Salaries of Secretarial and Clerical Assistants	187,961.00	5,522.00	193,483.00	173,515.20	19,967.80
Other Purchased Services	200.00		200.00	200.00	0.00
Supplies and Materials	13,165.00	(3,000.00)	10,165.00	8,592.57	1,572.43
Other Objects	3,600.00	(1,000.00)	2,600.00	1,755.34	844.66
Total Undist. Expend. - Other Support Serv. Stud. - Regular	1,051,522.00	21,992.00	1,073,514.00	1,050,928.31	22,585.69
Undist. Expend. - Other Support Serv. Students - Special:					
Salaries of Other Professional Staff	1,018,276.00		1,018,276.00	990,405.66	27,870.34
Salaries of Secretarial and Clerical Assistants	94,290.00	6,309.00	100,599.00	100,598.91	0.09
Other Purchased Professional and Technical Services	1,500.00		1,500.00	695.00	805.00
Residential Costs	1,000.00		1,000.00		1,000.00
Miscellaneous Purchased Services	4,000.00		4,000.00	220.10	3,779.90
Supplies and Materials	16,000.00		16,000.00	13,263.33	2,736.67
Other Objects	14,000.00	300.00	14,300.00	8,225.73	6,074.27
Total Undist. Expend. - Other Support Serv. Stud. - Special	1,149,066.00	6,609.00	1,155,675.00	1,113,408.73	42,266.27
Undist. Expend. - Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	339,066.00		339,066.00	339,066.00	0.00
Salaries of Other Professional Staff	348,300.00		348,300.00	174,495.84	173,804.16
Salaries of Secretarial and Clerical Assistants	302,458.00	19,303.00	321,761.00	321,760.21	0.79
Other Purchased Professional and Technical Services	500.00	(500.00)			
Other Purchased Services	1,500.00	(300.00)	1,200.00		1,200.00
Supplies and Materials	1,800.00		1,800.00	1,643.43	156.57
Other Objects	20,450.00		20,450.00	10,086.14	10,363.86
Total Undist. Expend. - Improvement of Instructional Services	1,014,074.00	18,503.00	1,032,577.00	847,051.62	185,525.38
Undist. Expend. - Educational Media/School Library:					
Salaries	840,189.00	27,572.00	867,761.00	864,537.70	3,223.30
Supplies and Materials	58,315.00	(10,192.27)	48,122.73	35,650.12	12,472.61
Total Undist. Expend. - Educational Media/School Library	898,504.00	17,379.73	915,883.73	900,187.82	15,695.91
Undist. Expend. - Instructional Staff Training Services:					
Other Objects	41,490.00	1,602.00	43,092.00	26,063.98	17,028.02
Total Undist. Expend. - Instructional Staff Training Services	41,490.00	1,602.00	43,092.00	26,063.98	17,028.02
Undist. Expend. - Support Services - General Administration:					
Legal Services	158,000.00	6,558.75	164,558.75	99,665.83	64,892.92
Audit Fees	30,100.00		30,100.00	29,500.00	600.00
Other Purchased Professional Services	76,500.00	76,050.19	152,550.19	105,158.44	47,391.75
Communications/Telephone	163,320.00	4,968.82	168,288.82	135,843.25	32,445.57
Misc. Purchased Services	500.00		500.00		500.00
Miscellaneous Expenditures	139,324.00		139,324.00	119,150.19	20,173.81
BOE Membership Dues and Fees	19,500.00		19,500.00	3,196.45	16,303.55
Total Undist. Expend. - Support Services - General Admin.	587,244.00	87,577.76	674,821.76	492,514.16	182,307.60
Undist. Expend. - Support Services - School Admin.:					
Salaries of Principals/Assistant Principals	1,029,119.00	(99,000.00)	930,119.00	904,749.36	25,369.64
Salaries of Secretarial and Clerical Assistants	391,911.00	15,348.00	407,259.00	401,870.38	5,388.62
Purchased Professional & Technical Services		99,000.00	99,000.00	93,600.00	5,400.00
Supplies and Materials	26,000.00	509.00	26,509.00	24,300.71	2,208.29
Other Objects	24,400.00	55.78	24,455.78	18,247.75	6,208.03
Total Undist. Expend. - Support Services - School Admin.	1,471,430.00	15,912.78	1,487,342.78	1,442,768.20	44,574.58

HOLMDEL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Fiscal year ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES (continued):					
Undist. Expend. - Support Services - Central Services:					
Salaries	1,096,482.00	21,336.00	1,117,818.00	1,083,549.71	34,268.29
Interest on Current Loans	43,823.00		43,823.00	41,640.88	2,182.12
Miscellaneous Expenditures	30,000.00		30,000.00	1,422.15	28,577.85
Total Undist. Expend. - Support Services - Central Services	1,170,305.00	21,336.00	1,191,641.00	1,126,612.74	65,028.26
Undist. Expend. - Admin. Info. Technology:					
Salaries	50,527.00		50,527.00	50,527.00	
Other Objects	9,000.00	(8,050.00)	950.00	738.19	211.81
Total Undist. Expend. - Admin. Info. Technology	59,527.00	(8,050.00)	51,477.00	51,265.19	211.81
Undist. Expend. - Required Maintenance for School Facilities:					
Salaries	578,620.00	(35,085.00)	543,535.00	543,534.86	0.14
Cleaning, Repair and Maintenance Services	562,057.00	1,376,329.86	1,938,386.86	787,438.12	1,150,948.74
General Supplies	257,972.00	4,446.81	262,418.81	259,531.82	2,886.99
Total Undist. Expend. - Required Maintenance for School Facilities	1,398,649.00	1,345,691.67	2,744,340.67	1,590,504.80	1,153,835.87
Undist. Expend. - Other Oper. & Maint. of Plant:					
Salaries	1,677,240.00	(8,917.00)	1,668,323.00	1,632,969.68	35,353.32
Salaries of Non-Instructional Aides	398,308.00	(112,633.00)	285,675.00	275,883.81	9,791.19
Purchased Professional and Technical Services	204,910.00	30,960.00	235,870.00	227,443.93	8,426.07
Cleaning, Repair and Maintenance Services	83,000.00	4,000.00	87,000.00	85,449.78	1,550.22
Rental of Land & Bldg Other Than Lease Purchase Agreement	41,250.00	6,000.00	47,250.00	47,250.00	
Other Purchased Property Services	124,270.00	7,692.83	131,962.83	129,387.57	2,575.26
Insurance	377,501.00		377,501.00	346,002.60	31,498.40
General Supplies	183,057.00	(5,020.00)	178,037.00	173,196.38	4,840.62
Energy (Natural Gas)	655,745.00	(376,420.00)	279,325.00	243,236.26	36,088.74
Energy (Electricity)	1,312,697.00	(635,875.00)	676,822.00	676,305.56	516.44
Other Objects	43,000.00	430.00	43,430.00	27,538.71	15,891.29
Total Undist. Expend. - Other Oper. & Maint. of Plant	5,100,978.00	(1,089,782.17)	4,011,195.83	3,864,664.28	146,531.55
Undist. Expend. - Care & Upkeep of Grounds:					
Salaries	330,840.00	(1,244.00)	329,596.00	313,471.68	16,124.32
Total Undist. Expend. - Care & Upkeep of Grounds	330,840.00	(1,244.00)	329,596.00	313,471.68	16,124.32
Undist. Expend. - Security:					
Salaries	196,580.00	9,313.00	205,893.00	205,892.72	0.28
Total Undist. Expend. - Security:	196,580.00	9,313.00	205,893.00	205,892.72	0.28
Total Undist. Expend. - Oper. & Maint. of Plant	7,027,047.00	263,978.50	7,291,025.50	5,974,533.48	1,316,492.02
Undist. Expend. - Student Transportation Services:					
Salaries of Non-Instructional Aides	70,273.00	3,097.00	73,370.00	73,368.56	1.44
Salaries for Pupil Transp. (Bet. Home & School) - Regular	577,388.00	85,748.00	663,136.00	663,135.27	0.73
Other Purchased Professional and Technical Services	4,940.00	5,987.00	10,927.00	10,927.00	
Cleaning, Repair and Maintenance Services	6,970.00	(4,300.00)	2,670.00	2,593.07	76.93
Contracted Services (Bet. Home & School) - Vendors	787,615.00	49,700.00	837,315.00	827,062.78	10,252.22
Contracted Services (Other Than Bet. Home & School) - Vendors	132,350.00	18,539.00	150,889.00	144,961.55	5,927.45
Contracted Services (Special Ed. Students) - Vendors	81,150.00	9,475.00	90,625.00	90,624.60	0.40
Contracted Services (Special Ed. Students) - Joint Agreements	349,307.00	71,313.00	420,620.00	420,619.57	0.43
Contracted Services - Aid in Lieu of Payments - NonPublic Sch	88,798.00	(45,698.00)	43,100.00	42,215.76	884.24
Miscellaneous Purchased Services - Transportation	65,200.00	(30,685.00)	34,515.00	34,515.00	
General Supplies	4,000.00	(2,000.00)	2,000.00	1,874.83	125.17
Transportation Supplies	200,000.00	(59,888.00)	140,112.00	137,728.10	2,383.90
Other Objects	5,700.00	(2,265.00)	3,435.00	2,784.64	650.36
Total Undist. Expend. - Student Transportation Services	2,373,691.00	99,023.00	2,472,714.00	2,452,410.73	20,303.27
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	787,800.00	(110,807.00)	676,993.00	674,596.41	2,396.59
Other Retirement Contributions - Regular	735,847.00	46,705.00	782,552.00	782,551.64	0.36
Unemployment Compensation	125,000.00	110,807.00	235,807.00	235,807.00	
Workmen's Compensation	305,316.00		305,316.00	299,409.00	5,907.00
Health Benefits	6,924,137.00	(1,007,928.00)	5,916,209.00	5,815,918.04	100,290.96
Tuition Reimbursement	99,100.00		99,100.00	23,919.44	75,180.56
Other Employee Benefits	160,000.00	88,559.00	248,559.00	176,227.44	72,331.56
Total Unallocated Benefits - Employee Benefits	9,137,200.00	(872,664.00)	8,264,536.00	8,008,428.97	256,107.03

