

HOLMDEL SCHOOL DISTRICT

**Holmdel, New Jersey
County of Monmouth**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

HOLMDEL SCHOOL DISTRICT

HOLMDEL, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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INTRODUCTORY SECTION

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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
Fax 732-946-1875

December 5, 2016

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 Board for the fiscal year ended June 30, 2016, 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 School 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 fairly present the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1. **REPORTING ENTITY AND ITS SERVICES:** The Holmdel School Board is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB 23 and GASB 34. All funds and account groups of the District are included in this report. The District provides a full-range of educational services appropriate to grade levels PreK-12. These include regular, as well as special education for mentally and physically challenged students.
2. **ECONOMIC CONDITION AND OUTLOOK:** As long as state aid is not decreased and the district receives additional aid for new students who are moving into the district, the local tax levy is expected to be fairly stable. Noting the district has never fully recovered from 2010-11 when the State of NJ reduced the district's state aid. The tax levy has incrementally increased in recent years due to flat funding in prior years. The district is required to meet the federal and state common core and next generation science standards, the staffing requirements for special education and the significant costs of out-of-district placements.
3. **MAJOR INITIATIVES:** During the 2015-2016 year, the District refinanced \$8,170,000 in bonds which will lead to future savings to the District. The District has also realized savings through a district wide energy conservation and solar program, participating in purchasing consortiums, the utilization of in-house maintenance staff, participating in state and federal programs and the

increase use of electronic notifications rather than traditional mailings. The District continues to utilize its' enterprise activities of food service, prime time enrichment, summer enrichment and the kindergarten wrap program, along with the support of local donors and volunteers, to support the initiatives of the District.

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

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

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

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


An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance as of June, 2016.

6. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in the "Notes to the Financial Statements", Note 1.
7. **DEBT ADMINISTRATION:** At June 30, 2016, the District's principal outstanding debt issues totaled \$10,645,000. The district complies with debt service refinance authorization as prescribed by the local finance board.
8. **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to Financial Statement", Note 2. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit funds

only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9. RISK MANAGEMENT: The Holmdel School District carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.
10. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman Frenia Allison, P.C., was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.
11. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Holmdel Township Board of Education for their commitment to a quality education for all students in Holmdel, balanced by their concern in providing fiscal accountability to the citizens and taxpayers of the school district. Those philosophies demonstrate their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting personnel.

Sincerely,



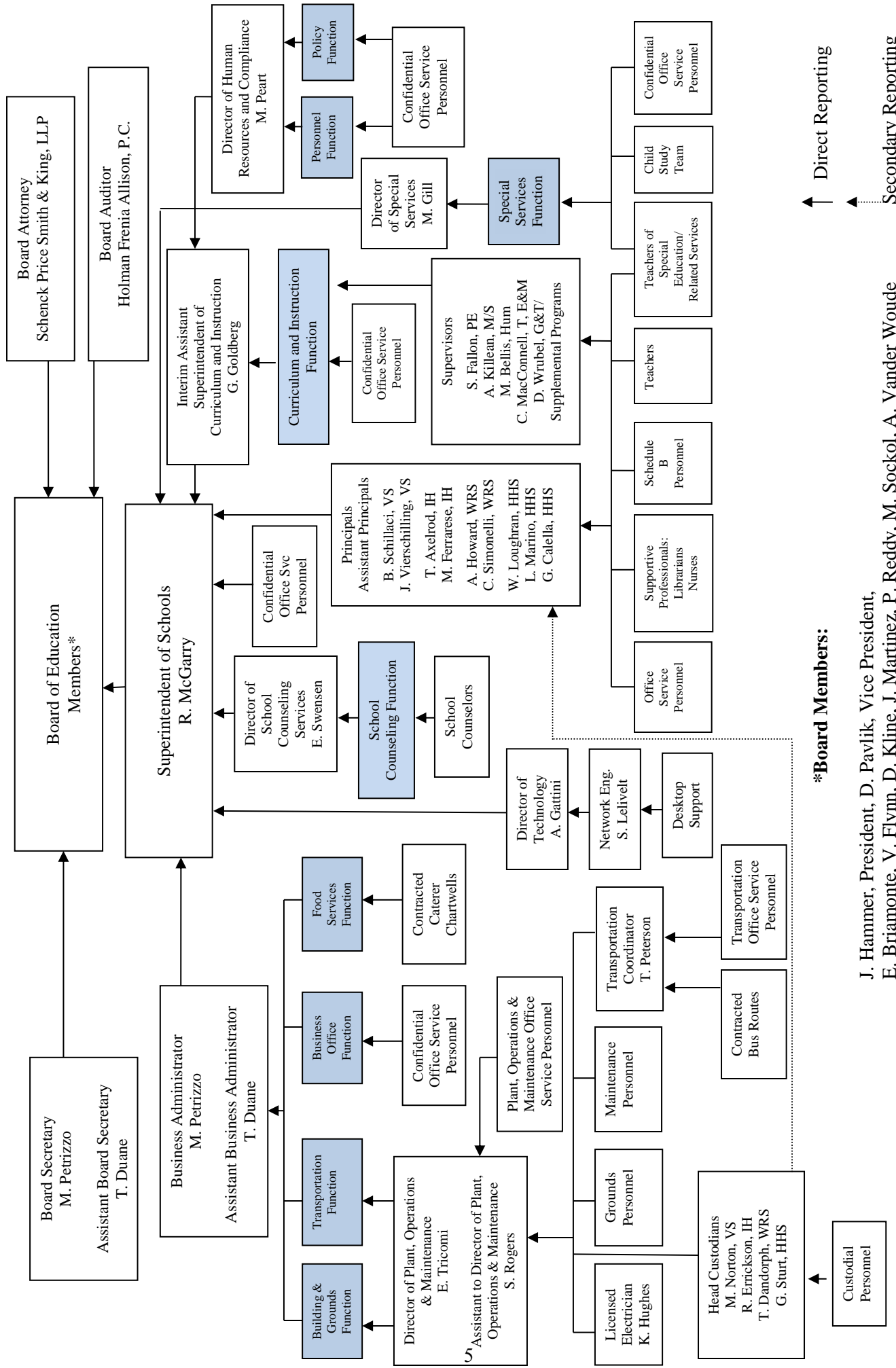
Dr. Robert McGarry
Superintendent of Schools



Michael Petrizzo
Business Administrator/Board Secretary

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HOLMDEL TOWNSHIP BOARD OF EDUCATION ORGANIZATION CHART



***Board Members:**

- J. Hammer, President, D. Pavlik, Vice President,
- E. Briamonte, V. Flynn, D. Kline, J. Martinez, P. Reddy, M. Sockol, A. Vander Woude

↑ Direct Reporting

↑ Secondary Reporting

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HOLMDEL SCHOOL DISTRICT
Holmdel, New Jersey

ROSTER OF OFFICIALS

JUNE 30, 2016

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

Joseph Hammer, President	2018
Dennis Pavlik, Vice President	2016
Michael Sockol	2016
Ana M. Vander Woude	2016
Denise Kline	2017
John Martinez	2017
Peter Reddy	2017
Dina D'Ambrosio	2018
Victoria Flynn	2018

OTHER OFFICIALS

Barbara Duncan, Superintendent of Schools (retired June 30, 2016)

Dr. Robert McGarry, Superintendent of Schools (effective July 1, 2016)

Michael R. Petrizzo, CPA, Business Administrator/ Assistant Board Secretary

Gary Goldberg, Interim Assistant Superintendent of Curriculum and Instruction

Thomas Duane, Assistant Business Administrator/ Assistant Board Secretary

Mandie Peart, Director of Human Resources and Compliance

Sean Boyce, Treasurer of School Funds

Paul H. Green, Solicitor

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**HOLMDEL SCHOOL DISTRICT
Holmdel, New Jersey**

CONSULTANTS AND ADVISORS

JUNE 30, 2016

ARCHITECT

SSP Architectural Group
1011 Route 22 West
Suite 2013
Bridgewater, NJ 08807

AUDITOR/AUDIT FIRM

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Holman Frenia Allison, P. C.
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Freehold, New Jersey 07728

ATTORNEY

Paul H. Green
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Florham Park, New Jersey 07932

OFFICIAL DEPOSITORY

Bank of America
Hazlet Branch
Route 35
Hazlet, New Jersey 07730

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Holmdel School District
County of Monmouth
Holmdel, New Jersey 07733

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Holmdel School District, County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Holmdel School District, County of Monmouth, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules related to accounting and reporting for pensions, as listed in the table of contents 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 of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Holmdel School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB's Circular 15-08, 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 accompanying combining statements and the Schedule of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying

combining statements and Schedule of Expenditures of Federal Awards and State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section listed in the table of contents 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2016 on our consideration of the Holmdel School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Holmdel School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Public School Accountant, No. 897

Freehold, New Jersey
December 5, 2016

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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HOLMDEL SCHOOL DISTRICT
HOLMDEL TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

UNAUDITED

The following is a discussion and analysis of Holmdel School District financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the transmittal letter and the District's financial statements.

Financial Highlights

Key financial highlights for 2016 are as follows:

- ◆ General revenues accounted for \$56.7 million in revenue or 77.00% 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 \$16.9 million or 23.00% percent to total revenues of \$73.6 million.
- ◆ Total assets and deferred outflows of governmental activities as of June 30, 2016 were \$60.1 million of which cash and cash equivalents represented \$2.7 million, net receivables \$3.3 million and capital assets \$50.7 million.
- ◆ Total net position of governmental activities increased by \$1.6 million.
- ◆ The School District had \$71.8 million in expenses; only \$16.9 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$56.7 million were adequate to provide for these programs.
- ◆ The General Fund had \$59.9 million in revenues and \$59.7 million in expenditures and \$1.3 million in other financing uses. The General Fund's fund balance decreased approximately \$1.1 million over the 2015-2016 school year.

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 Position* 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 the Holmdel School District, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position 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 2016?” The Statement of Net Position 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 position and changes in those assets. This change in net position 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 Position 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 2015-16 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 Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for fiscal year 2016 as compared to the 2015 fiscal year.

Table 1 - Statement of Net Position

	Governmental Activities		Business -Type Activities		Total	
	2016	2015	2016	2015	2016	2015
ASSETS						
Cash and Cash Equivalents	\$ 2,716,461	\$ 2,965,899	\$ 1,529,640	\$ 1,342,713	\$ 4,246,101	\$ 4,308,612
Receivables, Net	3,336,453	2,340,411	895	766	3,337,348	2,341,177
Inventory	-	-	17,565	17,589	17,565	17,589
Capital Assets, Net (Note 5)	50,744,142	50,307,561	45,077	5,014	50,789,219	50,312,575
Total Assets	56,797,056	55,613,871	1,593,177	1,366,082	58,390,233	56,979,953
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflow Related to Pensions	3,223,924	1,664,415	-	-	3,223,924	1,664,415
Deferred Charge on Refunding of Debt	108,439	92,475	-	-	108,439	92,475
Total Deferred Outflow of Resources	3,332,363	1,756,890	-	-	3,332,363	1,756,890
Total Assets and Deferred Outflow of Resources	60,129,419	57,370,761	1,593,177	1,366,082	61,722,596	58,736,843
LIABILITIES						
Accounts Payable	910,089	164,900	97,161	-	1,007,250	164,900
Pensions Payable	-	828,279	-	-	-	828,279
Unearned Revenue	18,778	14,805	96,945	126,893	115,723	141,698
Accrued Interest	122,753	156,099	-	-	122,753	156,099
Noncurrent Liabilities (Note 7):						
Due Within One Year	2,773,279	2,611,569	-	-	2,773,279	2,611,569
Due Beyond One Year	32,363,499	30,555,616	-	-	32,363,499	30,555,616
Total Liabilities	36,188,398	34,331,268	194,106	126,893	36,382,504	34,458,161
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows Related to Pensions	347,717	1,063,639	-	-	347,717	1,063,639
Total Deferred Inflows of Resources	347,717	1,063,639	-	-	347,717	1,063,639
Total Liabilities and Deferred Inflows of Resources	36,536,115	35,394,907	194,106	126,893	36,730,221	35,521,800
NET POSITION						
Net Investment in Capital Assets	41,411,753	36,136,561	45,077	5,014	41,456,830	36,141,575
Restricted for:						
Debt Service	(21,988)	(156,098)	-	-	(21,988)	(156,098)
Capital Projects	1,040,135	46,471	-	-	1,040,135	46,471
General Fund	2,900,407	4,134,054	-	-	2,900,407	4,134,054
Unrestricted	(21,737,003)	(18,185,134)	1,353,994	1,234,175	(20,383,009)	(16,950,959)
Total Net Position	\$ 23,593,304	\$ 21,975,854	\$ 1,399,071	\$ 1,239,189	\$ 24,992,375	\$ 23,215,043

Table 2 provides a comparison analysis of Government-wide changes in net position from fiscal years 2016 and 2015.

The School District as a Whole (continued)

Table 2 - Changes in Net Position

	<u>2016</u>	<u>2015</u>
<u>Revenues</u>		
Program Revenues:		
Charges for Services	\$ 2,363,982	\$ 2,286,231
Operating & Capital Grants and Contributions	14,545,145	12,274,445
General Revenues:		
Property Taxes	53,442,774	52,215,652
Grants Restricted/Not Restricted	2,847,352	2,820,253
Other	374,650	252,828
Total Revenues	<u>73,573,903</u>	<u>69,849,409</u>
<u>Program Expenses</u>		
Instruction	23,999,528	23,564,118
Support Services:		
Pupils and Instructional Staff	9,192,096	8,814,486
General Administration, School Administration, Business	2,970,937	3,034,512
Operations and Maintenance of Facilities	5,935,866	5,812,803
Pupil Transportation	2,739,126	2,529,060
Interest on Debt	647,845	596,009
Employee Benefits	23,803,361	20,306,796
Business-Type Activities	1,776,998	1,797,856
Other	730,814	881,860
Total Expenses	<u>71,796,571</u>	<u>67,337,500</u>
Increase in Net Position	<u>\$ 1,777,332</u>	<u>\$ 2,511,909</u>

Governmental Activities

Property taxes made up 73% percent of revenues for governmental activities for the Holmdel Township Public School District for fiscal year 2016. The District's total revenues were \$71.6 million for the fiscal year ended June 30, 2016. Federal, state and local/governmental grants accounted for another 4%.