HOLMDEL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Fiscal year ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES (continued):					
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				1,601,477.00	(1,601,477.00)
TPAF Pension (On-Behalf - Non-Budgeted)				75,399.00	(75,399.00)
TPAF Social Security (Reimbursed - Non-Budgeted)				1,784,902.59	(1,784,902.59)
Total On-Behalf Contributions				3,461,778.59	(3,461,778.59)
Total Personal Services - Employee Benefits	9,137,200.00	(872,664.00)	8,264,536.00	11,470,207.56	(3,205,671.56)
Total Undistributed Expenditures	29,914,225.00	(181,563.23)	29,732,661.77	30,703,144.48	(970,482.71)
Total Expenditures - Current Expense	50,357,586.00	848,561.99	51,206,147.99	51,865,976.41	(659,828.42)
CAPITAL OUTLAY					
Equipment:					
Undist. Expend. - Instruction	15,248.00	(1,118.28)	14,129.72	13,502.22	627.50
Total Equipment	15,248.00	(1,118.28)	14,129.72	13,502.22	627.50
Facilities Acquisition and Construction Services:					
Construction Services		0.30	0.30		0.30
Lease Purchase Agreements - Principal	401,900.00		401,900.00	393,626.61	8,273.39
Other Objects	87,099.00		87,099.00	87,099.00	
Total Facilities Acquisition and Construction Services	488,999.00	0.30	488,999.30	480,725.61	8,273.69
Total Capital Outlay	504,247.00	(1,117.98)	503,129.02	494,227.83	8,901.19
Total Expenditures	50,861,833.00	847,444.01	51,709,277.01	52,360,204.24	(650,927.23)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(2,607,873.00)	(847,444.01)	(3,455,317.01)	258,946.56	3,714,263.57
Fund Balances, July 1	4,464,191.78		4,464,191.78	4,464,191.78	
Fund Balances, June 30	\$ 1,856,318.78	\$ (847,444.01)	\$ 1,008,874.77	\$ 4,723,138.34	\$ 3,714,263.57
Recapitulation:					
Restricted:					
Maintenance Reserve				\$ 776,081.34	
Assigned:					
Year-End Encumbrances				1,319,088.49	
Designated for Subsequent Year's Expenditures				1,600,000.00	
Unassigned				1,027,968.51	
				4,723,138.34	
Reconciliation To Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				(22,822.00)	
Fund Balance per Governmental Funds (GAAP)				\$ 4,700,316.34	
Recapitulation of Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ (2,607,873.00)	\$ (847,444.01)	\$ (3,455,317.01)		
Budgeted Fund Balance	(2,607,873.00)		(2,607,873.00)		
Budgeted Adjustment for Prior Year Encumbrances		(72,610.73)	(72,610.73)		
Transfers From Surplus		(774,833.28)	(774,833.28)		
	\$ (2,607,873.00)	\$ (847,444.01)	\$ (3,455,317.01)		

HOLMDEL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND

Fiscal year ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
Revenues:			
Local Sources	\$ 54,024.11	\$ 51,589.58	\$ (2,434.53)
State Sources	501,588.00	503,196.03	1,608.03
Federal Sources	<u>1,171,491.17</u>	<u>1,169,188.55</u>	<u>(2,302.62)</u>
Total Revenues	<u>1,727,103.28</u>	<u>1,723,974.16</u>	<u>(3,129.12)</u>
Expenditures:			
Instruction:			
Salaries of Teachers	176,840.32	174,804.80	2,035.52
Purchased Professional & Technical Services	501,588.00	503,196.03	(1,608.03)
Purchased Professional & Educational Services	1,670.00	1,670.00	
Tuition	665,325.53	665,325.53	
General Supplies	<u>50,040.87</u>	<u>49,966.07</u>	<u>74.80</u>
Total Instruction	<u>1,395,464.72</u>	<u>1,394,962.43</u>	<u>502.29</u>
Support Services:			
Salaries	8,421.15	8,421.15	
Purchased Professional & Educational Services	195,443.97	195,017.63	426.34
Purchased Professional & Technical Services	4,340.00	4,340.00	
Personal Services - Employee Benefits	25,996.00	25,996.00	
Other Purchased Services	35,695.30	30,939.07	4,756.23
Supplies and Materials	<u>61,669.93</u>	<u>64,297.88</u>	<u>(2,627.95)</u>
Total Support Services	<u>331,566.35</u>	<u>329,011.73</u>	<u>2,554.62</u>
Facilities Acquisition and Construction Services:			
Non-Instructional Equipment	<u>72.21</u>	<u>72.21</u>	<u>72.21</u>
Total Facilities Acquisition and Construction Services	<u>72.21</u>	<u>72.21</u>	<u>72.21</u>
Total Expenditures	<u>1,727,103.28</u>	<u>1,723,974.16</u>	<u>3,129.12</u>
Total Outflows	<u>1,727,103.28</u>	<u>1,723,974.16</u>	<u>3,129.12</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Uses	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

HOLMDEL SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 BUDGET-TO-GAAP RECONCILIATION

Fiscal year ended June 30, 2011

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures	General Fund	Special Revenue Fund
SOURCES/INFLOWS OF RESOURCES		
Actual amounts (budgetary) "revenues" from the Budgetary Comparison Schedules	\$ 52,619,150.80	\$ 1,723,974.16
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Add: Prior Year Encumbrances		156,869.14
Less: Current Year Encumbrances		(55,237.41)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	283,481.00	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(22,822.00)</u>	<u> </u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 52,879,809.80</u>	<u>\$ 1,825,605.89</u>
USES/OUTFLOWS OF RESOURCES		
Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule	\$ 52,360,204.24	\$ 1,723,974.16
Difference - 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 the supplies are received for financial reporting purposes.		
Add: Prior Year Encumbrances		156,869.14
Less: Current Year Encumbrances		<u>(55,237.41)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 52,360,204.24</u>	<u>\$ 1,825,605.89</u>

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

HOLMDEL SCHOOL DISTRICT
SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

For the fiscal year ended June 30, 2011

	New Jersey Nonpublic Aid								
	Auxiliary Services			Handicapped Services					
	Compensatory Education	ESL	Transportation	Examination and Classification	Corrective Speech	Supplementary Instruction	Textbooks	Nursing Service	Home Instruction
Revenues									
Local Sources	\$ 113,031.00	\$ 854.00	\$ 11,777.00	\$ 98,099.00	\$ 30,510.00	\$ 51,557.00	\$ 89,750.00	\$ 106,010.00	\$ 1,608.03
State Sources									
Federal Sources									
Total Revenues	<u>\$ 113,031.00</u>	<u>\$ 854.00</u>	<u>\$ 11,777.00</u>	<u>\$ 98,099.00</u>	<u>\$ 30,510.00</u>	<u>\$ 51,557.00</u>	<u>\$ 89,750.00</u>	<u>\$ 106,010.00</u>	<u>\$ 1,608.03</u>
Expenditures									
Instruction:									
Salaries of Teachers									
Purchased Professional & Technical Services	\$ 113,031.00	\$ 854.00	\$ 11,777.00	\$ 98,099.00	\$ 30,510.00	\$ 51,557.00	\$ 89,750.00	\$ 106,010.00	\$ 1,608.03
Purchased Professional & Educational Services									
Tuition									
General Supplies									
Total Instruction	<u>113,031.00</u>	<u>854.00</u>	<u>11,777.00</u>	<u>98,099.00</u>	<u>30,510.00</u>	<u>51,557.00</u>	<u>89,750.00</u>	<u>106,010.00</u>	<u>1,608.03</u>
Support Services:									
Salaries									
Purchased Professional & Educational Services									
Purchased Professional & Technical Services									
Personal Services - Employee Benefits									
Other Purchased Services									
Supplies and Materials									
Total Support Services									
Total Expenditures	<u>\$ 113,031.00</u>	<u>\$ 854.00</u>	<u>\$ 11,777.00</u>	<u>\$ 98,099.00</u>	<u>\$ 30,510.00</u>	<u>\$ 51,557.00</u>	<u>\$ 89,750.00</u>	<u>\$ 106,010.00</u>	<u>\$ 1,608.03</u>

HOLMDEL SCHOOL DISTRICT
SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

For the fiscal year ended June 30, 2011

	HFEE	NJSBAIG Safety Grant	ARRA IDEA B 2010/11	ARRA IDEA B Preschool 2010/11	I.D.E.A. Part B - Combined		
					Basic 2009/10	Basic 2010/11	Preschool 2010/11
<u>Revenues</u>							
Local Sources	\$ 38,573.38	\$ 13,016.20					
State Sources			\$ 305,783.79	\$ 5,355.97	\$ 12,347.34	\$ 729,347.20	\$ 30,316.19
Federal Sources			\$ 305,783.79	\$ 5,355.97	\$ 12,347.34	\$ 729,347.20	\$ 30,316.19
Total Revenues	\$ 38,573.38	\$ 13,016.20	\$ 305,783.79	\$ 5,355.97	\$ 12,347.34	\$ 729,347.20	\$ 30,316.19
<u>Expenditures</u>							
Instruction:							
Salaries of Teachers			\$ 149,799.80				\$ 25,005.00
Purchased Professional & Technical Services							
Purchased Professional & Educational Services			51,835.31		\$ 9,289.22	\$ 604,201.00	281.19
Tuition	\$ 38,573.38		1,378.24	\$ 3,340.97			
General Supplies							
Total Instruction	38,573.38		203,013.35	3,340.97	9,289.22	604,201.00	25,286.19
Support Services:							
Salaries			8,421.15				
Purchased Professional & Educational Services			29,537.80		3,058.12	118,180.20	
Purchased Professional & Technical Services			2,325.00	2,015.00			5,030.00
Personal Services - Employee Benefits			20,966.00			6,966.00	
Other Purchased Services			41,520.49				
Supplies and Materials		\$ 13,016.20					
Total Support Services		13,016.20	102,770.44	2,015.00	3,058.12	125,146.20	5,030.00
Total Expenditures	\$ 38,573.38	\$ 13,016.20	\$ 305,783.79	\$ 5,355.97	\$ 12,347.34	\$ 729,347.20	\$ 30,316.19

HOLMDEL SCHOOL DISTRICT
SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

For the fiscal year ended June 30, 2011

	Title II 2009/09	Title II 2009/10	Title II 2010/11	Title II Part D 2010/11	Title IV 2007/08	Title IV 2008/09	Title IV 2009/10	Immigrant Title III 2010/11	Immigrant Title III 2009/10	Totals
Revenues										
Local Sources										\$ 51,589.58
State Sources										503,196.03
Federal Sources	\$ 904.17	\$ 25,326.50	\$ 50,441.43	\$ 71.36	\$ 119.99	\$ 1,497.00	\$ 1,537.23	\$ 4,173.94	\$ 1,966.44	1,169,188.55
Total Revenues	\$ 904.17	\$ 25,326.50	\$ 50,441.43	\$ 71.36	\$ 119.99	\$ 1,497.00	\$ 1,537.23	\$ 4,173.94	\$ 1,966.44	\$ 1,723,974.16
Expenditures										
Instruction:										
Salaries of Teachers										\$ 174,804.80
Purchased Professional & Technical Services										503,196.03
Purchased Professional & Educational Services		\$ 1,670.00								1,670.00
Tuition		2,928.85				\$ 1,497.00			\$ 1,966.44	665,325.53
General Supplies		4,598.85				1,497.00			1,966.44	49,966.07
Total Instruction										1,394,962.43
Support Services:										
Salaries										8,421.15
Purchased Professional & Educational Services	\$ 904.17	11,678.15	\$ 31,659.19							195,017.63
Purchased Professional & Technical Services										4,340.00
Personal Services - Employee Benefits		7,733.19	15,909.88				\$ 330.00			25,996.00
Other Purchased Services		1,316.31	2,872.36	\$ 71.36	\$ 119.99		1,207.23	\$ 4,173.94		30,939.07
Supplies and Materials										64,297.88
Total Support Services	904.17	20,727.65	50,441.43	71.36	119.99		1,537.23	4,173.94		329,011.73
Total Expenditures	\$ 904.17	\$ 25,326.50	\$ 50,441.43	\$ 71.36	\$ 119.99	\$ 1,497.00	\$ 1,537.23	\$ 4,173.94	\$ 1,966.44	\$ 1,723,974.16

CAPITAL PROJECTS FUND
DETAIL STATEMENTS

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

HOLMDEL SCHOOL DISTRICT

CAPITAL PROJECTS FUND

SUMMARY STATEMENT OF PROJECT EXPENDITURES

For the year ended June 30, 2011

<u>Project Title/Issue</u>	<u>Date</u>	<u>Original Appropriations</u>	<u>Expenditures To Date</u>		<u>Cancelled</u>	<u>Unexpended Balance</u>
			<u>Prior Years</u>	<u>Current Year</u>		
Renovations and Additions, Various Capital Projects and Purchase of Furniture and Equipment	10/31/01	\$ 27,010,520.00	\$ 26,838,569.36			\$ 171,950.64
MCIA Capital Equipment Lease - 2008	2008	801,450.00	801,449.38			0.62
MCIA Capital Equipment Lease - 2009	2010	<u>798,000.00</u>	<u>791,089.06</u>	\$ 6,910.94		
		<u>\$ 28,609,970.00</u>	<u>\$ 28,431,107.80</u>	<u>\$ 6,910.94</u>	<u>\$ 0.00</u>	<u>\$ 171,951.26</u>
Unexpended Balance						\$ 171,951.26
Unearned SDA Grant Revenue						(125,237.48)
Bonds Unissued						<u>(242.00)</u>
Balance per B-2						<u>\$ 46,471.78</u>

HOLMDEL SCHOOL DISTRICT

CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASISRENOVATIONS OF AND ADDITIONS TO SCHOOLS,
VARIOUS CAPITAL PROJECTS AND PURCHASE OF FURNITURE AND EQUIPMENT

From inception and for the year ended June 30, 2011

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
State Sources - SDA Grant	\$ 8,006,136.66		\$ 8,006,136.66	\$ 8,134,278.00
Bond Proceeds and Transfers	<u>18,876,000.00</u>		<u>18,876,000.00</u>	<u>18,876,242.00</u>
Total Revenues	<u>26,882,136.66</u>		<u>26,882,136.66</u>	<u>27,010,520.00</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	2,721,205.94		2,721,205.94	2,722,781.19
Construction Services	23,929,230.76		23,929,230.76	24,098,049.09
Equipment Purchases	<u>188,132.66</u>		<u>188,132.66</u>	<u>189,689.72</u>
Total Expenditures	<u>26,838,569.36</u>		<u>26,838,569.36</u>	<u>27,010,520.00</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ 43,567.30</u>	<u>\$ 0.00</u>	<u>\$ 43,567.30</u>	<u>\$ 0.00</u>
Additional Project Information:				
Project Date	10/31/01			
Grant Date	10/31/01			
Bond Authorization Date	12/11/01			
Bonds Authorized	\$ 18,876,242.00			
Bonds Issued	18,876,000.00			
Original Authorization Cost	27,010,520.00			
Additional Authorization Cost	0.00			
Revised Authorization Cost	27,010,520.00			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	99.88%			
Original Target Completion Date	Sept. 2005			
Revised Target Completion Date	Sept. 2006			

HOLMDEL SCHOOL DISTRICT

CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS

MCIA CAPITAL EQUIPMENT LEASE - 2007

From inception and for the 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:				
Bond Proceeds and Transfers	\$ 801,450.00	_____	\$ 801,450.00	\$ 801,450.00
Total Revenues	<u>801,450.00</u>	_____	<u>801,450.00</u>	<u>801,450.00</u>
Expenditures and Other Financing Uses:				
Equipment Purchases	<u>801,449.38</u>	_____	<u>801,449.38</u>	<u>801,450.00</u>
Total Expenditures	<u>801,449.38</u>	_____	<u>801,449.38</u>	<u>801,450.00</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ 0.62</u>	<u>\$ 0.00</u>	<u>\$ 0.62</u>	<u>\$ 0.00</u>

Additional Project Information:

Project Date	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorization Cost	N/A
Additional Authorization Cost	N/A
Revised Authorization Cost	N/A
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	N/A
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

HOLMDEL SCHOOL DISTRICT

CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS

MCIA CAPITAL EQUIPMENT LEASE - 2009

From inception and for the 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:				
Bond Proceeds and Transfers	<u>\$ 798,000.00</u>	<u> </u>	<u>\$ 798,000.00</u>	<u>\$ 798,000.00</u>
Total Revenues	<u>798,000.00</u>	<u> </u>	<u>798,000.00</u>	<u>798,000.00</u>
Expenditures and Other Financing Uses:				
Equipment Purchases	<u>791,089.06</u>	<u>\$ 6,910.94</u>	<u>798,000.00</u>	<u>798,000.00</u>
Total Expenditures	<u>791,089.06</u>	<u>6,910.94</u>	<u>798,000.00</u>	<u>798,000.00</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ 6,910.94</u>	<u>\$ (6,910.94)</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

Additional Project Information:

Project Date	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorization Cost	N/A
Additional Authorization Cost	N/A
Revised Authorization Cost	N/A

Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	N/A
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

PROPRIETARY FUND
DETAIL STATEMENTS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the District's Board is that the costs of providing goods or services be financed through user charges.

FOOD SERVICE FUND

This Fund provides for the operation of food services within the School District.

This section has already been included in Statements B-4, B-5, and B-6.

FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the School District for a specific purpose.

Agency Funds are used to account for assets held by the School District as an agent for individuals, private organizations, other governments and/or other funds.

Student Activity Fund: This Agency Fund is used to account for student funds held at the schools.

Payroll Fund: This Agency Fund is used to account for the payroll transactions of the School District.

Scholarship Fund: This Fund is a Nonexpendable Trust Fund and limits expenses according to the Scholarship Agreement.

Unemployment Agency Fund: This Fund is used to account for assets to finance the cost of unemployment benefits.

HOLMDEL SCHOOL DISTRICT

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

June 30, 2011

	Unemployment Compensation Trust	Private Purpose Scholarship Fund	Agency Fund	Totals
<u>Assets</u>				
Cash and Cash Equivalents	\$ 2,148.17	\$ 9,183.91	\$ 886,068.10	\$ 897,400.18
Intrafund Receivable	<u>121,399.28</u>	<u> </u>	<u> </u>	<u>121,399.28</u>
Total Assets	<u>\$ 123,547.45</u>	<u>\$ 9,183.91</u>	<u>\$ 886,068.10</u>	<u>\$ 1,018,799.46</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Intrafund Payable			\$ 121,399.28	\$ 121,399.28
Interfund Payable			240,320.78	240,320.78
Due To State	\$ 39,477.62			39,477.62
Payable To Student Groups			229,313.47	229,313.47
Payroll Deductions and Withholdings			<u>295,034.57</u>	<u>295,034.57</u>
Total Liabilities	<u>39,477.62</u>	<u> </u>	<u>886,068.10</u>	<u>925,545.72</u>
Net Assets:				
Held in Trust for Unemployment Claims and Other Purposes	84,069.83			84,069.83
Reserved for Scholarships		<u>\$ 9,183.91</u>		<u>9,183.91</u>
Total Net Assets	<u>84,069.83</u>	<u>9,183.91</u>	<u> </u>	<u>93,253.74</u>
Total Liabilities and Net Assets	<u>\$ 123,547.45</u>	<u>\$ 9,183.91</u>	<u>\$ 886,068.10</u>	<u>\$ 1,018,799.46</u>

HOLMDEL SCHOOL DISTRICT

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

For the fiscal year ended June 30, 2011

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Fund</u>	<u>Totals</u>
Additions:			
Contributions:			
Plan Members	\$ 117,126.00		\$ 117,126.00
Other	<u>235,807.00</u>	<u>\$ 5,400.00</u>	<u>241,207.00</u>
Total Contributions	<u>352,933.00</u>	<u>5,400.00</u>	<u>358,333.00</u>
Investment Earnings:			
Interest	<u>0.46</u>		<u>0.46</u>
Net Investment Earnings	<u>0.46</u>		<u>0.46</u>
Total Additions	<u>352,933.46</u>	<u>5,400.00</u>	<u>358,333.46</u>
Deductions:			
Quarterly Contribution Reports	294,369.73		294,369.73
Scholarships Awarded		<u>6,650.00</u>	<u>6,650.00</u>
Total Deductions	<u>294,369.73</u>	<u>6,650.00</u>	<u>301,019.73</u>
Change in Net Assets	58,563.73	(1,250.00)	57,313.73
Net Assets - Beginning of Year	<u>25,506.10</u>	<u>10,433.91</u>	<u>35,940.01</u>
Net Assets - End of Year	<u>\$ 84,069.83</u>	<u>\$ 9,183.91</u>	<u>\$ 93,253.74</u>

HOLMDEL SCHOOL DISTRICT

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

STUDENT ACTIVITY AGENCY FUND

For the fiscal year ended June 30, 2011

	Balance July 1, <u>2010</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance June 30, <u>2011</u>
Elementary and Middle Schools:				
Village	\$ 2,841.56	\$ 29,213.35	\$ 27,127.43	\$ 4,927.48
Indian Hill	64,780.77	62,420.63	63,533.95	63,667.45
William R. Satz	6,413.80	165,156.97	167,953.17	3,617.60
William R. Satz Athletic Fund	<u>1,316.84</u>	<u>13,000.16</u>	<u>10,994.00</u>	<u>3,323.00</u>
Total Elementary and Middle Schools	<u>75,352.97</u>	<u>269,791.11</u>	<u>269,608.55</u>	<u>75,535.53</u>
Senior High School:				
Holmdel	181,674.84	407,704.38	435,685.91	153,693.31
Holmdel Athletic Fund	<u>1,547.09</u>	<u>101,738.66</u>	<u>103,201.12</u>	<u>84.63</u>
Total Senior High School	<u>214,721.55</u>	<u>509,443.04</u>	<u>538,887.03</u>	<u>153,777.94</u>
Total All Schools	<u>\$ 290,074.52</u>	<u>\$ 779,234.15</u>	<u>\$ 808,495.58</u>	<u>\$ 229,313.47</u>

HOLMDEL SCHOOL DISTRICT

PAYROLL AGENCY FUND

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

For the fiscal year ended June 30, 2011

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
<u>Assets</u>				
Cash Payroll	\$ 53,012.38	\$ 22,755,239.71	\$ 22,760,064.43	\$ 48,187.66
Cash Payroll Agency	<u>436,175.92</u>	<u>22,031,523.99</u>	<u>21,810,945.28</u>	<u>656,754.63</u>
Total Assets	<u>\$ 489,188.30</u>	<u>\$ 44,786,763.70</u>	<u>\$ 44,571,009.71</u>	<u>\$ 704,942.29</u>
<u>Liabilities</u>				
Payroll Deductions and Withholdings	\$ 242,835.57	\$ 21,801,716.49	21,749,517.49	\$ 295,034.57
Due To General Fund - Payroll Agency	131,912.56	108,408.22		240,320.78
Due To Unemployment Compensation Trust Fund	<u>61,427.79</u>	<u>121,399.28</u>	<u>61,427.79</u>	<u>121,399.28</u>
Total Payroll Agency	<u>436,175.92</u>	<u>22,031,523.99</u>	<u>21,810,945.28</u>	<u>656,754.63</u>
Net Payroll	<u>53,012.38</u>	<u>22,755,239.71</u>	<u>22,760,064.43</u>	<u>48,187.66</u>
Total Liabilities	<u>\$ 489,188.30</u>	<u>\$ 44,786,763.70</u>	<u>\$ 44,571,009.71</u>	<u>\$ 704,942.29</u>

LONG-TERM DEBT SCHEDULES

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the School District. This includes serial bonds outstanding and obligations under capital leases.