The total cost of all program and services was \$70.0 million. Instruction comprises 33% of total District expenses.

Business-Type Activities

Revenues for the District's business-type activities (food service program, Prime Time, Summer Enrichment and Early Childhood program) were comprised solely of charges for services.

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 2015/2016 school year are shown in the right hand column in the table.

Table 3 - Governmental Activities

	2016		2015	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 23,999,528	\$ 22,914,943	\$ 23,564,118	\$ 22,385,788
Support Services:				
Pupils & Instructional Staff	9,192,096	8,377,680	8,814,486	8,052,770
General Administration, School Administration, Business	2,970,937	2,970,937	3,034,512	3,034,512
Operation & Maintenance of Facilities	5,935,866	5,935,866	5,812,803	5,812,803
Pupil Transportation	2,739,126	2,739,126	2,529,060	2,529,060
Employee Benefits	23,803,361	10,675,620	20,306,796	9,564,562
Interest and Fiscal Charges	647,845	647,845	596,009	596,009
Other	730,814	730,814	881,860	881,860
Total Expenses	<u>\$ 70,019,573</u>	<u>\$ 54,992,831</u>	<u>\$ 65,539,644</u>	<u>\$ 52,857,364</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.

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.

Employee Benefits expenses include benefits for employees including Social Security, pension, unemployment, workmen's compensation, health benefits, tuition reimbursement and others as deemed by the District.

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 2015-16 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 \$64.4 million, expenditures of \$65.3 million and other financing sources of \$0.9 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, 2016, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2014/15</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 54,218,721	84.21%	\$ 1,348,605	2.55%
State Sources	9,313,976	14.47%	838,517	9.89%
Federal Sources	854,791	1.33%	(82,203)	-8.77%
Total	\$ 64,387,488	100.00%	\$ 3,271,069	3.67%

The increase in Local Sources is mostly attributable to an increase in local taxes. The increase in State Sources is mostly attributable to a decrease in On-Behalf Pension and Post-retirement Benefits. The decrease in Federal Sources is attributed to a decrease in federal awards, specifically IDEA and NCLB.

The following schedule presents a summary of General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2016.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2014/15</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expenses:				
Instruction	\$ 24,013,856	36.79%	\$ 449,738	1.91%
Undistributed Expenditures	36,754,614	56.32%	2,105,377	6.08%
Capital Outlay	1,709,503	2.62%	834,789	95.44%
Debt Service:				
Principal	2,300,000	3.52%	15,000	0.66%
Interest	486,083	0.74%	(92,343)	-15.96%
Total	\$ 65,264,056	100.00%	\$ 3,613,694	0.88

The increase in Current - Instruction is primarily attributed to an increase in home instruction, special services and teacher salaries.

The increase in Current - Undistributed Expenditures is attributed to increased security enhancements for all schools, repairs and maintenance to all schools.

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 2016, 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 expenditures would exceed revenues by roughly \$3.0 million, the actual results for the year show a \$1.1 million decrease in surplus funds.

Capital Assets

At the end of the fiscal year 2016, the School District had \$50.7 million invested in land, buildings, furniture and equipment, and vehicles (net of depreciation).

Table 4 - Capital Assets (Net of Depreciation)

	<u>2016</u>	<u>2015</u>
Land	\$ 5,122,300	\$ 5,122,300
Construction in Progress	28,554,947	27,205,535
Site Improvements	1,255,155	1,270,558
Building & Improvements	14,647,025	15,348,867
Equipment and Machinery	<u>1,164,715</u>	<u>1,360,301</u>
Total	<u>\$ 50,744,142</u>	<u>\$ 50,307,561</u>

Debt Administration

At June 30, 2016, the School District had \$35.1 million as outstanding debt. Of this amount \$767,902 is for compensated absences, \$1,302,000 for capital leases, \$21,626,749 is for net pension liability, \$795,127 is for bond premiums, and the balance, \$10,645,000, for bonds for school construction.

At June 30, 2016, the School District's overall legal debt margin was \$153,140,344.

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Balance</u>
Refunding of 2003 Bonds	07/25/13	5,415,000	\$ 2,905,000
Refunding of 2005 Bonds	10/28/15	7,740,000	<u>7,740,000</u>
			<u>\$ 10,645,000</u>

For the Future

The Holmdel Township Public School District is in very good financial condition presently. Holmdel Township is primarily a residential community, with comparatively few commercial ratables. Future finances are not without challenges. The School District has mitigated the reliance on local property taxes by increasing revenue through Enterprise Fund initiatives in concert with an energy conservation program which continues to result in savings. Anticipation of the potential for reductions, coupled with a State-mandated tax levy cap, brings even more challenges to funding the School District. The School District is constantly analyzing alternate revenue sources to offset costs.

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 School District, 65 McCampbell Road, Holmdel, NJ 07733, or e-mail at mpetrizzo@holmdelschools.org.

BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

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HOLMDEL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Governmental</u> <u>Activities</u>	<u>Business -Type</u> <u>Activities</u>	<u>Total</u>
Assets:			
Cash and Cash Equivalents	\$ 2,716,461	\$ 1,529,640	\$ 4,246,101
Receivables, Net	3,336,453	895	3,337,348
Inventory	-	17,565	17,565
Capital Assets, Net (Note 6)	50,744,142	45,077	50,789,219
	<hr/>		
Total Assets	56,797,056	1,593,177	58,390,233
 DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow Related to Pensions	3,223,924	-	3,223,924
Deferred Charge on Refunding of Debt	108,439	-	108,439
	<hr/>		
Total Deferred Outflow of Resources	3,332,363	-	3,332,363
	<hr/>		
Total Assets and Deferred Outflow of Resources	60,129,419	1,593,177	61,722,596
 Liabilities:			
Accounts Payable	910,089	97,161	1,007,250
Unearned Revenue	18,778	96,945	115,723
Accrued Interest	122,753	-	122,753
Noncurrent Liabilities (Note 8):			
Due Within One Year	2,773,279	-	2,773,279
Due Beyond One Year	32,363,499	-	32,363,499
	<hr/>		
Total Liabilities	36,188,398	194,106	36,382,504
 DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	347,717	-	347,717
	<hr/>		
Total Deferred Inflows of Resources	347,717	-	347,717
	<hr/>		
Total Liabilities and Deferred Inflows of Resources	36,536,115	194,106	36,730,221
 Net Position:			
Net Investment in Capital Assets	41,411,753	45,077	41,456,830
Restricted for:			
Debt Service	(21,988)	-	(21,988)
Capital Projects	1,040,135	-	1,040,135
General Fund	2,900,407	-	2,900,407
Unrestricted	(21,737,003)	1,353,994	(20,383,009)
	<hr/>		
Total Net Position	\$ 23,593,304	\$ 1,399,071	\$ 24,992,375
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The accompanying Notes to Financial Statements are an integral part of this statement.

**HOLMDEL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2016**

Functions/Programs	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			Total
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities		
GOVERNMENTAL ACTIVITIES							
Instruction:							
Regular	\$ 17,553,127	\$ -	1,084,585	\$ (16,468,542)	\$ -	\$ -	(16,468,542)
Special Education	5,123,476	-	-	(5,123,476)	-	-	(5,123,476)
Other Special Instruction	555,063	-	-	(555,063)	-	-	(555,063)
Other Instruction	767,862	-	-	(767,862)	-	-	(767,862)
Support Services:							
Tuition	1,210,030	481,597	-	(728,433)	-	-	(728,433)
Student and Instruction Related Services	7,982,066	-	332,819	(7,649,247)	-	-	(7,649,247)
General Administration	589,819	-	-	(589,819)	-	-	(589,819)
School Administrative Services	1,517,276	-	-	(1,517,276)	-	-	(1,517,276)
Central Services	804,968	-	-	(804,968)	-	-	(804,968)
Administrative Information Technology	58,874	-	-	(58,874)	-	-	(58,874)
Plant Operations and Maintenance	5,935,866	-	-	(5,935,866)	-	-	(5,935,866)
Pupil Transportation	2,739,126	-	-	(2,739,126)	-	-	(2,739,126)
Employee Benefits	23,803,361	-	13,127,741	(10,675,620)	-	-	(10,675,620)
Interest and Charges on Long-Term Debt	647,845	-	-	(647,845)	-	-	(647,845)
Amortization of Loss on Debt Issuance & Bond Premium (Net)	(234,593)	-	-	234,593	-	-	234,593
Unallocated Depreciation	965,407	-	-	(965,407)	-	-	(965,407)
Total Government Activities	70,019,573	481,597	14,545,145	(54,992,831)	-	-	(54,992,831)

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

**HOLMDEL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2016**

Functions/Programs	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			Total
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities		
BUSINESS-TYPE ACTIVITIES							
Food Service	1,363,947	1,305,801	-	-	(58,146)		(58,146)
Latchkey Program	141,413	171,339	-	-	29,926		29,926
Summer Enrichment	16,219	15,931	-	-	(288)		(288)
Early Childhood	255,419	389,314	-	-	133,895		133,895
Total Business-Type Activities	1,776,998	1,882,385	-	-	105,387		105,387
Total Primary Government	\$ 71,796,571	\$ 2,363,982	\$ 14,545,145	(54,992,831)	105,387		(54,887,444)
GENERAL REVENUES							
Property Taxes Levied for:							
General Purposes				50,648,047	-		50,648,047
Debt Service				2,794,727	-		2,794,727
Federal and State Aid Not Restricted				2,627,277	-		2,627,277
Federal and State Aid Restricted				220,075	-		220,075
Miscellaneous Income				320,155	54,495		374,650
Total General Revenues				56,610,281	54,495		56,664,776
Change in Net Position				1,617,450	159,882		1,777,332
Net Position - Beginning				21,975,854	1,239,189		23,215,043
Net Position - Ending				\$ 23,593,304	\$ 1,399,071		\$ 24,992,375

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

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Governmental Funds

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B. Fund Financial Statements

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**HOLMDEL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total
Assets:					
Cash and Cash Equivalents	\$ 1,226,126	\$ -	\$ 854,751	\$ 100,765	\$ 2,181,642
Interfund Receivables	1,657,610	-	-	-	1,657,610
Receivables From Other Governments:					
State	769,489	8,958	220,076	-	998,523
Federal	-	499,932	-	-	499,932
Other Receivables	128,227	34,051	18,110	-	180,388
Restricted Cash and Cash Equivalents	1,004,979	-	-	-	1,004,979
Total Assets	\$ 4,786,431	\$ 542,941	\$ 1,092,937	\$ 100,765	\$ 6,523,074
Liabilities and Fund Balances:					
Liabilities:					
Cash Deficit	\$ -	\$ 470,160	\$ -	\$ -	\$ 470,160
Accounts Payable	787,530	42,416	52,802	-	882,748
Payable To State Government	-	27,341	-	-	27,341
Unearned Revenue	15,754	3,024	-	-	18,778
Total Liabilities	803,284	542,941	52,802	-	1,399,027
Fund Balances:					
Restricted:					
Maintenance Reserve	1,004,979	-	-	-	1,004,979
Assigned:					
Other Purposes - Year-End					
Encumbrances	295,428	-	1,040,135	-	1,335,563
Designated by BOE for Subsequent Year's Expenditures					
Unassigned	1,600,000	-	-	-	1,600,000
Unassigned	1,082,740	-	-	100,765	1,183,505
Total Fund Balances	3,983,147	-	1,040,135	100,765	5,124,047
Total Liabilities and Fund Balances	\$ 4,786,431	\$ 542,941	\$ 1,092,937	\$ 100,765	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$77,094,325 and the accumulated depreciation is \$26,350,183 (See Note 6).	50,744,142
Deferred outflows and inflows of resources related to pensions and deferred charges and/or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.	2,876,207
Long-term liabilities, including bonds payable, net pension liability are not due and payable in the current period and therefore are not reported as liabilities in the fund (See Note 8).	(35,136,778)
Unamortized portion of Loss on Refunding is not reported as an asset in the funds.	108,439
Accrued interest payable is not recorded in the fund financial statements due to the fact that the payables are not due in the period.	(122,753)
Net Position of Governmental Activities	\$ 23,593,304

HOLMDEL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total
Revenues:					
Local Sources:					
Local Tax Levy	\$ 50,648,047	\$ -	\$ -	\$ 2,794,727	\$ 53,442,774
Tuition Charges	481,597	-	-	-	481,597
Miscellaneous	264,155	12,085	18,110	-	294,350
Total - Local Sources	51,393,799	12,085	18,110	2,794,727	54,218,721
State Sources	8,523,055	570,846	220,075	-	9,313,976
Federal Sources	20,318	834,473	-	-	854,791
Total Revenues	59,937,172	1,417,404	238,185	2,794,727	64,387,488
Expenditures:					
Current:					
Regular Instruction	16,482,870	1,084,585	-	-	17,567,455
Special Education Instruction	5,123,476	-	-	-	5,123,476
Other Special Instruction	555,063	-	-	-	555,063
Other Instruction	767,862	-	-	-	767,862
Support Services and Undistributed Costs:					
Tuition	1,210,030	-	-	-	1,210,030
Student and Instruction Related Services	7,649,247	332,819	-	-	7,982,066
General Administration	589,819	-	-	-	589,819
School Administrative Services	1,517,276	-	-	-	1,517,276
Central Services	804,968	-	-	-	804,968
Administrative Information Technology	58,874	-	-	-	58,874
Plant Operations and Maintenance	5,935,866	-	-	-	5,935,866
Pupil Transportation	2,739,126	-	-	-	2,739,126
Employee Benefits	15,916,589	-	-	-	15,916,589
Debt Service:					
Interest and Other Charges	-	-	-	486,083	486,083
Principal	-	-	-	2,300,000	2,300,000
Capital Outlay	360,092	-	1,349,411	-	1,709,503
Total Expenditures	59,711,158	1,417,404	1,349,411	2,786,083	65,264,056
Excess/(Deficit) of Revenues Over Expenditures	226,014	-	(1,111,226)	8,644	(876,568)
Other Financing Sources/(Uses):					
MCIA Capital Lease Proceeds	-	-	744,000	-	744,000
Cancellation of Prior Year Accounts Payable	-	-	37,890	-	37,890
Refunding Bond Proceeds	-	-	-	8,430,680	8,430,680
Payments to Escrow Agents	-	-	-	(8,338,560)	(8,338,560)
Transfers Out	(1,323,000)	-	-	-	(1,323,000)
Transfers In	-	-	1,323,000	-	1,323,000
Total Other Financing Sources/(Uses)	(1,323,000)	-	2,104,890	92,120	874,010
Net Change in Fund Balances	(1,096,986)	-	993,664	100,764	(2,558)
Fund Balance - July 1	5,080,133	-	46,471	1	5,126,605
Fund Balance - June 30	\$ 3,983,147	\$ -	\$ 1,040,135	\$ 100,765	\$ 5,124,047

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

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, 2016

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$	(2,558)
Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, 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 depreciation exceeded capital outlays in the current fiscal year.		
Depreciation Expense	(965,407)	
Capital Outlay	<u>1,401,988</u>	436,581
District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.		
Pension Expense - PERS District Contribution - 2015	828,279	
Unfunded TPAF Pension Expense	7,211,645	
State Share of Unfunded TPAF Pension Expense	(7,211,645)	
Pension Expense	<u>(1,503,406)</u>	(675,127)
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities.		
Bonds	2,300,000	
Capital Leases	<u>238,000</u>	2,538,000
Proceeds from refunding bonds and capital leases is a revenue in the governmental funds, but the lease proceed increases long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities		
Capital Lease Proceeds		(744,000)
2015 Bond Refunding		
Bond Proceeds	(7,740,000)	
Premiums	<u>(690,680)</u>	(8,430,680)
Advance refunding of debt issues are financing uses in the governmental funds. They are not expenses in the statement of activities; refunding of debt decreases long term liabilities in the statement of net position.		
Loss on Refunding	42,967	
Bonds Refunded	<u>8,170,000</u>	8,212,967
Bond discount, bond premium and gain/loss on early retirement of debt 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.		
Loss on Early Retirement of Debt	(27,003)	
Amortization of Original Issue Premiums	<u>261,596</u>	234,593
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.		
Current Year	(767,902)	
Prior Year	<u>782,230</u>	14,328
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 over the previous year is an addition in the reconciliation; when accrued interest increases over the previous year, it is a reduction to the reconciliation.		
Prior Year	156,099	
Current Year	<u>(122,753)</u>	33,346
Change in Net Position of Governmental Activities	\$	<u>1,617,450</u>

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Proprietary Funds

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HOLMDEL SCHOOL DISTRICT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Business-Type Activities				Total
	Enterprise Funds				
	Food Service	Prime Time	Summer Enrichment	Early Childhood	
Assets:					
Current Assets:					
Cash and Cash Equivalents	\$ 1,035,703	\$ 204,892	\$ 55,647	\$ 317,638	\$ 1,613,880
Accounts Receivables	895	-	-	-	895
Inventories	17,565	-	-	-	17,565
Total - Current Assets	1,054,163	204,892	55,647	317,638	1,632,340
Noncurrent Assets:					
Furniture, Machinery and Equipment	483,975	25,840	-	-	509,815
Less:					
Accumulated Depreciation	(438,898)	(25,840)	-	-	(464,738)
Total - Noncurrent Assets	45,077	-	-	-	45,077
Total Assets	1,099,240	204,892	55,647	317,638	1,677,417
Liabilities and Net Position:					
Liabilities:					
Current Liabilities:					
Interfund Payable	-	28,623	3,278	52,339	84,240
Accounts Payable	96,989	172	-	-	97,161
Unearned Revenue	40,945	-	-	56,000	96,945
Total Liabilities	137,934	28,795	3,278	108,339	278,346
Net Position:					
Net Investment in Capital Assets	45,077	-	-	-	45,077
Unrestricted	916,229	176,097	52,369	209,299	1,353,994
Total Net Position	\$ 961,306	\$ 176,097	\$ 52,369	\$ 209,299	\$ 1,399,071

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

HOLMDEL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Business-Type Activities				Total
	Enterprise Funds				
	Food Service	Prime Time	Summer Enrichment	Early Childhood	
Operating Revenues:					
Charges for Services:					
Daily Sales - Non-Reimbursable Programs	\$ 1,305,801	\$ -	\$ -	\$ -	\$ 1,305,801
Tuition	-	171,339	15,931	389,314	576,584
Miscellaneous Revenue	54,495	-	-	-	54,495
Total Operating Revenues	1,360,296	171,339	15,931	389,314	1,936,880
Operating Expenses:					
Salaries	-	109,230	12,941	194,463	316,634
Support Services - Employee Benefits	-	15,896	3,144	50,146	69,186
Purchased Professional/Technical Services	1,255,411	-	-	-	1,255,411
Other Purchased Service	34,974	-	-	-	34,974
Repairs and Maintenance	21,875	-	-	4,872	26,747
Supplies and Materials	41,615	3,081	-	3,745	48,441
Depreciation	10,072	-	-	-	10,072
Utilities Expense	-	13,206	134	2,193	15,533
Total Operating Expenses	1,363,947	141,413	16,219	255,419	1,776,998
Operating Income	(3,651)	29,926	(288)	133,895	159,882
Change in Net Position	(3,651)	29,926	(288)	133,895	159,882
Total Net Position - Beginning	964,957	146,171	52,657	75,404	1,239,189
Total Net Position - Ending	\$ 961,306	\$ 176,097	\$ 52,369	\$ 209,299	\$ 1,399,071

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

**HOLMDEL SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	Business-Type Activities Enterprise Funds				Total
	Food Service	Prime Time	Summer Enrichment	Early Childhood	
Cash Flows From Operating Activities:					
Receipts From Customers	\$ 1,360,334	\$ 171,339	\$ 316	\$ 374,814	\$ 1,906,803
Payments To Employees	-	(96,503)	(12,807)	(192,270)	(301,580)
Payments To Suppliers	(1,256,862)	(16,115)	(134)	(10,810)	(1,283,921)
Net Cash Provided By/(Used For)					
Operating Activities	103,472	58,721	(12,625)	171,734	321,302
Cash Flows From Financing Activities:					
Purchase of furniture, machinery and equipment	(50,135)	-	-	-	(50,135)
Net Cash Provided By Financing Activities	(50,135)	-	-	-	(50,135)
Net Increase/(Decrease) in Cash and Cash Equivalents					
Balance - Beginning of Year	53,337	58,721	(12,625)	171,734	271,167
Balance - End of Year	982,366	146,171	68,272	145,904	1,342,713
Reconciliation of Operating Loss To Net Cash Used for Operating Activities:					
Operating Income Used for Operating Activities:	\$ (3,651)	\$ 29,926	\$ (288)	\$ 133,895	\$ 159,882
(Decrease)/Increase in Accounts Payable	96,989	172	-	-	97,161
Decrease in Inventories	24	-	-	-	24
Decrease/(Increase) in Accounts Receivable	(129)	-	-	-	(129)
(Decrease)/Increase in Depreciation	10,072	-	-	-	10,072
(Decrease)/Increase in Interfund Payable	-	28,623	3,278	52,339	84,240
Increase/(Decrease) in Unearned Revenue	167	-	(15,615)	(14,500)	(29,948)
Total Adjustments	107,123	28,795	(12,337)	37,839	161,420
Net Cash Provided By/(Used For)					
Operating Activities	\$ 103,472	\$ 58,721	\$ (12,625)	\$ 171,734	\$ 321,302

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

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Fiduciary Fund

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HOLMDEL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Fund</u>	Agency <u>Funds</u>	<u>Total</u>
Assets				
Cash and Cash Equivalents	\$ 2,148	\$ 6,674	\$ 1,962,099	\$ 1,970,921
Interfund Receivable	166,677	-	-	166,677
Total Assets	168,825	6,674	1,962,099	2,137,598
Liabilities and Fund Balances				
Interfund Payable	-	-	1,740,047	1,740,047
Due To State	17,944	-	-	17,944
Payroll Deductions and Withholdings	-	-	30,880	30,880
Payable To Student Groups	-	-	191,172	191,172
Total Liabilities	17,944	-	1,962,099	1,980,043
Net Position:				
Held in Trust for Unemployment Claims and Other Purposes	150,881	-	-	150,881
Reserved for Scholarships	-	6,674	-	6,674
Total Net Position	150,881	6,674	-	157,555
Total Liabilities and Net Position	\$ 168,825	\$ 6,674	\$ 1,962,099	\$ 2,137,598

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

HOLMDEL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Private Purpose</u>		<u>Total</u>
	<u>Unemployment Compensation Trust</u>	<u>Scholarship Funds</u>	
Additions:			
Contributions:			
Plan Member	\$ 74,294	\$ -	\$ 74,294
Board Contribution	-	6,000	6,000
	<hr/>		
Total Additions	74,294	6,000	80,294
	<hr/>		
Deductions:			
Quarterly Contribution Reports	64,324	-	64,324
Scholarships Awarded	-	6,560	6,560
	<hr/>		
Total Deductions	64,324	6,560	70,884
	<hr/>		
Change in Net Position	9,970	(560)	9,410
Net Position - Beginning of Year	140,911	7,234	148,145
	<hr/>		
Net Position - End of Year	\$ 150,881	\$ 6,674	\$ 157,555
	<hr/>		

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

HOLMDEL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

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HOLMDEL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies

The financial statements of the Holmdel School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of more significant accounting policies.

Reporting Entity

The Holmdel School District (hereafter referred to as the "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. These terms are staggered so that three members' terms expire each year. The purpose of the District is to educate students in grades pre-kindergarten through twelfth at its four schools. The District has an approximate enrollment at June 30, 2016 of 3,015 students.

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.

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

Component Units

GASB Statement No.14, The Financial Reporting Entity, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units and GASB Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34. The District had no component units for the year ended June 30, 2016.

Government-Wide Financial Statements

The District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column. Fiduciary activities of the District are not included in these statements.

HOLMDEL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the District’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule (Exhibit B-3) is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The District’s deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax and intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service funds balances and activities have been combined with the governmental activities in the Government-Wide financial statements.

HOLMDEL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The District’s fiduciary funds are Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District’s enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. However, data from the fiduciary funds is not incorporated in the government-wide financial statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital assets acquisitions are

HOLMDEL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for services, licenses, and interest on notes receivable associated with the current fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available when cash is received.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Food Service Fund are charges to customers for sales. Operating expenses for enterprise funds include the cost of sales and services, employee salaries and benefits, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Internal service funds are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component unit. Although internal service funds are reported as a proprietary fund in the fund financial statements, it is incorporated into governmental activities in the government-wide financial statements. The District does not maintain any internal service funds.

The District reports the following major 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 sub-fund.

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

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

HOLMDEL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2016**

Note 1. Summary of Significant Accounting Policies (continued)

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).

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

The District reports the following major proprietary funds:

Food Service Fund – This fund accounts for the revenues and expenses pertaining to the district’s cafeteria operations.

Prime Time Program – This program accounts for the revenues and expenses pertaining to before and after school child care for the district.

Summer Enrichment Program – This program accounts for the revenues and expenses pertaining to summer educational programs for the district.

Early Childhood Program – This program accounts for the revenues and expenses pertaining to the educational programs and services for the district.

Additionally, the District reports the following major fiduciary funds:

Private Purpose Trust Funds - Private-purpose trust funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The district currently maintains the following private purpose trust funds:

Unemployment Trust Fund – Revenues consist of employee payroll withholdings, interest income, and contributions through the annual budget process of the District. Expenditures consist of unemployment reimbursement claims.

Scholarship Fund – Revenues consist of interest income and donations. Expenditures consist of scholarships provided to students.

Agency Funds - Agency funds are assets held by a governmental entity (either as trustee or as an agent) for other parties that cannot be used to finance the governmental entity’s own operating programs. The district currently maintains Payroll funds and Student Activity Funds as Agency Funds.

HOLMDEL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

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.

The budget, as detailed on Exhibit C-1, Exhibit C-2, and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the General Fund Budgetary Comparison Schedules and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP

HOLMDEL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the District does not report encumbrances outstanding at fiscal 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 payments.

Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as assigned 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 a reduction of the accounts receivables or as unearned revenue 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.

Cash and Cash Equivalents

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

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

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

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

HOLMDEL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

Tuition Payable/Receivable

Tuition rates for the fiscal year end June 30, 2016 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

Inventories

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

Short-Term Interfund Receivables/Payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances. Balances with fiduciary funds are not considered Internal Balances; therefore those balances are reported on the Statement of Net Position.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation. The District has established a threshold of \$2,000 for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated or amortized using the straight-line method over the following estimated lives:

Equipment & Vehicles	3 – 20 Years
Buildings	30 – 50 Years
Improvements	10 – 50 Years
Software	5 – 7 Years

Compensated Absences

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

HOLMDEL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

In the Government-Wide financial statements, under governmental activities, compensated absences are reported as an expenditure and noncurrent liabilities.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measureable and the District is eligible to realize the revenue.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, government 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, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fund Balance

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent

HOLMDEL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2016.

- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the District's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Net Position

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified in the following three components:

- Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – Net position is 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.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

For the year ended June 30, 2016, the District implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the District is required to measure certain investments at fair value for financial reporting purposes. In addition, the District is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about

HOLMDEL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the District's financial statements.

The District implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Implementation of this Statement did not impact the District's financial statements.

The District implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the District's financial statements.

Recently Issued and Adopted Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the District's financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement

HOLMDEL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the District's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the District's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the District's financial statements.

Bond Premiums, Discounts and Issuance Costs

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Deferred Loss on Refunding Debt

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

HOLMDEL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) YEAR ENDED JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

Deferred Outflows and Deferred Inflows of Resources

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

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

Subsequent Events

The District has evaluated subsequent events occurring after June 30, 2016 through the date of December 5, 2016, which is the date the financial statements were available to be issued.