HOLMDEL SCHOOL DISTRICT
 GENERAL LONG-TERM DEBT ACCOUNT GROUP
 STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES

June 30, 2011

<u>Description</u>	<u>Amount of Original Issue</u>	<u>Balance July 1, 2010</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Balance June 30, 2011</u>
2005/06 MCIA Equipment	\$ 503,200.00	\$ 107,700.00		\$ 107,700.00	
2007/08 MCIA Equipment	790,800.00	497,100.00		158,200.00	\$ 338,900.00
2009/10 MCIA Equipment	779,000.00	779,000.00		136,000.00	<u>643,000.00</u>
		<u>\$ 1,383,800.00</u>	<u>\$ 0.00</u>	<u>\$ 401,900.00</u>	<u>\$ 981,900.00</u>

HOLMDEL SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND

For the fiscal year ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive/(Negative) Final To Actual
<u>Revenues</u>					
Local Sources:					
Local Tax Levy	\$ 3,160,520.00	_____	\$ 3,160,520.00	\$ 3,160,520.00	_____
Total Revenues	<u>3,160,520.00</u>	_____	<u>3,160,520.00</u>	<u>3,160,520.00</u>	_____
<u>Expenditures</u>					
Regular Debt Service:					
Interest on Bonds	990,520.00	_____	990,520.00	990,520.00	_____
Redemption of Principal	<u>2,170,000.00</u>	_____	<u>2,170,000.00</u>	<u>2,170,000.00</u>	_____
Total Regular Debt Service	<u>3,160,520.00</u>	_____	<u>3,160,520.00</u>	<u>3,160,520.00</u>	_____
Total Expenditures	<u>3,160,520.00</u>	_____	<u>3,160,520.00</u>	<u>3,160,520.00</u>	_____
Excess/(Deficiency) of Revenue Over/(Under) Expenditures					
Fund Balance, July 1	_____	_____	_____	_____	_____
Fund Balance, June 30	<u>\$ 0.00</u>				
Recapitulation of Excess/(Deficiency) of Revenues Over/(Under) Expenditures					
Budgeted Fund Balance	<u>\$ 0.00</u>				

STATISTICAL SECTION

FINANCIAL TRENDS/INFORMATION SCHEDULES

HOLMDEL SCHOOL DISTRICT
NET ASSETS BY COMPONENT

LAST NINE FISCAL YEARS
(ACCURAL BASIS OF ACCOUNTING)
(UNAUDITED)

	June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Government Activities:									
Invested in Capital Assets, Net of Related Debt	\$ 1,909,623.31	\$ 16,508,262.02	\$ 21,840,870.69	\$ 22,838,438.43	\$ 23,974,185.68	\$ 24,868,774.78	\$ 26,451,697.30	\$ 27,893,766.29	\$ 29,461,141.41
Restricted	15,521,052.14	6,074,255.19	2,122,828.55	1,428,621.90	1,623,458.60	1,146,594.64	1,563,372.81	3,529,842.84	3,741,641.61
Unrestricted	488,632.95	(357,797.80)	(625,852.03)	(303,480.77)	(220,401.50)	54,521.44	449,004.17	(253,792.44)	193,857.09
Total Government Activities Net Assets	\$ 17,919,308.40	\$ 22,224,719.41	\$ 23,337,847.21	\$ 23,963,579.56	\$ 25,377,242.78	\$ 26,069,890.86	\$ 28,464,074.28	\$ 31,169,816.69	\$ 33,396,640.11
Business-Type Activities:									
Invested in Capital Assets, Net of Related Debt	\$ 99,389.09	\$ 119,204.19	\$ 100,784.19	\$ 87,104.16	\$ 193,658.07	\$ 152,275.39	\$ 91,149.39	\$ 50,770.67	\$ 25,095.85
Unrestricted	106,492.23	102,214.04	184,710.82	86,193.32	126,128.36	229,876.13	422,774.95	597,877.81	842,809.40
Total Business-Type Activities Net Assets	\$ 205,881.32	\$ 221,418.23	\$ 285,495.01	\$ 173,297.48	\$ 319,786.43	\$ 382,151.52	\$ 513,924.34	\$ 648,648.48	\$ 867,905.25
District-wide:									
Invested in Capital Assets, Net of Related Debt	\$ 2,009,012.40	\$ 16,627,466.21	\$ 21,941,654.88	\$ 22,925,542.59	\$ 24,167,843.75	\$ 25,021,050.18	\$ 26,542,846.69	\$ 27,944,536.96	\$ 29,486,237.26
Restricted	15,521,052.14	6,074,255.19	2,122,828.55	1,547,486.26	1,623,458.60	1,146,594.64	1,563,372.81	3,529,842.84	3,741,641.61
Unrestricted	595,124.91	(255,563.76)	(441,141.21)	(336,151.81)	(94,273.14)	284,397.57	871,779.12	344,085.37	1,036,666.49
Total District Net Assets	\$ 18,125,189.45	\$ 22,446,137.64	\$ 23,623,342.22	\$ 24,136,877.04	\$ 25,697,029.21	\$ 26,452,042.39	\$ 28,977,998.62	\$ 31,818,465.17	\$ 34,264,545.36

HOLMDEL SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses:									
Governmental Activities:									
Instruction:									
Regular	\$ (18,241,903.17)	\$ (19,566,715.70)	\$ (20,514,745.73)	\$ (21,876,690.91)	\$ (23,271,750.61)	\$ (24,493,798.46)	\$ (23,724,087.51)	\$ (22,900,777.95)	\$ (22,167,082.74)
Special Education	(2,852,172.44)	(3,177,863.55)	(3,822,890.47)	(4,199,899.79)	(4,981,772.77)	(5,778,128.93)	(5,847,358.02)	(5,882,719.42)	(5,998,445.51)
Other Special Education	(338,280.64)	(370,701.17)	(402,683.48)	(467,878.83)	(500,246.38)	(526,960.86)	(573,950.06)	(587,807.55)	(495,594.95)
Other Instruction	(740,952.60)	(788,663.61)	(836,415.94)	(894,137.47)	(919,067.71)	(965,455.25)	(949,230.60)	(913,484.48)	(937,029.81)
Support Services:									
Tuition	(1,081,485.36)	(1,694,382.48)	(1,362,717.54)	(1,237,610.34)	(1,352,172.88)	(1,190,792.81)	(1,177,368.62)	(1,064,117.35)	(1,112,962.83)
Student and Instruction Related Services	(4,537,900.75)	(4,684,443.75)	(5,998,978.82)	(5,890,345.40)	(6,496,282.89)	(6,707,993.61)	(6,896,948.29)	(8,637,241.38)	(8,862,160.38)
School Administrative Services	(1,124,963.87)	(1,166,124.65)	(1,371,713.94)	(1,499,903.67)	(1,614,784.31)	(1,651,139.98)	(1,726,367.78)	(1,821,854.83)	(1,781,415.91)
General Administration	(1,487,734.74)	(1,834,577.17)	(1,768,442.31)	(842,389.42)	(803,244.51)	(750,681.32)	(754,004.11)	(868,621.65)	(886,156.50)
Central Services				(993,203.25)	(978,809.40)	(1,030,223.83)	(1,101,164.78)	(1,175,856.97)	(1,120,580.05)
Administrative Information Technology								(38,602.97)	(51,265.19)
Plant Operations and Maintenance	(4,395,467.18)	(5,134,457.74)	(6,050,402.93)	(6,351,324.77)	(6,511,904.73)	(8,570,139.78)	(7,481,290.99)	(8,227,159.28)	(7,574,762.72)
Pupil Transportation	(2,398,236.55)	(2,823,462.47)	(2,834,339.47)	(3,759,518.10)	(3,423,907.74)	(3,526,055.39)	(3,341,649.88)	(3,240,832.25)	(3,008,797.15)
Interest on Long-Term Debt	(2,074,422.98)	(1,550,618.94)	(1,538,424.90)	(1,533,489.64)	(1,307,470.01)	(1,226,731.50)	(1,122,425.74)	(1,047,958.91)	(860,350.29)
Unallocated Depreciation and Amortization	(1,337,908.55)	(849,440.51)	(1,175,616.94)	(1,633,448.63)	(1,278,404.51)	(925,503.81)	(917,138.04)	(885,402.41)	(782,663.82)
Total Governmental Activities Expenses	(40,611,428.83)	(43,641,451.64)	(47,677,372.47)	(51,179,840.22)	(53,439,818.45)	(57,343,605.53)	(55,613,004.42)	(57,292,437.40)	(55,639,207.85)
Business-Type Activities:									
Food Service	(1,177,974.06)	(1,242,031.36)	(1,194,577.93)	(1,443,062.24)	(1,473,658.11)	(1,546,171.82)	(1,286,087.12)	(1,211,315.53)	(1,244,816.87)
Latchkey Program							(201,313.03)	(181,612.33)	(181,113.47)
Summer Enrichment							(70,288.64)	(97,731.68)	(26,664.00)
Total Business-Type Activities Expenses	(1,177,974.06)	(1,242,031.36)	(1,194,577.93)	(1,443,062.24)	(1,473,658.11)	(1,546,171.82)	(1,567,688.79)	(1,490,659.54)	(1,452,594.34)
Total District Expenses	\$ (41,789,402.89)	\$ (44,883,483.00)	\$ (48,871,950.40)	\$ (52,622,902.46)	\$ (54,913,476.56)	\$ (58,889,777.35)	\$ (57,180,693.21)	\$ (58,783,086.94)	\$ (57,091,802.19)
Program Revenues:									
Governmental Activities:									
Charges for Services:									
Instruction (Tuition)	\$ 11,548.12	\$ 14,928.00	\$ 16,764.44	\$ 11,699.00	\$ 60,887.00	\$ 105,809.79	\$ 84,784.00	\$ 217,385.49	\$ 238,270.00
Operating Grants and Contributions	820,733.36	864,090.29	863,292.77	870,575.00	888,920.03	887,898.00	1,075,903.23	1,247,408.38	14,742.91
Capital Grants and Contributions	2,206,932.16	5,209,487.55	57,520.00	6,094.33			11,552.33		
Total Governmental Activities Program Revenues	3,039,213.64	6,088,505.84	937,577.21	888,368.33	949,807.03	993,707.79	1,172,239.56	1,464,793.87	253,012.91
Business-Type Activities:									
Charges for Services:									
Food Service	1,106,967.25	1,207,183.89	1,237,786.32	1,287,702.07	1,454,208.41	1,602,555.21	1,415,147.46	1,336,189.09	1,450,535.21
Latchkey Program							212,315.03	184,572.50	194,342.80
Summer Enrichment							70,316.00	104,306.78	26,945.00
Operating Grants and Contributions	14,663.40	10,851.89	20,868.39	17,937.45					
Capital Grants and Contributions					158,399.51				
Total Business-Type Activities Program Revenues	1,121,630.65	1,218,035.78	1,258,654.71	1,305,639.52	1,612,607.92	1,602,555.21	1,697,778.49	1,625,068.37	1,671,823.01
Total District Program Revenues	\$ 4,160,844.29	\$ 7,306,541.62	\$ 2,196,231.92	\$ 2,194,007.85	\$ 2,562,414.95	\$ 2,596,263.00	\$ 2,870,018.05	\$ 3,089,862.24	\$ 1,924,835.92

HOLMDEL SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(ACCURAL BASIS OF ACCOUNTING)
(UNAUDITED)

	June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Net (Expense)/Revenue:									
Governmental Activities:									
Business-Type Activities	\$ (37,572,215.19)	\$ (37,552,945.80)	\$ (46,739,795.26)	\$ (50,291,471.89)	\$ (52,490,011.42)	\$ (56,349,897.74)	\$ (54,440,764.86)	\$ (55,827,643.53)	\$ (55,386,194.94)
	(56,343.41)	(23,995.58)	64,076.78	(137,422.72)	138,949.81	56,383.39	130,089.70	134,408.83	219,228.67
Total District-wide Net (Expense)/Revenue	\$ (37,628,568.60)	\$ (37,576,941.38)	\$ (46,675,718.48)	\$ (50,428,894.61)	\$ (52,351,061.61)	\$ (56,293,514.35)	\$ (54,310,675.16)	\$ (55,693,234.70)	\$ (55,166,966.27)
General Revenues and Other Changes in Net Assets:									
Governmental Activities:									
Property Taxes Levied for General Purposes, Net	\$ 31,785,176.00	\$ 34,210,161.00	\$ 38,658,705.00	\$ 40,622,028.00	\$ 42,607,166.00	\$ 44,387,036.00	\$ 45,845,732.00	\$ 46,564,487.00	\$ 47,180,371.00
Taxes Levied for Debt Service	2,825,078.00	3,397,756.00	3,037,373.00	3,442,455.00	3,243,641.00	3,280,732.00	3,119,351.00	3,221,163.00	3,160,520.00
Unrestricted Grants and Contributions	4,453,779.83	5,157,924.80	5,554,969.60	5,910,235.40	7,491,362.92	7,958,950.31	7,367,049.00	7,729,657.71	6,965,580.42
Investment Earnings	294,136.59	138,789.91	159,227.53	265,432.45	317,892.57	219,459.64	60,228.10	7,866.95	4,973.40
Miscellaneous Income	340,737.22	235,446.56	442,647.93	677,953.39	243,612.15	1,196,367.88	442,588.17	1,010,211.28	301,573.54
Total Governmental Activities	39,698,907.64	43,140,078.27	47,852,923.06	50,917,204.24	53,903,674.64	57,042,545.83	56,834,948.27	58,533,385.94	57,613,018.36
Business-Type Activities:									
Investment Earnings		1,297.39		5,225.19	7,539.14	5,981.70	1,683.12	15.31	28.10
Miscellaneous Income				20,000.00					
Total Business-Type Activities		1,297.39		25,225.19	7,539.14	5,981.70	1,683.12	15.31	28.10
Total District-wide	\$ 39,698,907.64	\$ 43,141,375.66	\$ 47,852,923.06	\$ 50,942,429.43	\$ 53,911,213.78	\$ 57,048,527.53	\$ 56,836,631.39	\$ 58,533,401.25	\$ 57,613,046.46
Changes in Net Assets:									
Governmental Activities	\$ (2,126,692.45)	\$ (5,587,132.47)	\$ (1,113,127.80)	\$ 625,732.35	\$ 1,413,663.22	\$ 692,648.09	\$ 2,394,183.41	\$ 2,705,742.41	\$ 2,226,823.42
Business-Type Activities	56,343.41	22,698.19	(64,076.78)	(112,197.53)	146,488.95	62,365.09	131,772.82	134,424.14	219,256.77
Total District	\$ (2,070,349.04)	\$ (5,564,434.28)	\$ (1,177,204.58)	\$ 513,534.82	\$ 1,560,152.17	\$ 755,013.18	\$ 2,525,956.23	\$ 2,840,166.55	\$ 2,446,080.19

HOLMDEL SCHOOL DISTRICT

FUND BALANCES, GOVERNMENTAL FUNDS

LAST NINE FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund:									
Reserved	\$ 122,282.66	\$ 330,858.33	\$ 776,354.08	\$ 950,583.24	\$ 751,445.41	\$ 537,163.31	\$ 1,516,901.03	\$ 3,476,132.29	
Unreserved	2,220,023.21	1,422,878.12	1,617,043.03	928,921.07	1,465,741.28	1,447,899.36	1,422,160.64	704,578.49	
Restricted									\$ 776,081.34
Assigned									2,929,088.49
Unassigned									1,005,146.51
Total General Fund	\$ 2,342,305.87	\$ 1,753,736.45	\$ 2,393,397.11	\$ 1,879,504.31	\$ 2,217,186.69	\$ 1,985,062.67	\$ 2,939,061.67	\$ 4,180,710.78	\$ 4,710,316.34
All Other Governmental Funds:									
Reserved	\$ 15,846,953.62	\$ 3,359,553.31	\$ 414,699.65	\$ 122,835.03	\$ 92,256.81	\$ 89,718.05	\$ 15,205.67	\$ 15,205.67	
Unreserved, Reported In:									
Capital Projects Fund	(948,594.61)	1,627,399.85	52,813.06	18,669.30	30,424.43	19,713.28	31,266.11	38,177.05	
Debt Service Fund	32,895.47	303,661.84	26,860.59	74,728.09	0.09	0.59	0.33		
Restricted:									\$ 31,266.11
Capital Projects Fund									
Committed:									15,205.67
Capital Projects Fund									
Total All Other Governmental Funds	\$ 14,931,254.48	\$ 5,290,615.00	\$ 494,373.30	\$ 216,232.42	\$ 122,681.33	\$ 109,431.92	\$ 46,472.11	\$ 53,382.72	\$ 46,471.78

HOLMDEL SCHOOL DISTRICT
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)

	2002*	2003*	2004*	2005	2006	2007	2008	2009	2010	2011
Revenues:										
Tax Levy	\$ 31,966,816.00	\$ 34,610,254.00	\$ 37,607,917.00	\$ 41,696,078.00	\$ 44,064,483.00	\$ 45,850,807.00	\$ 47,667,788.00	\$ 48,965,083.00	\$ 49,765,650.00	\$ 50,340,891.00
Tuition Charges					11,699.00	60,887.00	105,809.79	84,784.00	217,385.49	238,270.00
Interest Earnings	460,213.10	504,051.24	487,474.26	709,926.63	265,432.45	317,892.57	219,459.64	80,728.10	4,973.40	4,973.40
Miscellaneous	4,231,788.08	4,733,694.26	5,468,179.10	5,731,382.63	6,085,317.33	7,571,786.02	7,976,150.38	7,671,850.43	7,549,327.03	5,666,654.48
State Sources	389,951.96	540,828.93	613,835.99	686,879.74	695,493.07	808,098.93	870,697.93	782,654.13	1,427,739.06	1,283,573.27
Federal Sources										
Total Revenues	37,048,749.14	40,388,858.43	44,117,406.35	48,824,267.00	51,799,478.24	54,853,481.67	57,234,803.84	58,007,187.93	59,200,179.81	57,865,935.69
Expenditures:										
Instruction:										
Regular	14,232,387.70	14,420,949.31	15,037,063.59	16,314,749.19	16,441,784.27	16,323,491.81	16,962,288.66	17,437,743.05	15,969,314.03	15,728,483.18
Special	1,567,840.35	2,097,846.40	2,228,014.24	2,641,014.94	2,930,466.51	3,183,603.71	3,851,136.01	4,029,268.01	4,119,680.90	4,185,659.81
Other	283,546.94	338,290.64	370,701.17	402,693.46	467,878.83	500,246.38	526,960.86	573,928.10	587,807.55	485,584.95
School-Sponsored/Other Instructional	680,011.29	682,927.52	700,714.60	696,193.42	755,293.20	728,352.81	761,077.21	765,708.73	742,163.09	753,123.99
Undistributed:										
Instruction	1,025,635.52	1,081,485.36	1,694,382.48	1,362,717.54	1,237,610.34	1,352,172.88	1,190,792.81	1,177,368.62	1,064,117.35	1,112,962.83
Health Services	273,272.62	376,773.61	393,004.07	417,051.26	426,816.26	552,921.60	559,897.34	587,451.73	598,548.67	635,324.32
Support Services - Students	1,659,330.36	1,764,618.24	1,900,402.09	3,166,652.37	3,027,045.91	3,278,920.12	3,419,362.79	3,499,542.24	5,145,943.95	5,071,429.67
Support Services - Instructional Staff	1,230,182.11	1,226,806.37	1,202,835.31	1,516,819.63	1,453,551.62	1,373,008.42	1,396,482.25	1,482,044.38	851,823.81	873,115.60
Central Services					993,203.25	978,808.40	1,030,223.83	1,101,164.78	1,175,858.97	1,126,612.74
Admin. Information Technology									21,462.95	51,265.19
General Administration	1,131,133.39	1,169,257.95	1,366,348.46	488,755.14	539,449.21	507,211.62	481,976.04	492,535.57	511,328.85	492,514.16
School Administrative Services	883,041.99	919,167.07	926,569.17	1,134,914.37	1,264,114.73	1,341,667.44	1,365,285.73	1,438,478.10	1,476,994.24	1,442,768.20
Plant Operations and Maintenance	3,600,579.15	3,851,378.67	4,539,641.83	5,240,605.59	5,589,866.39	6,643,014.68	6,451,239.99	6,523,869.29	5,884,296.02	5,974,533.48
Pupil Transportation	1,783,221.94	1,921,697.55	2,232,627.34	2,302,231.63	2,422,150.19	2,641,054.70	2,725,778.26	2,594,409.32	2,696,853.29	2,452,410.73
Business and Other Support Services					5,885,345.58	6,512,353.75	6,869,671.31	6,774,158.98	11,048,128.68	8,008,428.97
Employee Benefits	3,618,139.55	4,382,676.03	4,813,565.34	5,569,379.28						
Other	133,524.80	120,498.29	97,495.41	938,332.81						
On-Behalf TPAF Post Retirement Medical Contributions										
On-Behalf TPAF Pension Contributions										
Reimbursed TPAF Social Security										
Contributions	1,235,745.52	1,308,029.47	1,398,766.79	1,505,201.48	1,164,724.00	1,580,974.00	1,788,227.00	74,887.00	1,509,081.00	1,601,477.00
Capital Outlay	912,454.43	321,787.79	489,805.46	710,348.20	1,569,670.48	1,635,172.26	1,720,058.88	1,796,033.33	1,729,843.68	1,784,902.59
Special Revenue	1,004,048.92	1,165,025.07	1,123,501.98		959,027.37	720,299.21	413,585.04	535,546.48	827,928.58	494,227.83
Debt Service:										
Principal	1,175,000.00	965,000.00	1,600,000.00	1,780,000.00	2,155,000.00	2,000,000.00	2,054,000.00	1,975,000.00	2,155,000.00	2,170,000.00
Interest and Other Charges	1,037,069.00	1,827,192.53	1,563,849.01	1,561,755.25	1,387,628.83	1,318,369.90	1,228,731.50	1,144,351.25	1,066,163.76	960,520.00
Total Expenditures	37,466,145.58	40,428,612.87	44,381,271.34	48,606,609.59	52,081,298.54	54,590,526.29	57,466,927.36	57,041,636.76	61,277,805.71	57,348,425.71
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(417,396.44)	(39,754.44)	(263,864.99)	218,657.41	(281,820.30)	262,955.38	(232,123.52)	965,551.07	(2,077,625.90)	519,509.98
Other Financing Sources/(Uses):										
Proceeds From Borrowing										
Capital Leases (Non-Budgeted)				141,202.00						
Proceeds From Refunding					13,415,000.00					
Payments To Escrow Agent				(14,676,090.65)						
Transfers In				61,077.98						
Transfers Out										
Total Other Financing Sources/(Uses)	61,077.98	61,077.98	61,077.98	141,202.00	(184,405.00)	141,202.00	141,202.00	141,202.00	141,202.00	141,202.00
Net Change in Fund Balances	(417,396.44)	(39,754.44)	(202,787.01)	359,859.41	(466,225.30)	262,955.38	(232,123.52)	965,551.07	(2,077,625.90)	519,509.98
Debt Service as a Percentage of Noncapital Expenditures	6.05%	6.86%	7.19%	6.98%	6.93%	6.16%	5.75%	5.52%	5.33%	5.56%
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.
 * Special Revenue allocation not available
 ** Debt Service breakdown not available
 *** Other Financing Sources/(Uses) not available