Pensions Section

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

Note 2. Cash Deposits and Investments

Cash Deposits

Custodial Credit Risk – 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 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, student activity 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. As of June 30, 2016, the District's bank balance of \$7,286,848 was exposed to custodial credit risk as follows:

HOLMDEL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) YEAR ENDED JUNE 30, 2016

Note 2. Cash Deposits and Investments (continued)

Insured Under FDIC	\$	250,000
Collateralized by securities held by Pledging financial institution		5,039,635
Uninsured and uncollateralized		<u>1,997,213</u>
Total	\$	<u><u>7,286,848</u></u>

Investments

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

1. Bonds and other obligations of the United State or obligations guaranteed by the United States.
2. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank, which have a maturity date not greater than twelve months from the date of purchase.
3. New Jersey Cash Management Fund, New Jersey Asset and Rebate Management Fund and MBIA CLASS.

Custodial credit risk - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District does not have custodial credit risk policies for investments.

Interest rate risk - This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District 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.

Credit risk - Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure..

Concentrations - The District places no limit in the amount the District may invest in any one issuer

The District did not hold any investments at June 30, 2016.

Note 3. Maintenance Reserve Account

A maintenance reserve account was established by the Holmdel School Board for the accumulation of Funds for use as maintenance expenditures 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.

HOLMDEL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2016**

Note 3. Maintenance Reserve Account (continued)

Funds placed in the maintenance reserve account are restricted to maintenance projects in the District's approved Maintenance Plan (M-1). A district may increase the balance in the maintenance reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both

The activity of the maintenance reserve for the June 30, 2015 to June 30, 2016 fiscal year is as follows:

Balance, June 30, 2015	\$	904,979
Tranfers to maintenance reserve		500,000
Transfers from maintenance reserve		(400,000)
Balance, June 30, 2016	<u>\$</u>	<u>1,004,979</u>

Note 4. Accounts Receivable

Accounts receivable at June 30, 2016 consisted of accounts and intergovernmental grants. All state and federal receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	<u>General</u>	<u>Special</u>	<u>Capital</u>	<u>Proprietary</u>		<u>Total</u>
	<u>Fund</u>	<u>Revenue</u>	<u>Projects</u>	<u>Funds</u>		
Intergovernmental	\$ 769,489	\$ 508,890	\$ 220,075	\$ -		\$ 1,498,454
Other	128,227	34,051	18,110	895		181,283
Total	<u>\$ 897,716</u>	<u>\$ 542,941</u>	<u>\$ 238,185</u>	<u>\$ 895</u>		<u>\$ 1,679,737</u>

Note 5. Transfers to Capital Outlay

During the year ending June 30, 2016, the District transferred \$1,304,883 to the capital outlay accounts. The transfer was made from the capital reserve account to supplement a capital project previously approved by the voters in the budget certified for taxes pursuant to N.J.A.C. 6A:23A-8.4.

HOLMDEL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2016**

Note 6. Capital Assets

Capital assets activity for the year ended June 30, 2016 was as follows:

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 5,122,300	\$ -	\$ -	\$ 5,122,300
Construction in Progress	27,205,535	1,349,412	-	28,554,947
	32,327,835	1,349,412	-	33,677,247
Total capital assets not being depreciated				
Capital Assets being depreciated:				
Site Improvements	1,442,776	-	-	1,442,776
Buildings	36,304,122	-	-	36,304,122
Machinery & Equipment	5,617,603	52,577	-	5,670,180
	43,364,501	52,577	-	43,417,078
Total capital assets being depreciated				
Less: accumulated depreciation:				
Site Improvements	(172,218)	(15,403)	-	(187,621)
Buildings	(20,955,255)	(701,842)	-	(21,657,097)
Machinery & Equipment	(4,257,303)	(248,162)	-	(4,505,465)
	(25,384,776)	(965,407)	-	(26,350,183)
Total accumulated depreciation				
	17,979,725	(912,830)	-	17,066,895
Total capital assets being depreciated, net				
	\$ 50,307,560	\$ 436,582	\$ -	\$ 50,744,142
Total Governmental Activities capital assets, net				

HOLMDEL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2016**

Note 6. Capital Assets (continued)

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Business-Type Activities:				
Capital assets being depreciated:				
Machinery & Equipment	\$ 459,679	\$ 50,135	\$ -	\$ 509,814
Total capital assets being depreciated	459,679	50,135	-	509,814
Less: accumulated depreciation:				
Machinery & Equipment	(454,665)	(10,072)	-	(464,737)
Total accumulated depreciation	(454,665)	(10,072)	-	(464,737)
Total capital assets being depreciated, net	5,014	40,063	-	45,077
Total Business-type activities capital assets, net	\$ 5,014	\$ 40,063	\$ -	\$ 45,077

Depreciation expense was charged to governmental functions/programs as follows:

Governmental Activities:	
Unallocated	\$ 965,407
Total Depreciation Expense - Governmental Activities	\$ 965,407

Note 7. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2016 are as follows:

General Fund	\$ 1,657,610	\$ -
Payroll Agency	-	1,740,047
Unemployment Fund	166,677	-
Prime Time Enterprise Fund	-	28,623
Early Childhood Enterprise Fund	-	52,339
Summer Enrichment Enterprise Fund	-	3,278
	\$ 1,824,287	\$ 1,824,287

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

HOLMDEL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2016**

Note 8. Long-Term Obligations

During the fiscal year-ended June 30, 2016 the following changes occurred in long-term obligations:

	June 30, 2015	Additions	Reductions	June 30, 2016	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 782,230	\$ 28,374	\$ (42,702)	\$ 767,902	\$ -
Net Pension Liability	17,847,912	3,778,837	-	21,626,749	-
Capital Leases	796,000	744,000	(238,000)	1,302,000	379,000
General Obligation Bonds	13,375,000	7,740,000	(10,470,000)	10,645,000	2,245,000
Bond Premium on Refunding	366,043	690,680	(261,596)	795,127	149,279
Total	\$ 33,167,185	\$ 12,981,891	\$ (11,012,298)	\$ 35,136,778	\$ 2,773,279

For governmental activities, the bonds payable are liquidated from the District's debt service fund. Compensated absences and capital leases are liquidated by the general fund.

A. Bonds Payable:

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds. At June 30, 2016, bonds payable consisted of the following individual issues:

Purpose	Interest Rate	Maturity Date	Amount Issued	Amount Outstanding
2013 Refunding Bonds	3.625% - 4.500%	06/30/19	5,415,000	2,905,000
2015 Refunding Bonds	3.000% - 4.000%	03/15/23	7,740,000	7,740,000
Total				\$ 10,645,000

HOLMDEL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2016**

Note 8. Long-Term Obligations (continued)

Principal and Interest due on the outstanding bonds is as follows:

Year-ending June 30,	Principal	Interest	Total
2017	\$ 2,245,000	\$ 349,981	\$ 2,594,981
2018	2,200,000	283,081	2,483,081
2019	1,685,000	224,678	1,909,678
2020	1,115,000	180,600	1,295,600
2021	1,100,000	136,000	1,236,000
2021 - 2023	<u>2,300,000</u>	<u>140,400</u>	<u>2,440,400</u>
Total	<u>\$ 10,645,000</u>	<u>\$ 1,314,740</u>	<u>\$ 11,959,740</u>

B. Bonds Authorized But Not Issued

As of June 30, 2016, the District had no authorized but not issued bonds.

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 \$1,302,000. The following is a schedule of the remaining future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2016:

Year-ending June 30,	Amount
2017	\$ 430,190
2018	332,085
2019	331,750
2020	169,125
2021	<u>168,100</u>
Minimum Lease Payments	1,431,250
Less: Interest	<u>(129,250)</u>
Present Value of Minimum Lease Payments	<u>\$ 1,302,000</u>

HOLMDEL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) YEAR ENDED JUNE 30, 2016

Note 9. Pension Plans

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

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

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014

HOLMDEL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2016**

Note 9. Pension Plans (continued)

and 2013, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Pension</u> <u>Cost (APC)</u>	<u>of APC</u> <u>Contributed</u>	<u>Pension</u> <u>Obligation</u>
6/30/2016	\$ 828,279	100%	\$ 21,626,749
6/30/2015	\$ 785,866	100%	\$ 17,847,912
6/30/2014	785,516	100%	\$ 17,893,541

Components of Net Pension Liability - At June 30, 2016, the District reported a liability of \$21,626,749 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2015. The District's proportion measured as of June 30, 2015, was .09634%, which was a decrease of .00101% from its proportion measured as of June 30, 2014.

Collective Balances at June 30, 2016 and June 30, 2015

	<u>6/30/2016</u> July 1, 2015	<u>6/30/2015</u> July 1, 2014
Actuarial valuation date		
Deferred Outflows of Resources	\$ 3,223,924	\$ 1,664,415
Deferred Inflows of Resources	\$ 347,717	\$ 1,063,639
Net Pension Liability	21,626,749	17,847,912
District's portion of the Plan's total net pension Liability	0.09634%	0.09533%

HOLMDEL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2016**

Note 9. Pension Plans (continued)

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2016, the District recognized pension expense of \$828,279. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 515,938	\$ -
Changes of assumptions	2,322,540	-
Net difference between projected and actual earnings on pension plan investments	-	347,717
Changes in proportion and differences between District contributions and proportionate share of contributions	385,446	-
District contributions subsequent to the measurement date	-	-
Total	\$ 3,223,924	\$ 347,717

\$828,279 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30:</u>	<u>PERS</u>
2017	\$ (537,891)
2018	(537,891)
2019	(537,891)
2020	(803,800)
2021	(458,734)
Thereafter	-

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward

HOLMDEL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2016**

Note 9. Pension Plans (continued)

the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>PERS</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Interest rate	7.90%
Salary scale	2012-2021 - 2.15-4.40% Based on Age Thereafter - 3.15-5.40% Based on Age
Inflation rate	3.01%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

HOLMDEL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2016**

Note 9. Pension Plans (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.21%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate

Note 9. Pension Plans (continued):

assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability as of June 30, 2015, calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90) or 1-percentage-point higher (5.90%) than the current rate:

HOLMDEL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2016**

Note 9. Pension Plans (continued)

	Decrease (3.90%)	Discount Rate (4.90%)	Increase (5.90%)
District's Proportiante Share of the Net Pension Liability	\$ 26,879,403	\$ 21,626,749	\$ 17,222,962

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Basis of Presentation - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of TPAF and the State as an employer/nonemployer

HOLMDEL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2016**

Note 9. Pension Plans (continued)

entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of TPAF or the State. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount.

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

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

<u>Year</u> <u>Funding</u>	<u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2016	\$ 4,135,841	100%	\$ -
6/30/2015	3,298,441	100%	-
6/30/2014	2,685,932	100%	-

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

HOLMDEL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2016**

Note 9. Pension Plans (continued)

	<u>TPAF</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Interest rate	7.90%
Salary scale	Varies Based On Experience
Inflation rate	2.50%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

HOLMDEL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2016**

Note 9. Pension Plans (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Market Equities	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rates and that contributions from employers will be made on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

HOLMDEL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2016**

Note 10. 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, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the state contributed \$1.25 billion on their behalf.. 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 benefits 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 employer paid 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

Note 11. 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 following is a summary of School District contributions, reimbursements to the State for benefits paid and the ending balance of the School District’s trust fund for the current and previous two years:

Fiscal Year	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2015-2016	\$ -	\$ 74,294	\$ 64,324	\$ 150,881
2014-2015	-	89,724	162,124	140,911
2013-2014	100,000	75,768	67,200	213,311

HOLMDEL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2016**

Note 11. Risk Management (continued)

Joint Insurance Pool – The Holmdel School District participates in the School Alliance Insurance Fund and, public entity risk pool. The Fund provides its members with the following coverage’s:

Property – Blanket Building & Grounds	General & Automobile Liability
Employers Liability	Workers’ Compensation
School Board Legal Liability	Environmental Impairment Liability
Excess Liability	Comprehensive Crime Coverage

Note 12. Contingencies

State and Federal Grantor Agencies - The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2016 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

Pending Litigation – The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Districts’ attorney that resolution of these matters will not have a material adverse effect on the financial condition of the District.

Note 13. Economic Dependency

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

Note 14. Deferred Compensation

The District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

AXA Equitable
The Legend Group
Lincoln Investment Planning
Security Benefit & Life
Valic Investments

HOLMDEL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) YEAR ENDED JUNE 30, 2016

Note 15. Compensated Absences

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

District employees are granted varying amount of vacation and sick leave in accordance with the District's personnel policies. The District 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 Districts' agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net position under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2016 is \$767,902.

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, 2016 no liability existed for compensated absences in the proprietary fund types.

Note 16. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to *N.J.S.A.18A:7F-7*, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The District had no excess fund balance at June 30, 2016.

Note 17. Fund Balance

General Fund – Of the \$3,983,147 General Fund fund balance at June 30, 2016, \$1,004,979 has been reserved in the Maintenance Reserve Account; \$1,600,000 has been appropriated and included as anticipated revenue for the year ending June 30, 2017; \$295,428 has been reserved for encumbrances; and \$1,082,740 is unassigned.

Capital Projects Fund – Of the \$1,040,135 Capital Projects Fund fund balance at June 30, 2016, the entire amount has been assigned for other purposes.

Debt Service Fund – Of the \$100,765 Debt Service Fund fund balance at June 30, 2016, none has been designated for subsequent year's expenditures.

HOLMDEL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2016**

Note 18. Deficit in Net Position

Restricted Net Position – The School District had a deficit in restricted net position for Debt Service in the amount of \$21,988 at June 30, 2016. The deficit is caused by the accrual of bond interest in the government-wide financial statements.