HOLMDEL SCHOOL DISTRICT

GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE

LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

Fiscal Year Ending June 30,	Tuition from Individuals	Tuition from Other LEA's	Miscellaneous	Interest on Investments	Prior Years' Refunds	Rental Income	Donations	Net Bond Premium	Annual Totals
2002	\$ 24,702.64	\$ 24,702.64	\$ 68,568.29	\$ 111,713.93	\$ 78,367.64	\$ 28,924.68	\$ 146,935.92	\$	\$ 483,915.74
2003	11,548.12	11,548.12	70,699.93	195,381.29	53,494.19	44,506.37	127,552.79		514,730.81
2004	14,928.00	14,928.00	114,588.85	138,789.91	10,478.22	45,288.48	109,462.74	\$ 53,938.06	502,402.26
2005	16,764.44	16,764.44	244,199.74	159,227.53	2,872.75	69,153.50	100,481.66		609,464.06
2006	11,699.00	11,699.00	62,604.87	265,432.45	3,868.07	73,270.50			428,573.89
2007	60,887.00	60,887.00	51,953.99	317,892.57	19,269.89	61,322.50			511,325.95
2008	105,809.79	105,809.79	145,570.77	219,459.64	9,216.91	59,070.00			539,127.11
2009	84,784.00	84,784.00	91,270.14	60,228.10	12,189.27	74,048.00			322,519.51
2010	217,385.49	217,385.49	47,072.13	7,866.95	11,492.49	91,439.10			375,256.16
2011	238,270.00	238,270.00	126,665.54	4,973.40	19,226.17	104,092.25			493,227.36

Source: District records

REVENUE CAPACITY INFORMATION

HOLMDEL SCHOOL DISTRICT

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ending June 30.	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment
2002	\$ 50,085,200	\$ 1,550,805,564	\$ 9,449,700	\$ 987,915	\$ 139,390,020	\$ 152,345,800	\$ 5,597,600
2003	37,287,200	1,606,365,289	10,355,100	940,715	185,201,020	128,098,000	4,497,600
2004	24,466,500	1,660,099,689	9,709,400	931,015	186,180,420	123,098,000	4,497,600
2005	19,113,800	1,690,716,364	9,191,200	858,415	186,775,455	116,598,000	4,497,600
2006	19,400,900	1,705,212,614	9,333,000	826,215	176,496,355	111,598,000	3,747,600
2007	66,876,000	3,994,163,600	21,106,100	1,145,700	415,843,400	104,124,500	8,819,200
2008	60,436,400	4,002,513,000	19,650,400	1,056,800	388,531,700	89,671,500	8,819,200
2009	55,722,300	3,999,727,100	22,044,800	1,196,100	383,292,500	75,171,300	8,819,200
2010	39,934,900	3,348,716,600	17,413,800	1,161,500	360,379,100	56,906,900	8,955,700
2011	39,307,000	3,357,071,100	16,884,500	1,153,900	351,317,300	56,906,900	8,955,700

	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b
2002	\$ 2,033,991,874	\$ 125,330,075	\$ 6,593,860	\$ 1,915,255,659	\$ 2,730,285,625	1.807
2003	2,099,994,974	127,250,050	6,327,988	1,979,072,912	3,057,827,998	1.900
2004	2,136,282,674	127,300,050	5,445,186	2,014,427,810	3,460,373,832	2.070
2005	2,155,050,884	127,300,050	5,257,744	2,033,008,578	3,712,386,905	2.168
2006	2,157,844,934	131,230,250	4,616,335	2,031,231,019	4,021,046,277	2.258
2007	4,973,801,300	361,722,800	8,965,069	4,621,043,569	4,509,985,451	1.032
2008	4,960,398,600	389,719,600	8,972,507	4,579,651,507	4,567,319,744	1.069
2009	4,937,813,300	391,840,000	9,060,389	4,555,033,689	4,618,304,460	1.093
2010	4,220,862,000	387,393,500	8,963,595	3,842,432,095	4,500,916,124	1.310
2011	4,218,989,900	387,393,500	7,757,167	3,839,353,567	4,311,735,038	1.310

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 Taxation. Reassessment (R) occurs when the County Board of Taxation requests Treasury to order a reassessment.

- a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
- b Tax rates are per \$100
- N/A At the time of CAFR Completion, this data was not yet available

HOLMDEL SCHOOL DISTRICT

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS
(RATE PER \$100 OF ASSESSED VALUE)
(UNAUDITED)

Fiscal Year Ending June 30,	Holmdel School District Direct Rate				Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	School Tax Rate	Total Direct	Holmdel Township	Monmouth County		
2001	1.568	0.141	1.709	0.328	0.605		2.642	
2002	1.672	0.135	1.807	0.385	0.624		2.816	
2003	1.769	0.131	1.900	0.419	0.642		2.961	
2004	N/A	N/A	2.070	0.442	0.640		3.152	
2005	2.010	0.158	2.168	0.461	0.609		3.238	
2006	N/A	N/A	2.258	0.476	0.566		3.300	
2007	0.922	0.070	1.032	0.223	0.263		1.518	
2008	N/A	N/A	1.069	0.232	0.255		1.556	
2009	N/A	N/A	1.093	0.254	0.262		1.609	
2010	N/A	N/A	1.310	0.321	0.315		1.946	
2011	N/A	N/A	1.310	0.336	0.315		1.961	

Source: Municipal Tax Assessor

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

a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation taxable.
 b Rates for debt service are based on each year's requirements.
 N/A At the time of CAFR completion, the data was not yet available.

HOLMDEL SCHOOL DISTRICT
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO
 (UNAUDITED)

	2011			2002		
	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value
Taxpayer 1	\$ 55,564,500	1		\$ 130,000,000	1	6.79%
Taxpayer 2	51,911,100	2		30,000,000	2	1.57%
Taxpayer 3	34,000,000	3		28,531,100	3	1.49%
Taxpayer 4	26,651,500	4		21,059,700	4	1.10%
Taxpayer 5	20,588,100	5		15,524,800	5	0.81%
Taxpayer 6	20,000,000	6		10,800,000	6	0.56%
Taxpayer 7	19,295,400	7		10,590,000	7	0.55%
Taxpayer 8	11,701,200	8		6,523,700	8	0.34%
Taxpayer 9	8,774,700	9		6,500,000	9	0.34%
Taxpayer 10	8,612,700	10		6,327,988	10	0.33%
Total	\$ 257,099,200			\$ 265,857,288		13.88%

HOLMDEL SCHOOL DISTRICT

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 31,966,816.00	\$ 31,966,816.00	100.00%	-
2003	34,610,254.00	34,610,254.00	100.00%	-
2004	37,607,917.00	37,607,917.00	100.00%	-
2005	41,696,078.00	41,696,078.00	100.00%	-
2006	44,064,483.00	44,064,483.00	100.00%	-
2007	45,850,807.00	45,850,807.00	100.00%	-
2008	47,667,768.00	47,667,768.00	100.00%	-
2009	48,965,083.00	48,965,083.00	100.00%	-
2010	49,785,650.00	49,785,650.00	100.00%	-
2011	50,340,891.00	50,340,891.00	100.00%	-

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

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

DEBT CAPACITY INFORMATION

HOLMDEL SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ending June 30,	Governmental Activities			Bond		Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Anticipation Notes (BANs)	Capital Leases	Total District	\$		
2002	\$ 37,665,000.00		\$ 1,250,341.72			\$ 38,915,341.72	5.34%	\$ 42,979.00	
2003	36,700,000.00		1,001,505.03			37,701,505.03	5.19%	43,160.00	
2004	36,175,000.00		1,451,189.72			37,626,189.72	4.86%	45,784.00	
2005	34,395,000.00		1,103,220.59			35,498,220.59	N/A	N/A	
2006	32,839,000.00		1,244,229.66			34,083,229.66	N/A	N/A	
2007	30,839,000.00		794,158.50			31,633,158.50	N/A	N/A	
2008	28,785,000.00		790,800.00			29,575,800.00	N/A	N/A	
2009	26,810,000.00		859,500.00			27,669,500.00	N/A	N/A	
2010	24,655,000.00		1,383,800.00			26,038,800.00	N/A	N/A	
2011	22,485,000.00		981,900.00			23,466,900.00	N/A	N/A	

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.

b Includes Early Retirement Incentive Plan ("ERIP") refunding
N/A At the time of CAFR completion, the data was not yet available.

HOLMDEL SCHOOL DISTRICT

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ending 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	\$ 37,665,000.00		\$ 37,665,000.00	1.97%	\$ 2,274.59
2003	36,700,000.00		36,700,000.00	1.85%	2,179.08
2004	36,175,000.00		36,175,000.00	1.80%	2,137.50
2005	34,395,000.00		34,395,000.00	1.69%	2,029.92
2006	32,839,000.00		32,839,000.00	1.62%	1,904.37
2007	30,839,000.00		30,839,000.00	0.67%	N/A
2008	28,785,000.00		28,785,000.00	0.63%	N/A
2009	26,810,000.00		26,810,000.00	0.58%	N/A
2010	24,655,000.00		24,655,000.00	0.55%	N/A
2011	22,485,000.00		22,485,000.00	0.64%	N/A

Note: 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.