Unrestricted Net Position – The School District had a deficit in unrestricted net position in the amount of \$21,737,003 at June 30, 2016. The deficit is due to the final June state aid payment of \$167,695 not recognized under GAAP and by GASB 68 which requires the district to report their proportionate share of the net pension liability for the Public Employee’s Retirement System (PERS) at June 30, 2016.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**HOLMDEL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Positive/ (Negative) Final To Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 50,648,047	\$ -	\$ 50,648,047	\$ 50,648,047	\$ -
Tuition	-	-	-	481,597	481,597
Unrestricted Miscellaneous Revenues	500,000	-	500,000	264,155	(235,845)
Total Local Sources	51,148,047	-	51,148,047	51,393,799	245,752
State Sources:					
Extraordinary Aid	269,058	-	269,058	745,122	476,064
Non Public Transportation	-	-	-	24,367	24,367
Categorical Special Education Aid	1,365,120	-	1,365,120	1,365,120	-
Categorical Security Aid	136,063	-	136,063	136,063	-
Categorical Transportation Aid	275,873	-	275,873	275,873	-
PARCC Readiness Aid	29,345	-	29,345	29,345	-
Per Pupil Growth Aid	29,345	-	29,345	29,345	-
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	2,247,953	2,247,953
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	1,887,888	1,887,888
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	1,780,255	1,780,255
Total State Sources	2,104,804	-	2,104,804	8,521,331	6,416,527
Federal Sources:					
Medical Assistance Program - SEMI	14,639	-	14,639	20,318	5,679
Total Federal Sources	14,639	-	14,639	20,318	5,679
Total Revenues	53,267,490	-	53,267,490	59,935,448	6,667,958

**HOLMDEL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Positive/ (Negative) Final To <u>Actual</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	303,700	-	303,700	302,700	1,000
Grades 1-5	5,360,709	216,487	5,577,196	5,577,195	1
Grades 6-8	3,907,128	34,177	3,941,305	3,941,304	1
Grades 9-12	5,703,007	(2,476)	5,700,531	5,700,531	-
Regular Programs - Home Instruction:					
Salaries of Teachers	26,906	2,934	29,840	29,840	-
Purchased Professional - Educational Services	-	8,000	8,000	2,145	5,855
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	7,100	400	7,500	7,500	-
Other Purchased Services (400-500 series)	1,396	(450)	946	564	382
General Supplies	735,780	(67,663)	668,117	573,934	94,183
Textbooks	265,384	(14,453)	250,931	223,763	27,168
Other Objects	158,150	916	159,066	123,394	35,672
Total Regular Programs - Instruction	16,469,260	177,872	16,647,132	16,482,870	164,262
Special Education - Instruction - Cognitive - Mild:					
Salaries of Teachers	80,500	(80,500)	-	-	-
Total Special Education - Instruction - Cognitive - Mild	80,500	(80,500)	-	-	-
Special Education - Instruction - Visual Impairments:					
Salaries of Teachers	84,270	5,171	89,441	89,440	1
Other Salaries for Instruction	34,948	(30,157)	4,791	-	4,791
Purchased Professional - Educational Services	46,410	(17,305)	29,105	20,959	8,146
Total Special Education - Instruction - Visual Impairments	165,628	(42,291)	123,337	110,399	12,938

**HOLMDEL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Positive/ (Negative) Final To <u>Actual</u>
Special Education - Instruction - Multiple Disabilities:					
Salaries of Teachers	181,031	12,475	193,506	193,505	1
Other Salaries for Instruction	109,737	114,291	224,028	224,028	-
General Supplies	1,050	-	1,050	474	576
Other Objects	5,000	3,650	8,650	8,621	29
	<u>296,818</u>	<u>130,416</u>	<u>427,234</u>	<u>426,628</u>	<u>606</u>
Total Special Education - Instruction - Multiple Disabilities					
Sp. Educ. - Instruction - Resource Room/Resource Center:					
Salaries of Teachers	3,510,157	72,023	3,582,180	3,582,179	1
General Supplies	21,500	(300)	21,200	17,834	3,366
Textbooks	4,000	(2,000)	2,000	807	1,193
	<u>3,535,657</u>	<u>69,723</u>	<u>3,605,380</u>	<u>3,600,820</u>	<u>4,560</u>
Total Sp. Educ. - Instruction - Resource Room/Resource Center					
EXPENDITURES (continued):					
Special Education - Instruction - Autism:					
Salaries of Teachers	154,062	9,591	163,653	163,653	-
Other Salaries for Instruction	385,530	(56,025)	329,505	329,504	1
General Supplies	1,500	-	1,500	1,296	204
	<u>541,092</u>	<u>(46,434)</u>	<u>494,658</u>	<u>494,453</u>	<u>205</u>
Total Special Education - Instruction - Autism					
Sp. Educ. - Instruction - Preschool Disabilities - Part-Time:					
Salaries of Teachers	305,378	(3,859)	301,519	299,610	1,909
Other Salaries for Instruction	159,635	(9,591)	150,044	147,104	2,940
	<u>465,013</u>	<u>(13,450)</u>	<u>451,563</u>	<u>446,714</u>	<u>4,849</u>
Total Sp. Educ. - Instruction - Preschool Disabilities - Part-Time					

**HOLMDEL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Positive/ (Negative) Final To Actual
Special Education - Instruction - Home Instruction:					
Salaries of Teachers	77,600	(27,136)	50,464	42,952	7,512
Purchased Professional - Educational Services	12,000	(8,554)	3,446	1,510	1,936
	89,600	(35,690)	53,910	44,462	9,448
Total Special Education - Instruction - Home Instruction	5,174,308	(18,226)	5,156,082	5,123,476	32,606
Total Special Education - Instruction	492,450	(109,441)	383,009	356,772	26,237
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	492,450	(109,441)	383,009	356,772	26,237
Total Basic Skills/Remedial - Instruction	492,450	(109,441)	383,009	356,772	26,237
Bilingual Education - Instruction:					
Salaries of Teachers	217,030	(12,475)	204,555	197,100	7,455
General Supplies	1,500	-	1,500	1,191	309
Total Bilingual Education - Instruction	218,530	(12,475)	206,055	198,291	7,764
School Sponsored Co/Extra-Curricular Activities - Instruction:					
Salaries	186,311	15,785	202,096	201,080	1,016
Supplies and Materials	13,500	(1,493)	12,007	11,287	720
Other Objects	1,200	(1,070)	130	130	-
Total School Spon. Co/Extra-Curricular Activities - Instruction	201,011	13,222	214,233	212,497	1,736

**HOLMDEL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Positive/ (Negative) Final To Actual
School Sponsored Athletics - Instruction:					
Salaries	415,427	1,200	416,627	413,572	3,055
Supplies and Materials	38,100	27,710	65,810	45,871	19,939
Other Objects	94,400	2,047	96,447	95,922	525
Total School Sponsored Athletics - Instruction	547,927	30,957	578,884	555,365	23,519
Total - Instruction	23,103,486	81,909	23,185,395	22,929,271	256,124
Undist. Expend. - Instruction:					
Tuition To County Voc. School District - Regular	712,020	(69,370)	642,650	614,994	27,656
Tuition To County Voc. School District - Specific	-	48,370	48,370	47,515	855
Tuition To Private School for the Disabled Within State	602,120	(115,010)	487,110	480,405	6,705
Tuition To Private School for the Disabled Outside State	-	34,810	34,810	34,810	-
Tuition - State Facilities	32,306	-	32,306	32,306	-
Total Undist. Expend. - Instruction	1,346,446	(101,200)	1,245,246	1,210,030	35,216
Undist. Expend. - Health Services:					
Salaries	449,441	16,430	465,871	465,871	-
Purchased Professional and Technical Services	35,500	(500)	35,000	31,761	3,239
Supplies and Materials	8,214	(194)	8,020	7,287	733
Other Objects	177,192	(2,200)	174,992	147,502	27,490
Total Undist. Expend. - Health Services	670,347	13,536	683,883	652,421	31,462
Undist. Expend. - Speech, OT, PT & Related Services					
Salaries	950,727	78,688	1,029,415	1,029,414	1
Purchased Professional - Education Services	9,850	8,825	18,675	18,675	-
Supplies and Materials	21,250	(1,000)	20,250	18,355	1,895
Other Objects	212,755	(17,977)	194,778	180,694	14,084
Total Undist. Expend. - Speech, OT, PT & Related Services	1,194,582	68,536	1,263,118	1,247,138	15,980

**HOLMDEL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Positive/ (Negative) Final To Actual
EXPENDITURES (continued):					
Undist. Expend. - Other Support Serv. Stud. - Extra Svc:					
Salaries	1,253,596	59,626	1,313,222	1,313,221	1
Purchased Professional - Educational Services	92,804	(8,626)	84,178	83,935	243
Supplies and Materials	1,000	8,000	9,000	8,798	202
Total Undist. Expend. - Other Support Serv. Stud. - Extra Svc.	1,347,400	59,000	1,406,400	1,405,954	446
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	935,191	13,407	948,598	948,597	1
Salaries of Secretarial and Clerical Assistance	193,541	505	194,046	184,909	9,137
Supplies and Materials	13,400	285	13,685	11,592	2,093
Other Objects	2,879	185	3,064	1,854	1,210
Total Undist. Expend. - Guidance	1,145,011	14,382	1,159,393	1,146,952	12,441
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	1,122,742	(201)	1,122,541	1,103,399	19,142
Salaries of Secretarial and Clerical Assistance	114,547	201	114,748	114,748	-
Other Purchased Prof. and Tech. Services	30,000	(27,175)	2,825	-	2,825
Misc Pur Serv (400-500 series o/than Resid Costs)	2,000	-	2,000	1,042	958
Supplies and Materials	8,600	850	9,450	8,852	598
Other Objects	6,964	300	7,264	7,017	247
Total Undist. Expend. - Child Study Teams	1,284,853	(26,025)	1,258,828	1,235,058	23,770

**HOLMDEL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Positive/ (Negative) Final To <u>Actual</u>
Undist. Expend. - Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	402,053	385	402,438	391,497	10,941
Salaries of Other Professional Staff	204,704	6,186	210,890	203,224	7,666
Salaries of Secretarial and Clerical Assistants	325,999	88	326,087	326,087	-
Purchased Professional - Educational Services	-	-	-	-	-
Other Purchased Services	1,400	295	1,695	1,083	612
Supplies and Materials	1,400	-	1,400	1,060	340
Other Objects	10,523	(295)	10,228	7,663	2,565
Total Undist. Expend. - Improvement of Instructional Services	946,079	6,659	952,738	930,614	22,124
Undist. Expend. - Educational Media/School Library:					
Salaries	908,115	50,040	958,155	955,895	2,260
Supplies and Materials	39,015	(2,854)	36,161	34,884	1,277
Total Undist. Expend. - Educational Media/School Library	947,130	47,186	994,316	990,779	3,537
Undist. Expend. - Instructional Staff Training Services:					
Other Objects	58,010	(2,405)	55,605	40,331	15,274
Total Undist. Expend. - Instructional Staff Training Services	58,010	(2,405)	55,605	40,331	15,274
Undist. Expend. - Support Services - General Administration:					
Salaries	259,170	-	259,170	233,533	25,637
Legal Services	125,000	28,302	153,302	106,940	46,362
Audit Fees	32,900	-	32,900	32,900	-
Other Purchased Professional Services	47,000	40,522	87,522	36,222	51,300
Communications/Telephone	107,908	(8,057)	99,851	88,388	11,463
Other Purchased Services	-	26	26	25	1
Miscellaneous Expenditures	117,970	(28,804)	89,166	87,482	1,684
BOE Membership Dues and Fees	11,850	-	11,850	4,329	7,521
Total Undist. Expend. - Support Services - General Admin.	701,798	31,989	733,787	589,819	143,968

**HOLMDEL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Positive/ (Negative) Final To <u>Actual</u>
Undist. Expend. - Support Services - School Admin.:					
Salaries of Principals/Assistant Principals/Prog Dir	1,054,772	(20,641)	1,034,131	1,034,131	-
Salaries of Secretarial and Clerical Assistants	427,173	-	427,173	425,583	1,590
Purchased Professional and Technical Services	-	24,500	24,500	24,500	-
Supplies and Materials	19,925	3,272	23,197	22,613	584
Other Objects	13,110	(71)	13,039	10,449	2,590
Total Undist. Expend. - Support Services - School Admin.	1,514,980	7,060	1,522,040	1,517,276	4,764
Undist. Expend. - Support Services - Central Services:					
Salaries	806,003	-	806,003	758,362	47,641
Interest on Current Loans	45,580	-	45,580	44,200	1,380
Miscellaneous Expenditures	10,000	-	10,000	2,406	7,594
Total Undist. Expend. - Support Services - Central Services	861,583	-	861,583	804,968	56,615
Undist. Expend. - Admin. Info. Technology:					
Salaries	57,471	-	57,471	57,470	1
Other Objects	2,750	(1,346)	1,404	1,404	-
Total Undist. Expend. - Admin. Info. Technology	60,221	(1,346)	58,875	58,874	1
Total Undist. Expend. - Central Services and Info. Technology	921,804	(1,346)	920,458	863,842	56,616
Undist. Expend. - Required Maintenance for School Facilities:					
Salaries	577,793	208	578,001	563,562	14,439
Cleaning, Repair and Maintenance Services	414,419	344,857	759,276	591,105	168,171
General Supplies	240,900	181,595	422,495	269,140	153,355
Total Undist. Expend. - Required Maintenance for School Facilities	1,233,112	526,660	1,759,772	1,423,807	335,965

**HOLMDEL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Positive/ (Negative) Final To Actual
Undist. Expend. - Custodial Services					
Salaries	1,880,639	(85,881)	1,794,758	1,785,978	8,780
Salaries of Non-Instructional Aides	350,329	20,516	370,845	370,845	-
Purchased Professional and Technical Services	15,000	-	15,000	6,037	8,963
Cleaning, Repair and Maintenance Services	84,000	-	84,000	77,337	6,663
Other Purchased Property Services	183,000	-	183,000	175,212	7,788
Insurance	496,508	-	496,508	488,538	7,970
General Supplies	235,795	-	235,795	200,171	35,624
Energy (Natural Gas)	295,000	-	295,000	212,861	82,139
Energy (Electricity)	610,880	-	610,880	591,494	19,386
Other Objects	32,065	-	32,065	7,821	24,244
Total Undist. Expend. - Custodial Services	4,183,216	(65,365)	4,117,851	3,916,294	201,557
Undist. Expend. - Care & Upkeep of Grounds:					
Salaries	328,263	8,489	336,752	336,751	1
Total Undist. Expend. - Care & Upkeep of Grounds	328,263	8,489	336,752	336,751	1
Undist. Expend. - Security:					
Salaries	224,014	-	224,014	224,014	-
Purchased Prof. & Tech. Svc	-	35,000	35,000	35,000	-
Total Undist. Expend. - Security:	224,014	35,000	259,014	259,014	-
Total Undist. Expend. - Oper. & Maint. of Plant	5,968,605	504,784	6,473,389	5,935,866	537,523

**HOLMDEL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Positive/ (Negative) Final To <u>Actual</u>
Undist. Expend. - Student Transportation Services:					
Salaries of Public Transportation	84,946	-	84,946	84,671	275
Other Purchased Professional and Technical Services	455	-	455	328	127
Contracted Services - Aid in Lieu of Payments - NonPublic Sch	80,626	(25,623)	55,003	50,245	4,758
Contracted Services (Bet. Home & School) - Vendors	1,375,686	(7)	1,375,679	1,375,678	1
Contracted Services (Other Than Bet. Home & School) - Vendors	160,822	15,327	176,149	176,148	1
Contracted Services (Special Ed. Students) - Vendors	357,420	18,757	376,177	376,177	-
Contracted Services (Special Ed. Students) - Joint Agreements	495,723	170,687	666,410	666,410	-
Miscellaneous Purchased Services - Transportation	6,414	-	6,414	6,414	-
General Supplies	2,000	-	2,000	1,382	618
Transportation Supplies	3,000	-	3,000	778	2,222
Other Objects	1,862	-	1,862	895	967
Total Undist. Expend. - Student Transportation Services	2,568,954	179,141	2,748,095	2,739,126	8,969
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	783,744	6,700	790,444	790,444	-
Other Retirement Contributions - PERS	922,757	(5,605)	917,152	826,113	91,039
Unemployment Compensation	50,000	-	50,000	-	50,000
Workmen's Compensation	314,030	169	314,199	314,199	-
Health Benefits	8,506,459	(426,490)	8,079,969	7,618,207	461,762
Tuition Reimbursement	105,000	-	105,000	101,664	3,336
Other Employee Benefits	163,000	186,867	349,867	349,866	1
Total Unallocated Benefits - Employee Benefits	10,844,990	(238,359)	10,606,631	10,000,493	606,138
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	2,247,953	(2,247,953)
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	1,887,888	(1,887,888)
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	1,780,255	(1,780,255)
Total On-Behalf Contributions	-	-	-	5,916,096	(5,916,096)
Total Personal Services - Employee Benefits	10,844,990	(238,359)	10,606,631	15,916,589	(5,309,958)

**HOLMDEL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Positive/ (Negative) Final To Actual
Total Undistributed Expenditures	31,460,989	562,938	32,023,927	36,421,795	(4,397,868)
Total Expenditures - Current Expense	54,564,475	644,847	55,209,322	59,351,066	(4,141,744)
CAPITAL OUTLAY					
Equipment:					
Undist. Expend. - Instruction	8,500	23,228	31,728	31,728	-
Undist. Expend. - Required Maintenance for School Facilities	25,000	-	25,000	20,849	4,151
Total Equipment	33,500	23,228	56,728	52,577	4,151
Facilities Acquisition and Construction Services:					
Lease Purchase Agreements - Principal	238,000	-	238,000	238,000	-
Assessment for Debt Service on SDA Funding	69,515	-	69,515	69,515	-
Total Facilities Acquisition and Construction Services	307,515	-	307,515	307,515	-
Total Capital Outlay	341,015	23,228	364,243	360,092	4,151
Total Expenditures	54,905,490	668,075	55,573,565	59,711,158	(4,137,593)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(1,638,000)	(668,075)	(2,306,075)	224,290	2,530,365
Other Financing Sources/(Uses):					
Transfer To Capital Projects	(1,323,000)	-	(1,323,000)	(1,323,000)	-
Total Other Financing Sources/(Uses)	(1,323,000)	-	(1,323,000)	(1,323,000)	-

**HOLMDEL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive/ (Negative) Final To Actual</u>
Excess/(Deficiency) of Revenues and Expenditures and Other Financing Uses Fund Balances, July 1	(2,961,000) 5,249,552	(668,075)	(3,629,075) 5,249,552	(1,098,710) 5,249,552	2,530,365 -
Fund Balances, June 30	\$ 2,288,552	\$ (668,075)	\$ 1,620,477	\$ 4,150,842	\$ 2,530,365

RECAPITULATION OF BUDGET TRANSFERS

Prior Year Reserve for Encumbrances	\$ 268,075
Transferred from Maintenance Reserve	<u>400,000</u>
	<u>\$ 668,075</u>

RECAPITULATION OF FUND BALANCE

Restricted:		
Maintenance Reserve	\$	1,004,979
Assigned:		
Encumbrances		295,428
Designated for Subsequent Year's Expenditures		1,600,000
Unassigned Fund Balance		<u>1,250,435</u>
		4,150,842
Reconciliation To Governmental Funds Statements (GAAP):		
Last State Aid Payments Not Recognized on GAAP Basis		<u>(167,695)</u>
Fund Balance per Governmental Funds (GAAP)	\$	<u>3,983,147</u>

**HOLMDEL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	June 30, 2016				Positive (Negative)
	Original Budget	Budget Transfers	Final Budget	Actual	Final To Actual
Revenues:					
Local Sources	\$ -	\$ 15,908	\$ 15,908	\$ 12,085	\$ 3,823
State Sources	606,130	(16,901)	589,229	570,846	18,383
Federal Sources	848,804	45,794	894,598	832,299	62,299
Total Revenues	1,454,934	44,801	1,499,735	1,415,230	84,505
Expenditures:					
Instruction:					
Salaries of Teachers	25,446	(25,446)	-	-	-
Purchased Services	555,922	(42,173)	513,749	495,409	18,340
Other Purchased Services	582,429	27,893	610,322	577,091	33,231
General Supplies	-	15,408	15,408	11,585	3,823
Other Objects	-	500	500	500	-
Total Instruction	1,163,797	(23,818)	1,139,979	1,084,585	55,394
Support Services:					
Personal Services - Employee Salaries	-	1,250	1,250	413	837
Personal Services - Employee Benefits	2,107	(2,011)	96	-	96
Purchased Professional - Educational Services	247,973	18,307	266,280	259,781	6,499
Other Purchased Services	36,057	38,835	74,892	60,930	13,962
Supplies and Materials	5,000	12,238	17,238	9,521	7,717
Total Support Services	291,137	68,619	359,756	330,645	29,111
Total Expenditures	1,454,934	44,801	1,499,735	1,415,230	84,505
Total Outflows	1,454,934	44,801	1,499,735	1,415,230	84,505
Excess/(Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

FOR FISCAL YEAR ENDED JUNE 30, 2016

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

	<u>General</u> <u>Fund</u>	<u>Special Revenue</u> <u>Fund</u>
SOURCES/INFLOWS OF RESOURCES		
Actual amounts (budgetary) "revenues" from the Budgetary Comparison Schedules	\$ 59,935,448	\$ 1,415,230
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Less: Current Year Encumbrances	-	(4,148)
Add: Prior Year Encumbrances	-	6,322
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	169,419	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(167,695)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 59,937,172</u>	<u>\$ 1,417,404</u>
USES/OUTFLOWS OF RESOURCES		
Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule	\$ 59,711,158	\$ 1,415,230
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.		
Less: Current Year Encumbrances		(4,148)
Add: Prior Year Encumbrances	<u>-</u>	<u>6,322</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 59,711,158</u>	<u>\$ 1,417,404</u>

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

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HOLMDEL SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST THREE FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.09634%	0.09533%	0.09362%
District's proportionate share of the net pension liability (asset)	\$ 21,626,749	\$ 17,847,912	\$ 17,893,541
District's covered-employee payroll	\$ 7,843,575	\$ 7,535,615	\$ 7,072,860
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	275.73%	236.85%	252.99%
Plan fiduciary net position as a percentage of the total pension liability	47.93%	52.08%	48.72%

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

**HOLMDEL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST THREE FISCAL YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 906,312	\$ 828,279	\$ 785,866
Contributions in relation to the contractually required contribution	<u>906,312</u>	<u>828,279</u>	<u>785,866</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 7,843,575	\$ 7,535,615	7,535,615
Contributions as a percentage of covered- employee payroll	11.55%	10.99%	10.43%

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

HOLMDEL SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND
LAST THREE FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.23579%	0.24053%	0.24319%
State's proportionate share of the net pension liability (asset) associated with the District	\$ 149,028,526	\$ 128,555,940	\$ 122,905,106
District's covered-employee payroll	\$ 25,715,697	\$ 25,571,866	\$ 24,910,320
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%	33.76%

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

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III

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HOLMDEL SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016

Teachers Pension and Annuity Fund (TPAF)

Basis of Presentation. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. The numbers were derived in a report provided by KPMG dated July 28, 2016. The full report is available by the State of New Jersey, Division of Pension and Benefits. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Changes of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

Public Employees' Retirement System (PERS)

Basis of Presentation. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. The numbers were derived in a report provided by KPMG dated April 14, 2016. The full report is available by the State of New Jersey, Division of Pension and Benefits. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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HOLMDEL SCHOOL DISTRICT
 SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
 For the fiscal year ending June 30, 2016

N.J. Nonpublic

Revenues	Textbooks Aid	Nursing Aid	Technology Aid	Compensatory Education	Transportation	Security	Home Instruction	Exam. and Classification	Corrective Speech	Supplementary Instruction	Local Programs
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,085
State Sources	73,605	132,096	38,437	82,826	11,900	37,000	8,958	106,372	15,049	64,603	-
Federal Sources	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	\$ 73,605	\$ 132,096	\$ 38,437	\$ 82,826	\$ 11,900	\$ 37,000	\$ 8,958	\$ 106,372	\$ 15,049	\$ 64,603	\$ 12,085
Expenditures											
Instruction:											
Salaries of Teachers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Purchased Services	73,605	132,096	-	82,826	11,900	-	8,958	106,372	15,049	64,603	-
Other Purchased Services	-	-	-	-	-	-	-	-	-	-	-
General Supplies	-	-	-	-	-	-	-	-	-	-	11,585
Other Objects	-	-	-	-	-	-	-	-	-	-	500
Total Instruction	73,605	132,096	-	82,826	11,900	-	8,958	106,372	15,049	64,603	12,085
Support Services:											
Personal Services - Employee Benefits	-	-	-	-	-	-	-	-	-	-	-
Purchased Professional - Educational Services	-	-	38,437	-	-	-	-	-	-	-	-
Other Purchased Services	-	-	-	-	-	37,000	-	-	-	-	-
Supplies and Materials	-	-	-	-	-	-	-	-	-	-	-
Total Support Services	-	-	38,437	-	-	37,000	-	-	-	-	-
Total Expenditures	\$ 73,605	\$ 132,096	\$ 38,437	\$ 82,826	\$ 11,900	\$ 37,000	\$ 8,958	\$ 106,372	\$ 15,049	\$ 64,603	\$ 12,085

**HOLMDEL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS**
For the fiscal year ending June 30, 2016

	I.D.E.A. Part B		No Child Left Behind				Immigration			
	Basic 2015/16	Basic 2014/15	Preschool 2015/16	Title II Part A 2015/16	Title II Part A 2014/15	Title II Part A 2013/14	Title II Part A 2012/13	Title II Part A 2011/12	Title III 2015/16	Total
<u>Revenues</u>										
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,085
State Sources	-	-	-	-	-	-	-	-	-	570,846
Federal Sources	751,143	-	21,266	45,975	9,595	2,032	1,456	159	673	832,299
Total Revenues	\$ 751,143	\$ -	\$ 21,266	\$ 45,975	\$ 9,595	\$ 2,032	\$ 1,456	\$ 159	\$ 673	\$ 1,415,230
<u>Expenditures</u>										
Instruction:										
Salaries of Teachers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 413	\$ 413
Purchased Services	-	-	-	-	-	-	-	-	-	495,409
Other Purchased Services	555,825	-	21,266	-	-	-	-	-	-	577,091
General Supplies	-	-	-	-	-	-	-	-	-	11,585
Other Objects	-	-	-	-	-	-	-	-	-	500
Total Instruction	555,825	-	21,266	-	-	-	-	-	413	1,084,998
Support Services:										
Personal Services - Employee Benefits	-	-	-	-	-	-	-	-	-	-
Purchased Professional - Educational Services	190,318	-	-	23,750	5,730	1,000	500	-	46	259,781
Other Purchased Services	5,000	-	-	14,489	2,990	495	956	-	-	60,930
Supplies and Materials	-	-	-	7,736	875	537	-	159	214	9,521
Total Support Services	195,318	-	-	45,975	9,595	2,032	1,456	159	260	330,232
Total Expenditures	\$ 751,143	\$ -	\$ 21,266	\$ 45,975	\$ 9,595	\$ 2,032	\$ 1,456	\$ 159	\$ 673	\$ 1,415,230

F. Capital Projects Fund

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**HOLMDEL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 2016**

<u>Project Title/Issue</u>	<u>Date</u>	<u>Original Appropriations</u>	<u>Expenditures</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	\$ 26,882,379	\$ 26,835,666	\$ -	\$ 46,713
MCIA Capital Equipment Lease - 2015	2015	800,000	-	799,223	777
Window Project - Various Schools	2016	2,205,000	-	550,188	1,654,812
		<u>\$ 29,887,379</u>	<u>\$ 26,835,666</u>	<u>\$ 1,349,411</u>	<u>\$ 1,702,302</u>