HOLMDEL SCHOOL DISTRICT
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2011
 (UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Holmdel Township	\$ 16,734,893	100.00	\$ 16,734,893
Monmouth County General Obligation Debt	488,135,115	3.599007	<u>17,568,017</u>
Subtotal, Overlapping Debt			34,302,910
Holmdel District Direct Debt			<u>22,485,000</u>
Total Direct and Overlapping Debt			<u>\$ 56,787,910</u>

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

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Holmdel. 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.

HOLMDEL SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Legal Debt Margin Calculation for Fiscal Year 2011

	Equalized Valuation Basis:	
	2010	\$ 4,281,291,602
	2009	4,475,704,736
	2008	4,634,167,089
	(A)	<u>\$ 13,391,163,427</u>
Average Equalized Valuation of Taxable Property	(A/3)	\$ 4,463,721,142
Debt Limit (4% of Average Equalization Value)	(B)	178,548,846
Total Net Debt Applicable To Limit	(C)	<u>22,485,000</u>
Legal Debt Margin	(B-C)	<u>\$ 156,063,846</u>

a

	Fiscal Year			
	2002	2003	2004	2005
Debt Limit	\$ 105,509,124	\$ 119,248,116	\$ 132,729,122	\$ 146,905,463
Total Net Debt Applicable To Limit	<u>37,665,000</u>	<u>36,700,000</u>	<u>15,461,787</u>	<u>34,395,000</u>
Legal Debt Margin	<u>\$ 67,844,124</u>	<u>\$ 82,548,116</u>	<u>\$ 117,267,335</u>	<u>\$ 112,510,463</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	35.70	30.78	11.65	23.41
	2007	2008	2009	2010
Debt Limit	\$ 163,245,582	\$ 174,030,193	\$ 182,544,846	\$ 182,793,750
Total Net Debt Applicable To Limit	<u>30,839,000</u>	<u>28,785,000</u>	<u>26,810,000</u>	<u>24,655,000</u>
Legal Debt Margin	<u>\$ 132,406,582</u>	<u>\$ 145,245,193</u>	<u>\$ 155,734,846</u>	<u>\$ 158,138,750</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	18.89	16.54	14.69	13.49
				2011
Debt Limit				\$ 178,548,846
Total Net Debt Applicable To Limit				<u>22,485,000</u>
Legal Debt Margin				<u>\$ 156,063,846</u>

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 N.J.S.A. 18A:24-19 for a K through 12 District; other percentage limits would be applicable for other District types.

DEMOGRAPHIC AND ECONOMIC STATISTICS

HOLMDEL SCHOOL DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Year</u>	<u>Population</u> ^a	<u>Personal Income</u> ^b	<u>Per Capita Personal Income</u> ^c	<u>Unemployment Rate</u> ^d
2002	16,559	\$ 728,248,261	\$ 43,979	3.10%
2003	16,842	726,900,720	43,160	3.20%
2004	16,924	774,848,416	45,784	2.60%
2005	16,944	N/A	N/A	2.50%
2006	17,244	N/A	N/A	N/A
2007	N/A	N/A	N/A	N/A
2008	17,425	N/A	N/A	2.29%
2009	17,468	N/A	N/A	2.96%
2010	17,483	N/A	N/A	2.96%
2011	17,483	1,186,343,931	67,857	2.96%

Source:

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

OPERATING INFORMATION

HOLMDEL SCHOOL DISTRICT

FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Function/Program</u>	<u>2002</u>	<u>2003</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			214.00	215.00	219.00	217.00	217.00	210.70	205.00	195.00
Regular			58.00	59.00	64.00	66.00	66.00	74.30	72.00	69.00
Special Education										
Other Special Education										
Vocational										
Other Instruction										
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Tuition			45.00	53.00	56.00	56.00	56.00	59.20	90.00	93.50
Student and Instruction Related Services			6.00	5.00	5.00	5.00	5.00	5.00	6.00	6.00
General Administrative Services			16.00	14.00	15.00	15.00	15.00	15.00	17.00	17.00
School Administrative Services			7.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Business Administrative Services			2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.50
Information Technology			39.00	47.00	47.00	47.00	47.00	47.00	81.00	81.50
Plant Operations and Maintenance			31.00	32.00	32.00	32.00	32.00	32.00	25.00	23.50
Pupil Transportation										
Total	0.00	0.00	418.00	433.00	446.00	446.00	446.00	451.20	504.00	494.00

HOLMDEL SCHOOL DISTRICT
OPERATING STATISTICS

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^d	Percentage Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2002	3,518	\$ 37,466,145.58	10,650	5.45%				3,517.00	3,457.39	2.03%	98.31%	
2003	3,587	40,428,612.87	11,271	5.83%				3,588.00	3,525.98	2.02%	98.27%	
2004	3,574	44,381,271.34	12,418	10.18%	272			3,577.00	3,517.25	-0.31%	98.33%	
2005	3,578	48,602,609.59	13,584	9.39%	274			3,574.00	3,426.00	-0.08%	95.86%	
2006	3,493	52,081,098.54	14,910	9.76%	283			3,490.00	3,400.83	-2.35%	97.44%	
2007	3,390	54,590,527.00	16,103	8.00%	283			3,388.00	3,319.99	-2.92%	97.99%	
2008	3,346	57,466,927.00	17,175	6.65%	283			3,345.00	3,280.75	-4.15%	98.08%	
2009	3,293	57,116,149.00	17,345	0.99%	285			3,290.00	3,003.88	-2.89%	91.30%	
2010	3,215	58,749,620.00	18,274	5.36%	277			3,213.00	3,110.30	-2.34%	96.80%	
2011	3,154	53,691,582.30	17,023	-6.84%	264			3,151.00	3,068.33	-1.93%	97.38%	

Source: 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 staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

HOLMDEL SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION

LAST TEN FISCAL YEARS
(UNAUDITED)

	<u>2002</u>	<u>2003</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>
<u>District Building</u>										
<u>Elementary</u>										
Village School (1952)	137,691	137,691	137,691	137,691	137,691	137,691	137,691	137,691	137,691	137,691
Square Feet	956	956	956	956	956	956	956	956	956	956
Capacity (students)	671	722	965	964	958	899	900	910	841	835
Enrollment										
Indian Hill (1961)	121,406	121,406	121,406	121,406	121,406	121,406	121,406	121,406	121,406	121,406
Square Feet	879	879	879	879	879	879	879	879	879	879
Capacity (students)	1,127	1,099	821	821	790	818	797	773	767	731
Enrollment										
<u>Junior High School</u>										
WR Satz Jr. High (1962)	91,146	91,146	91,146	91,146	91,146	91,146	91,146	91,146	91,146	91,146
Square Feet	581	581	581	581	581	581	581	581	581	581
Capacity (students)	609	590	607	596	601	568	553	545	557	541
Enrollment										
<u>High School</u>										
Holmdel High School (1958)	159,247	159,247	159,247	159,247	159,247	159,247	159,247	159,247	159,247	159,247
Square Feet	767	767	767	767	767	767	767	767	767	767
Capacity (students)	1,111	1,176	1,181	1,197	1,146	1,105	1,096	1,065	1,050	1,047
Enrollment										

Other

Number of Schools at June 30, 2011:

- Elementary = 2
- Junior High School = 1
- High School = 1

HOLMDEL SCHOOL DISTRICT

SCHEDULE OF REQUIRED MAINTENANCE

LAST TEN FISCAL YEARS
(UNAUDITED)

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

*School Facilities

Project # (s)	Holmdel High School	William R. Satz	Indian Hill	Village	Total
2002	\$ 316,884.73	\$ 143,033.20	\$ 299,300.16	\$ 147,202.14	\$ 906,420.23
2003	313,058.83	141,306.13	295,686.56	145,425.06	895,476.58
2004	300,582.59	227,246.02	579,595.46	249,808.31	1,357,232.38
2005	363,299.86	308,915.39	316,208.54	405,213.04	1,393,636.83
2006	544,346.00	248,344.00	300,319.00	308,377.00	1,401,386.00
2007	488,520.00	232,576.00	289,322.00	309,514.00	1,319,932.00
2008	611,684.70	298,230.17	338,741.00	368,852.83	1,617,508.70
2009	630,926.09	311,201.00	363,144.00	386,878.00	1,692,149.09
2010	541,167.00	236,012.00	291,823.00	282,502.00	1,351,504.00
2011	519,738.48	277,401.27	288,567.48	504,797.57	1,590,504.80
Total School Facilities	\$ 4,630,208.28	\$ 2,424,265.18	\$ 3,362,707.20	\$ 3,108,569.95	\$ 13,525,750.61

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

Source: District records

HOLMDEL SCHOOL DISTRICT

INSURANCE SCHEDULE

JUNE 30, 2011
(UNAUDITED)

	<u>Coverage</u>		<u>Deductible</u>
School Package Policy (1):			
Building and Contents (All Locations)	\$ 127,153,541		\$ 10,000
Comprehensive General Liability	31,000,000		
Comprehensive Automobile Liability	31,000,000		
Comprehensive Crime Coverage:			
Money and Securities	25,000		500
Comprehensive Crime Coverage:			
Forgery and Alteration	250,000		1,000
EDP	1,233,160		1,000
Valuable Papers and Records	10,000,000		10,000
Boiler and Machinery - Property Damage	100,000,000		10,000
School Leaders Errors and Admissions	31,000,000		5,000
Public Employees' Faithful Performance			
Blanket Position Bond	250,000		1,000
Public Officials:			
Board Secretary/Business Administrator	100,000		
Treasurer	300,000		
Flood Insurance	50,000,000	(Pool Agg)	500,000
Earthquake Insurance	50,000,000	(Pool Agg)	10,000
A & H for Volunteer Workers:			
Medical	25,000		

Source: District records

SINGLE AUDIT SECTION

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Eugene M. Farrell, CPA, RMA, CFP
Robert W. Allison, CPA, RMA
Alan E. Meyer, CPA/ABV, CFF
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

The Honorable President and
Members of the Board of Education
Holmdel School District
County of Monmouth
Holmdel, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Board of Education of the Holmdel School District, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the Board of Education of the Holmdel School District's basic financial statements and have issued our report thereon dated November 9, 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 Holmdel Board of Education'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 Holmdel Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Holmdel Board of Education'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 misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Board of Education's financial statements will not be prevented, or detected and corrected on a timely basis.

The Honorable President and
Members of the Board of Education
Holmdel School District
County of Monmouth
Holmdel, New Jersey
Page 2

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Holmdel Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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 for the information and use of the audit committee, management, the Holmdel Board of Education, 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.



Robert W. Allison
Licensed Public School Accountant
No. 897
Hutchins, Farrell, Meyer & Allison, P.A.

November 9, 2011

Hutchins, Farrell, Meyer & Allison, P.A.