RECAPITULATION OF FUND BALANCE - JUNE 30, 2016

Unexpended Project Balances, June 30, 2016	\$ 1,702,302
Less:	
Unrealized Revenue - Bond Proceeds	<u>(242)</u>
Total Fund Balance (Budgetary Basis) - June 30, 2016	1,702,060
Less:	
Unexpended State Aid - SCC Grants	<u>(661,924)</u>
Total Fund Balance (GAAP Basis) - June 30, 2016	<u>\$ 1,040,136</u>

**HOLMDEL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

Revenues and Other Financing Sources:	
State Sources - SDA Grant	\$ 882,000
Lease Proceeds	744,000
Cancellation of Prior Year Accounts Payable	37,890
Miscellaneous	18,110
Transfer from General Fund	<u>1,323,000</u>
Total Revenues	<u>3,005,000</u>
Expenditures and Other Financing Sources:	
Construction Services	550,188
Equipment Purchases	<u>799,223</u>
Total Expenditures	<u>1,349,411</u>
Excess/(Deficiency) of Revenues	
Over/(Under) Expenditures	1,655,589
Fund Balance - July 1	<u>46,471</u>
Fund Balance - June 30	<u><u>\$ 1,702,060</u></u>

**HOLMDEL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
RENOVATIONS OF AND ADDITIONS TO SCHOOLS,
VARIOUS CAPITAL PROJECTS AND PURCHASE OF FURNITURE AND EQUIPMENT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
Revenues and Other Financing Sources:				
State Sources - SDA Grant	\$ 8,006,137	\$ -	\$ 8,006,137	\$ 8,006,137
Bond Proceeds	18,876,000	-	18,876,000	18,876,242
	<hr/>			
Total Revenues	26,882,137	-	26,882,137	26,882,379
<hr/>				
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	2,721,206	-	2,721,206	2,722,781
Construction Services	23,926,327	-	23,926,327	23,969,908
Equipment Purchases	188,133	-	188,133	189,690
	<hr/>			
Total Expenditures	26,835,666	-	26,835,666	26,882,379
<hr/>				
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ 46,471	\$ -	\$ 46,471	-
<hr/>				
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	(128,141.00)			
Revised Authorization Cost	26,882,379.00			
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 - 2015
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Lease Proceeds	\$ -	\$ 744,000	\$ 744,000	\$ 744,000
Cancellation of Prior Year Accounts Payable	-	37,890	37,890	37,890
Miscellaneous	-	18,110	18,110	18,110
Total Revenues	-	800,000	800,000	800,000
Expenditures and Other Financing Uses:				
Equipment Purchases	-	799,223	799,223	800,000
Total Expenditures	-	799,223	799,223	800,000
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ -	\$ 777	\$ 777	\$ -
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
WINDOWS- VARIOUS SCHOOLS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
State Sources - SCC Grant	\$ -	\$ 882,000	\$ 882,000	\$ 882,000
Transfer from General Fund	-	1,323,000	1,323,000	1,323,000
Total Revenues	-	2,205,000	2,205,000	2,205,000
Expenditures and Other Financing Uses:				
Construction Services	-	550,188	550,188	2,205,000
Total Expenditures	-	550,188	550,188	2,205,000
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ -	\$ 1,654,812	\$ 1,654,812	\$ -

Additional Project Information:	2230-020-14-1002	2230-030-14-1003	2230-050-14-1005	2230-020-14-1002
Project Number	2230-020-14-1002	2230-030-14-1003	2230-050-14-1005	2230-020-14-1002
Project Date	12/28/15	12/28/15	12/28/15	12/28/15
Grant Date	12/28/15	12/28/15	12/28/15	12/28/15
Bond Authorization Date	N/A	N/A	N/A	N/A
Bonds Authorized	N/A	N/A	N/A	N/A
Bonds Issued	N/A	N/A	N/A	N/A
Original Authorization Cost	500,000	710,000	430,000	565,000
Additional Authorization Cost	-	-	-	-
Revised Authorization Cost	-	-	-	-
Percentage Increase over Original Authorized Cost	0%	0%	0%	0%
Percentage Completion	100%	100%	100%	100%
Original Target Completion Date	N/A	N/A	N/A	N/A
Revised Target Completion Date	N/A	N/A	N/A	N/A

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G. Proprietary Funds

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Enterprise Funds

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HOLMDEL SCHOOL DISTRICT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
AS OF JUNE 30, 2016

	Business-Type Activities Enterprise Funds				Total
	Food Service	Prime Time	Summer Enrichment	Early Childhood	
Assets:					
Current Assets:					
Cash and Cash Equivalents	\$ 1,035,703	\$ 204,892	\$ 55,647	\$ 317,638	\$ 1,613,880
Accounts Receivables	895	-	-	-	895
Inventories	17,565	-	-	-	17,565
Total - Current Assets	1,054,163	204,892	55,647	317,638	1,632,340
Noncurrent Assets:					
Furniture, Machinery and Equipment	483,975	25,840	-	-	509,815
Less:					
Accumulated Depreciation	(438,898)	(25,840)	-	-	(464,738)
Total - Noncurrent Assets	45,077	-	-	-	45,077
Total Assets	1,099,240	204,892	55,647	317,638	1,677,417
Liabilities and Net Position:					
Liabilities:					
Current Liabilities:					
Interfund Payable	-	28,623	3,278	52,339	84,240
Accounts Payable	96,989	172	-	-	97,161
Unearned Revenue	40,945	-	-	56,000	96,945
Total Liabilities	137,934	28,795	3,278	108,339	278,346
Net Position:					
Net Investment in Capital Assets	45,077	-	-	-	45,077
Unrestricted	916,229	176,097	52,369	209,299	1,353,994
Total Net Position	\$ 961,306	\$ 176,097	\$ 52,369	\$ 209,299	\$ 1,399,071

HOLMDEL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Business-Type Activities				Total
	Enterprise Funds				
	Food Service	Prime Time	Summer Enrichment	Early Childhood	
Operating Revenues:					
Charges for Services:					
Daily Sales - Non-Reimbursable Programs	\$ 1,305,801	\$ -	\$ -	\$ -	\$ 1,305,801
Tuition	-	171,339	15,931	389,314	576,584
Miscellaneous Revenue	54,495	-	-	-	54,495
Total Operating Revenues	<u>1,360,296</u>	<u>171,339</u>	<u>15,931</u>	<u>389,314</u>	<u>1,936,880</u>
Operating Expenses:					
Salaries	-	109,230	12,941	194,463	316,634
Support Services - Employee Benefits	-	15,896	3,144	50,146	69,186
Purchased Professional/Technical Services	1,255,411	-	-	-	1,255,411
Other Purchase Services	34,974	-	-	-	34,974
Repairs and Maintenance	21,875	-	-	4,872	26,747
Supplies and Materials	41,615	3,081	-	3,745	48,441
Depreciation	10,072	-	-	-	10,072
Utilities Expense	-	13,206	134	2,193	15,533
Total Operating Expenses	<u>1,363,947</u>	<u>141,413</u>	<u>16,219</u>	<u>255,419</u>	<u>1,776,998</u>
Operating Income	<u>(3,651)</u>	<u>29,926</u>	<u>(288)</u>	<u>133,895</u>	<u>159,882</u>
Change in Net Position	(3,651)	29,926	(288)	133,895	159,882
Total Net Position - Beginning	<u>964,957</u>	<u>146,171</u>	<u>52,657</u>	<u>75,404</u>	<u>1,239,189</u>
Total Net Position - Ending	<u>\$ 961,306</u>	<u>\$ 176,097</u>	<u>\$ 52,369</u>	<u>\$ 209,299</u>	<u>\$ 1,399,071</u>

**HOLMDEL SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	Business-Type Activities				Total
	Enterprise Funds				
	Food Service	Prime Time	Summer Enrichment	Early Childhood	
Cash Flows From Operating Activities:					
Receipts From Customers	\$ 1,360,334	171,339	\$ 316	\$ 374,814	\$ 1,906,803
Payments To Employees	-	(96,503)	(12,807)	(192,270)	(301,580)
Payments To Suppliers	(1,256,862)	(16,115)	(134)	(10,810)	(1,283,921)
Net Cash Provided By/(Used For)					
Operating Activities	103,472	58,721	(12,625)	171,734	321,302
Cash Flows From Financing Activities:					
Purchase of furniture, machinery and equipment	(50,135)	-	-	-	(50,135)
Net Cash Provided By Financing Activities	(50,135)	-	-	-	(50,135)
Net Increase/(Decrease) in Cash and Cash Equivalents	53,337	58,721	(12,625)	171,734	271,167
Balance - Beginning of Year	982,366	146,171	68,272	145,904	1,342,713
Balance - End of Year	<u>\$ 1,035,703</u>	<u>\$ 204,892</u>	<u>\$ 55,647</u>	<u>\$ 317,638</u>	<u>\$ 1,613,880</u>
Reconciliation of Operating Loss To Net					
Cash Used for Operating Activities:					
Operating Income/(Loss) Used for Operating Activities:	\$ (3,651)	\$ 29,926	\$ (288)	\$ 133,895	\$ 159,882
(Decrease)/Increase in Accounts Payable	96,989	172	-	-	97,161
(Increase)/Decrease in Inventories	24	-	-	-	24
Decrease/(Increase) in Accounts Receivable	(129)	-	-	-	(129)
(Decrease)/Increase in Depreciation	10,072	-	-	-	10,072
(Decrease)/Increase in Interfund Payable	-	28,623	3,278	52,339	84,240
Increase/(Decrease) in Unearned Revenue	167	-	(15,615)	(14,500)	(29,948)
Net Cash Provided By/(Used For)					
Operating Activities	<u>\$ 103,472</u>	<u>\$ 58,721</u>	<u>\$ (12,625)</u>	<u>\$ 171,734</u>	<u>\$ 321,302</u>

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Internal Service Fund

Not Applicable

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H. Fiduciary Fund

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**HOLMDEL SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016**

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Funds</u>	Agency <u>Funds</u>	<u>Total</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 2,148	\$ 6,674	\$ 1,962,099	\$ 1,970,921
Interfund Receivable	166,677	-	-	166,677
Total Assets	168,825	6,674	1,962,099	2,137,598
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Interfund Payable	-	-	1,740,047	1,740,047
Due To State	17,944	-	-	17,944
Payroll Deductions and Withholdings	-	-	30,880	30,880
Payable To Student Groups	-	-	191,172	191,172
Total Liabilities	17,944	-	1,962,099	1,980,043
Net Position:				
Held in Trust for Unemployment Claims and Other Purposes	150,881	-	-	150,881
Reserved for Scholarships	-	6,674	-	6,674
Total Net Position	\$ 150,881	\$ 6,674	\$ -	\$ 157,555

**HOLMDEL SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016**

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Funds</u>	<u>Total</u>
Additions:			
Contributions:			
Plan Member	\$ 74,294	\$ -	\$ 74,294
Board Contribution	-	6,000	6,000
	<hr/>		
Total Additions	74,294	6,000	80,294
	<hr/>		
Deductions:			
Quarterly Contribution Reports	64,324	-	64,324
Scholarships Awarded	-	6,560	6,560
	<hr/>		
Total Deductions	64,324	6,560	70,884
	<hr/>		
Change in Net Position	9,970	(560)	9,410
Net Position - Beginning of Year	140,911	7,234	148,145
	<hr/>		
Net Position - End of Year	\$ 150,881	\$ 6,674	\$ 157,555
	<hr/> <hr/>		

**HOLMDEL SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

	Balance July 1, <u>2015</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance June 30, <u>2016</u>
Elementary and Middle Schools:				
Village	\$ 13,519	\$ 34,974	\$ 31,550	\$ 16,943
Indian Hill	60,343	55,748	69,656	46,435
William R. Satz	43,513	169,913	189,150	24,276
William R. Satz Athletic Fund	32	13,126	13,151	7
	<hr/>			
Total Elementary and Middle Schools	117,407	273,761	303,507	87,661
	<hr/>			
Senior High School:				
Holmdel	86,925	322,573	306,248	103,250
Holmdel Athletic Fund	428	97,440	97,607	261
	<hr/>			
Total Senior High School	87,353	420,013	403,855	103,511
	<hr/>			
Total All Schools	\$ 204,760	\$ 693,774	\$ 707,362	\$ 191,172
	<hr/> <hr/>			

**HOLMDEL SCHOOL DISTRICT
PAYROLL AGENCY FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

	Balance July 1, <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2016</u>
<u>Assets</u>				
Cash Payroll	\$ 19,002	\$ 21,150,648	\$ 21,091,434	\$ 78,216
Cash Payroll Agency	1,109,541	26,825,697	26,242,527	1,692,711
	<hr/>			
Total Assets	1,128,543	47,976,345	47,333,961	1,770,927
	<hr/> <hr/>			
<u>Liabilities</u>				
Payroll Deductions and Withholdings	5,228	26,825,697	26,815,045	15,880
Due To General Fund	949,820	623,551	-	1,573,371
Due To Unemployment Compensation Trust Fund	154,493	12,183	-	166,676
	<hr/>			
Total Payroll Agency	1,109,541	27,461,431	26,815,045	1,755,927
	<hr/>			
Net Payroll	19,002	20,527,097	20,531,099	15,000
	<hr/>			
Total Liabilities	\$ 1,128,543	\$ 47,988,528	\$ 47,346,144	\$ 1,770,927
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I. Long-Term Debt

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**HOLMDEL SCHOOL DISTRICT
GENERAL LONG-TERM DEBT ACCOUNT GROUP
STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2016**

<u>Description</u>	<u>Amount of Original Issue</u>	<u>Balance July 1, 2015</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Balance June 30, 2016</u>
2011 MCIA Equipment	\$ 480,000	\$ 204,000	\$ -	\$ 100,000	\$ 104,000
2013 MCIA Equipment	726,000	592,000	-	138,000	454,000
2015 MCIA Equipment	744,000	-	744,000	-	744,000
		<u>\$ 796,000</u>	<u>\$ 744,000</u>	<u>\$ 238,000</u>	<u>\$ 1,302,000</u>

**HOLMDEL SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	JUNE 30, 2016				Variance
	Original Budget	Budget Transfers	Final Budget	Actual	Positive/(Negative) Final To Actual
<u>Revenues</u>					
Local Sources:					
Local Tax Levy	2,794,727	-	2,794,727	2,794,727	-
Total Revenues	2,794,727	-	2,794,727	2,794,727	-
<u>Expenditures</u>					
Regular Debt Service:					
Interest & Charges	494,727	-	494,727	393,963	100,764
Redemption of Principal	2,300,000	-	2,300,000	2,300,000	-
Cost of Issuance of Debt	-	-	-	92,120	(92,120)
Total Regular Debt Service	2,794,727	-	2,794,727	2,786,083	8,644
Total Expenditures	2,794,727	-	2,794,727	2,786,083	8,644
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	-	-	-	8,644	8,644
Other Financing Sources/(Uses):					
Refunding Bond Proceeds	-	-	-	8,430,680	8,430,680
Deposit to Escrow Agent	-	-	-	(8,338,560)	(8,338,560)
Total Other Financing Sources/(Uses)	-	-	-	92,120	92,120
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses) Fund Balance, July 1	1	-	1	100,764	100,764
Fund Balance, June 30	1	-	1	100,765	100,764

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STATISTICAL SECTION (Unaudited)

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Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance. Note that the Exhibits are presented for the last ten fiscal years.