Certified Public Accountants • Business & Financial Advisors

Exhibit K-2
Page 1 of 3

Robert H. Hutchins, CPA, CVA, CFF
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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE
A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04**

The Honorable President and
Members of the Board of Education
Holmdel School District
County of Monmouth
Holmdel, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Holmdel School District, in the County of Monmouth, 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 Aid/Grant Compliance Supplement that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2011. Holmdel 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 Holmdel Board of Education's management. Our responsibility is to express an opinion on the Holmdel 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, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB Circular 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 Circular 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 or state program occurred. An audit includes examining, on a test basis, evidence about the Holmdel 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 of the Holmdel Board of Education's compliance with those requirements.

The Honorable President and
Members of the Board of Education
Holmdel School District
County of Monmouth
Holmdel, New Jersey
Page 2

In our opinion, the Board of Education of the Holmdel School District, in the County of Monmouth, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

The management of the Board of Education of the Holmdel School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered the Holmdel Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, 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 the Holmdel Board of Education'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 or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state 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.

The Honorable President and
Members of the Board of Education
Holmdel School District
County of Monmouth
Holmdel, New Jersey
Page 3

This report is intended solely for the information and use of the audit committee, management, the Holmdel Board of Education, the New Jersey State Department of Education, and 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.



Robert W. Allison
Licensed Public School Accountant
No. 897
Hutchins, Farrell, Meyer & Allison, P.A.

November 9, 2011

HOLMDEL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the fiscal year ended June 30, 2011

Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2010		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2011	
				Accounts Receivable	Deferred Revenue						(Accounts Receivable)	Deferred Revenue
93.778	N/A	\$ 12,752.99	07/01/10	06/30/11			\$ 10,869.49	\$ (12,752.99)			\$ (1,884.50)	
93.778	N/A	19,362.20	07/01/09	06/30/10			2,839.50					
							13,707.99	(12,752.99)			(1,884.50)	
84.027	IDEA223011	776,852.00	08/01/10	08/31/11			655,122.00	(729,347.20)			(74,225.20)	\$ 640.79
84.027	IDEA223010	749,618.00	09/01/09	08/31/10			198,862.00	(30,316.19)			(1.00)	0.60
84.173	IDEA223011	30,393.00	09/01/10	08/31/11								
84.173	IDEA223010	28,567.00	09/01/09	08/31/10			13,932.00					
84.173	IDEA223009	28,600.00	08/01/08	08/31/09								
84.173	IDEA223008	28,600.00	08/01/08	08/31/08								
84.391	ARRA10.E.A. Part B	963,983.60	07/01/09	08/31/11			474,584.00	(305,783.79)	\$ 2,400.00	\$ (1,910.74)	(48,719.44)	
84.367A	NCLB223011	35,977.00	07/01/09	08/31/11			14,823.00	(5,355.97)			(528.00)	
84.367A	NCLB223010	75,772.00	09/01/10	08/31/11			31,574.00	(9,441.43)			(18,867.43)	
84.367A	NCLB223009	74,419.00	09/01/09	08/31/10			34,064.18	(25,326.59)	107.37		(12,493.64)	
84.367A	NCLB223008	76,086.00	08/01/08	08/31/09			11,462.82	(904.17)				
84.367D	NCLB223007	75,358.00	09/01/08	08/31/07						(20.00)		
84.367D	NCLB223011	74.00	09/01/10	08/31/11			72.00	(71.36)			(4.173.94)	
84.365A	NCLB223010	7,467.00	09/01/09	08/31/10			3,712.00	(1,966.44)			(1,771.97)	
84.365A	NCLB223009	9,288.00	09/01/09	08/31/10			2,673.00					317.00
84.186A	NCLB223010	4,512.00	07/01/09	08/31/10			3,174.21	(1,537.23)				1,636.98
84.186A	NCLB223009	6,970.00	07/01/09	08/31/10			2,277.79	(1,497.00)				348.00
84.186A	NCLB223008	7,360.00	09/01/08	08/31/09								
84.186A	NCLB223007	9,846.00	09/01/07	08/31/08								
84.186A	NCLB223009	9,367.00	09/01/08	08/31/09						(3,498.00)		
84.298A	NCLB223008	5,859.00	09/01/08	08/31/09						(75.00)		
84.298A	NCLB223009	6,794.00	09/01/08	08/31/09						(378.32)		
							1,446,143.09	(1,169,188.55)	2,507.37	(5,882.06)	(191,096.81)	2,944.01
							\$ 1,459,850.99	\$ (1,181,941.54)	\$ 2,507.37	\$ (5,882.06)	\$ (192,981.31)	\$ 2,944.01
							\$ 5,882.06	\$ 0.00	\$ 2,507.37	\$ (5,882.06)	\$ (192,981.31)	\$ 2,944.01
							\$ 1,459,850.99	\$ (1,181,941.54)	\$ 2,507.37	\$ (5,882.06)	\$ (192,981.31)	\$ 2,944.01

Total U.S. Department of Education

Total Federal Financial Awards

HOLMDEL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

For the fiscal year ended June 30, 2011

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Carryover/ Due To (Walkover) Grantor Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repaymer of Prior Years' Balances	Balance at June 30, 2011		Memo	Cumulative Total Expenditures
			From	To					Deferred Revenues/ (Accounts Receivable)	Due To Deferred Revenue Grantor		
State Department of Education												
General Fund												
Reimbursed Non-Public Transportation Aid	11103190	\$ 30,258.86	07/01/10	06/30/11		\$ 24,661.00	\$ (30,258.86)	\$	\$ (30,258.86)			\$ 30,258.86
Reimbursed Non-Public Transportation Aid	10103190	24,661.00	07/01/09	06/30/10		396,303.00	(396,303.00)					396,303.00
Special Education Categorical Aid	11-495-034-5120-089	1,044,459.00	07/01/10	06/30/11		928,689.00	(1,044,459.00)		(1,044,459.00)			1,044,459.00
Extraordinary Aid	11-100-034-5120-044	928,689.00	07/01/08	06/30/09								
TPAF On-Behalf Pension System - NCGI	10-100-034-5120-044		07/01/09	06/30/10		928,689.00						
Premiums	11-495-034-5095-007	75,399.00	07/01/10	06/30/11		75,399.00	(75,399.00)					75,399.00
TPAF On-Behalf Pension System - Post Retirement Medical	11-495-034-5095-001	1,601,477.00	07/01/10	06/30/11		1,601,477.00	(1,601,477.00)					1,601,477.00
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	1,784,902.59	07/01/10	06/30/11		1,784,904.03	(1,784,902.59)		(398.56)		(398.56)	1,784,902.59
Reimbursed TPAF Social Security Contributions	10-495-034-5095-002	1,729,843.68	07/01/09	06/30/10		451.85						
						(151.85)						
Total General Fund						4,811,184.88	(4,932,799.45)		(1,075,116.42)		(1,097,938.42)	4,932,799.45
Special Revenue Fund												
N.J. Nonpublic Auxiliary Services Aid:												
Compensatory Education	11-100-034-5120-067	113,031.00	07/01/10	06/30/11		113,031.00	(113,031.00)					113,031.00
Transportation	11-100-034-5120-068	11,777.00	07/01/10	06/30/11		11,777.00	(11,777.00)					11,777.00
ESL	11-100-034-5120-067	854.00	07/01/10	06/30/11		854.00	(854.00)					854.00
Home Instruction	11-100-034-5120-067	1,608.03	07/01/10	06/30/11			(1,608.03)					1,608.03
Home Instruction	10-100-034-5120-067	3,329.35	07/01/09	06/30/10		3,329.50				\$ 0.15		
Home Instruction	08-100-034-5120-067	350.50	07/01/07	06/30/08		0.50						
N.J. Nonpublic Handicapped Aid:												
Examination and Classification	11-100-034-5120-066	98,099.00	07/01/10	06/30/11		98,099.00	(98,099.00)					98,099.00
Corrective Speech	11-100-034-5120-066	30,510.00	07/01/10	06/30/11		30,510.00	(30,510.00)					30,510.00
Supplementary Instruction	11-100-034-5120-066	51,557.00	07/01/10	06/30/11		51,557.00	(51,557.00)					51,557.00
N.J. Nonpublic Nursing Services Aid	11-100-034-5120-070	106,010.00	07/01/10	06/30/11		106,010.00	(106,010.00)					106,010.00
N.J. Nonpublic Textbook Aid	11-100-034-5120-064	89,750.00	07/01/10	06/30/11		89,750.00	(89,750.00)					89,750.00
						(3,329.85)			(1,608.03)			
Total Special Revenue Fund						504,918.00	(503,196.03)		(1,608.03)		0.15	503,196.03
Total State Financial Assistance						\$ (958,831.70)	\$ (5,435,995.48)		\$ (1,076,724.45)		\$ 0.15	\$ 5,435,995.48

The accompanying Notes to Schedule of Expenditures of Awards and Financial Assistance are an integral part of this schedule

HOLMDEL SCHOOL DISTRICT

NOTES TO SCHEDULES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE

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 ("Board"), of Holmdel School District ("District"). The Board is defined in Note 1 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, are included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

2. Basis of Accounting

The accompanying Schedules of Expenditures of Awards and 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 these schedules is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in these schedules 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 P.L. 2003, c.97.(A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the State deferral and recording of the last state aid payment in the subsequent year. The Special Revenue Fund is presented in the accompanying Schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The 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.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$260,659.00 for the General Fund and \$101,631.73 for the Special Revenue Fund. See 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 page:

HOLMDEL SCHOOL DISTRICT

NOTES TO SCHEDULES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE

June 30, 2011

3. Relationship to General Purpose Financial Statements (Cont'd)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 12,752.99	\$ 5,193,458.45	\$ 5,206,211.44
Special Revenue Fund	<u>1,270,820.28</u>	<u>503,196.03</u>	<u>1,774,016.31</u>
Total Awards and Financial Assistance	<u>\$ 1,283,573.27</u>	<u>\$ 5,696,654.48</u>	<u>\$ 6,980,227.75</u>

During the year ended June 30, 2011, the State of New Jersey contributed \$75,399.00 to the Teachers' Pension and Annuity Fund for NCGI premiums and \$1,601,477.00 for post-retirement medical benefits on behalf of the District.

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

Not applicable.

6. Other

TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2011.

HOLMDEL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

State Awards

Dollar threshold used to distinguish between type A and type B programs? \$300,000.00

Auditee qualified as low-risk auditee? x yes no

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

Internal Control over major programs:

1) Material weakness(es) identified? yes x no

2) Significant deficiencies identified that are not considered to be material weaknesses? yes x none reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular 04-04? yes x no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>11-495-034-5095-001</u>	<u>TPAF Post Retirement Medical</u>
<u>11-495-034-5095-002</u>	<u>TPAF Social Security Contribution</u>
<u>11-100-034-5120-044</u>	<u>Extraordinary Aid</u>
<u>11-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
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HOLMDEL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(continued)

Section II - Financial Statement Findings

This section identifies the material weaknesses, significant deficiencies, and instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of Government Auditing Standards.

None reported.

HOLMDEL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(continued)

Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and NJOMB Circular 04-04.

None reported.

HOLMDEL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

This section identifies the status of prior-year findings related to the general-purpose financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, and OMB's Circular A-133 (section .315 (a)(b)) and NJOMB Circular 04-04.

STATUS OF PRIOR-YEAR FINDINGS

Not applicable.