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HOLMDEL SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Government Activities:										
Net Investment in Capital Assets	\$ 23,974,186	\$ 24,868,775	\$ 26,451,698	\$ 27,893,766	\$ 29,461,141	\$ 30,706,272	\$ 32,468,038	\$ 32,022,178	\$ 36,136,561	\$ 41,411,753
Restricted	1,623,459	1,146,595	1,563,373	3,529,843	3,741,642	3,861,568	3,178,902	3,229,987	4,024,427	3,918,554
Unrestricted	(220,402)	54,521	449,004	(253,793)	193,857	110,832	536,516	2,231,548	(18,185,134)	(21,737,003)
Total Government Activities Net Position	\$ 25,377,243	\$ 26,069,891	\$ 28,464,075	\$ 31,169,816	\$ 33,396,640	\$ 34,678,672	\$ 36,183,456	\$ 37,483,713	\$ 21,975,854	\$ 23,593,304
Business-Type Activities:										
Invested in Capital Assets -										
Net of Related Debt	\$ 193,658	\$ 152,275	\$ 91,149	\$ 50,771	\$ 25,096	\$ 18,272	\$ 12,816	\$ 8,283	\$ 5,014	\$ 45,077
Restricted										
Unrestricted	126,128	229,876	422,775	597,878	842,809	926,343	1,005,613	1,104,679	1,234,175	1,353,994
Total Business-Type Activities Net Position	\$ 319,786	\$ 382,151	\$ 513,924	\$ 648,649	\$ 867,905	\$ 944,615	\$ 1,018,429	\$ 1,112,962	\$ 1,239,189	\$ 1,399,071
District-wide:										
Net Investment in Capital Assets	\$ 24,167,844	\$ 25,021,050	\$ 26,542,847	\$ 27,944,537	\$ 29,486,237	\$ 30,724,544	\$ 32,480,854	\$ 32,030,461	\$ 36,141,575	\$ 41,456,830
Restricted	1,623,459	1,146,595	1,563,373	3,529,843	3,741,642	3,861,568	3,178,902	3,229,987	4,024,427	3,918,554
Unrestricted	(94,274)	284,397	871,779	344,085	1,036,666	1,037,175	1,542,129	3,336,227	(16,950,959)	(20,383,009)
Total District Net Position	\$ 25,697,029	\$ 26,452,042	\$ 28,977,999	\$ 31,818,465	\$ 34,264,545	\$ 35,623,287	\$ 37,201,885	\$ 38,596,675	\$ 23,215,043	\$ 24,992,375

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
Governmental Activities:										
Instruction:										
Regular	(23,271,751)	(24,493,798)	(23,724,088)	(22,900,778)	(22,167,083)	(22,978,721)	(17,241,917)	(17,205,888)	(17,264,938)	(17,553,127)
Special Education	(4,981,773)	(5,778,129)	(5,847,358)	(5,882,719)	(5,998,446)	(6,259,510)	(4,505,111)	(4,619,880)	(4,913,631)	(5,123,476)
Other Special Education	(500,246)	(526,961)	(573,950)	(587,808)	(495,565)	(547,908)	(621,996)	(698,285)	(626,652)	(555,063)
Other Instruction	(919,068)	(965,455)	(949,231)	(913,484)	(937,030)	(915,604)	(700,115)	(698,964)	(740,897)	(767,862)
Support Services:										
Tuition	(1,352,173)	(1,190,793)	(1,177,369)	(1,064,117)	(1,112,963)	(976,976)	(944,986)	(1,086,353)	(1,091,888)	(1,210,030)
Student and Instruction Related Services	(6,496,283)	(6,707,994)	(6,896,948)	(8,637,241)	(8,862,150)	(9,162,159)	(7,897,495)	(7,602,496)	(7,722,598)	(7,982,066)
School Administrative Services	(1,614,784)	(1,651,140)	(1,726,388)	(1,821,855)	(1,781,416)	(1,825,571)	(1,424,352)	(1,462,340)	(1,508,715)	(1,517,276)
General Administration	(803,245)	(750,681)	(754,004)	(866,622)	(886,157)	(826,526)	(567,061)	(595,703)	(640,945)	(589,819)
Central Services	(978,809)	(1,030,224)	(1,101,165)	(1,175,857)	(1,120,560)	(1,086,021)	(1,159,659)	(761,297)	(827,851)	(804,968)
Administrative Information Technology	-	-	-	(38,603)	(51,265)	(54,285)	(53,021)	(35,400)	(57,001)	(58,874)
Plant Operations and Maintenance	(6,511,905)	(8,570,140)	(7,481,291)	(8,227,159)	(7,574,763)	(9,243,614)	(6,629,954)	(6,466,333)	(5,812,803)	(5,935,866)
Pupil Transportation	(3,423,908)	(3,526,055)	(3,344,650)	(3,240,832)	(3,008,797)	(2,293,063)	(2,234,729)	(2,473,004)	(2,529,060)	(2,730,126)
Employee Benefits	-	-	-	-	-	-	-	(13,845,065)	(20,306,796)	(23,803,561)
Interest on Long-Term Debt	(1,307,469)	(1,226,732)	(1,122,425)	(1,047,959)	(860,350)	(873,936)	(755,989)	(785,967)	(596,009)	(647,845)
Unallocated Depreciation and Amortization	(1,278,405)	(925,503)	(917,137)	(885,403)	(782,663)	(778,845)	(948,409)	(1,333,877)	(881,860)	(730,814)
Total Governmental Activities Expenses	(53,439,819)	(57,543,605)	(55,613,004)	(57,292,437)	(55,639,208)	(57,822,739)	(59,857,231)	(59,690,852)	(65,521,644)	(70,019,573)
Business-Type Activities:										
Food Service	(1,473,658)	(1,546,172)	(1,296,087)	(1,211,316)	(1,244,817)	(1,303,735)	(1,295,986)	(1,297,381)	(1,372,242)	(1,363,947)
Latchkey Program	-	-	(201,313)	(181,612)	(181,612)	(172,133)	(156,389)	(150,383)	(141,422)	(141,413)
Summer Enrichment	-	-	(70,289)	(97,732)	(26,664)	(36,386)	(33,724)	(30,283)	(31,777)	(16,219)
Early Childhood	-	-	-	-	-	(5,736)	-	(14,405)	(252,415)	(255,419)
Total Business-Type Activities Expenses	(1,473,658)	(1,546,172)	(1,567,689)	(1,490,660)	(1,452,594)	(1,517,990)	(1,486,099)	(1,492,452)	(1,797,856)	(1,776,998)
Total District Expenses	(54,913,477)	(58,889,777)	(57,180,693)	(58,783,097)	(57,091,802)	(59,340,729)	(61,343,330)	(61,183,304)	(67,319,500)	(71,796,571)
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	60,887	105,810	84,784	217,385	238,270	368,221	-	-	-	-
Support Services - Tuition	-	-	-	-	-	-	436,062	389,993	407,835	481,597
Operating Grants and Contributions	888,920	887,898	1,075,904	1,247,409	14,743	26,309	1,495,762	1,316,644	12,274,445	14,545,145
Capital Grants and Contributions	-	-	11,552	-	-	-	-	-	-	-
Total Governmental Activities Program Revenues	949,807	993,708	1,172,240	1,464,794	253,013	394,530	1,931,824	1,706,637	12,682,280	15,026,742
Business-Type Activities:										
Charges for Services:										
Food Service	1,454,208	1,602,555	1,415,147	1,336,188	1,450,535	1,393,294	1,360,620	1,305,863	1,325,674	1,305,801
Latchkey Program	-	-	212,315	184,573	194,343	153,029	163,524	187,334	181,479	171,339
Summer Enrichment	-	-	70,316	104,307	26,945	48,376	35,772	43,288	23,282	15,931
Early Childhood	-	-	-	-	-	-	-	-	-	-
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions	158,400	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenues	1,612,608	1,602,555	1,697,778	1,625,068	1,671,823	1,594,699	1,559,916	1,536,485	1,878,396	1,882,385
Total Activities Program Revenues	2,562,415	2,596,263	2,870,018	3,089,862	1,924,836	1,989,229	3,491,740	3,243,122	14,560,676	16,909,127

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (Expense)/Revenue:										
Governmental Activities	\$ (52,490,012)	\$ (56,349,897)	\$ (54,440,764)	\$ (55,827,643)	\$ (55,386,195)	\$ (57,428,209)	\$ (57,925,607)	\$ (57,984,215)	\$ (52,839,364)	\$ (54,992,831)
Business-Type Activities	138,950	56,383	130,089	134,408	219,229	76,709	73,817	44,033	80,540	105,387
Total District-wide Net (Expense)/Revenue	\$(52,351,062)	\$(56,293,514)	\$(54,310,675)	\$(55,693,235)	\$(55,166,966)	\$(57,351,500)	\$(57,851,790)	\$(57,940,182)	\$(52,758,824)	\$(54,887,444)
General Revenues and Other Changes in Net Assets:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 42,607,166	\$ 44,387,036	\$ 45,845,732	\$ 46,564,487	\$ 47,180,371	\$ 47,180,371	\$ 47,770,126	\$ 48,450,529	\$ 49,414,695	\$ 50,648,047
Taxes Levied for Debt Service	3,243,641	3,280,732	3,119,351	3,221,163	3,160,520	3,113,858	3,051,483	2,971,232	2,800,957	2,794,727
Unrestricted Grants and Contributions	7,491,363	7,958,950	7,367,049	7,729,658	6,965,580	7,874,329	8,353,200	7,563,872	2,714,555	2,627,277
Restricted Grants and Contributions	-	-	-	-	-	-	-	-	105,698	220,075
Investment Earnings	317,893	219,460	60,228	7,867	4,973	-	-	-	-	-
Miscellaneous Income	243,612	1,196,368	442,588	1,010,211	7,867	541,681	255,383	430,375	207,141	320,155
Total Governmental Activities	53,903,675	57,042,546	56,834,948	58,533,386	57,613,018	58,710,239	59,430,192	59,416,008	55,243,046	56,610,281
Business-Type Activities:										
Investment Earnings	7,539	5,982	1,683	15	28	-	-	-	-	-
Miscellaneous Income	-	-	-	-	-	-	-	50,499	45,687	54,495
Total Business-Type Activities	7,539	5,982	1,683	15	28	-	-	50,499	45,687	54,495
Total District-wide	\$ 53,911,214	\$ 57,048,528	\$ 56,836,631	\$ 58,533,401	\$ 57,613,046	\$ 58,710,239	\$ 59,430,192	\$ 59,466,507	\$ 55,288,733	\$ 56,664,776
Changes in Net Position:										
Governmental Activities	\$ 1,413,663	\$ 692,649	\$ 2,394,184	\$ 2,705,743	\$ 2,226,823	\$ 1,282,030	\$ 1,504,785	\$ 1,431,793	\$ 2,403,682	\$ 1,617,450
Business-Type Activities	146,489	62,365	131,772	134,423	219,257	76,709	73,817	94,552	126,227	159,882
Total District	\$ 1,560,152	\$ 755,013	\$ 2,525,956	\$ 2,840,167	\$ 2,446,080	\$ 1,358,739	\$ 1,578,602	\$ 1,526,325	\$ 2,529,909	\$ 1,777,332

Source: District CAFR, Schedule A-2

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund:										
Reserved	\$ 751,445	\$ 537,163	\$ 1,516,901	\$ 3,476,132	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,465,741	1,447,899	1,422,161	704,578	-	-	-	-	-	-
Restricted	-	-	-	776,081	904,979	904,979	904,979	904,979	904,979	1,004,979
Assigned	-	-	-	2,929,088	2,979,809	2,979,809	2,270,023	2,345,280	3,229,075	1,895,428
Unassigned	-	-	-	1,005,147	1,005,147	879,854	1,308,202	1,875,406	511,625	1,082,740
Total General Fund	\$ 2,217,186	\$ 1,985,062	\$ 2,939,062	\$ 4,180,710	\$ 4,710,316	\$ 4,764,642	\$ 4,483,204	\$ 5,125,665	\$ 4,645,679	\$ 3,983,147
All Other Governmental Funds:										
Reserved	\$ 92,257	\$ 89,718	\$ 15,206	\$ 15,206	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported In:										
Capital Projects Fund	30,424	19,713	31,266	3,817	-	-	-	-	-	-
Debt Service Fund	-	1	1	-	-	-	-	-	-	-
Restricted:										
Capital Projects Fund	-	-	-	31,266	31,266	48,114	31,266	125,289	46,471	-
Debt Service Fund	-	-	-	-	1	1	1	-	-	-
Committed:										
Capital Projects Fund	-	-	-	15,206	15,206	18,122	15,206	-	-	-
Assigned:										
Debt Service Fund	-	-	-	-	-	-	-	62,470	1	-
Total All Other Governmental Funds	\$ 122,681	\$ 109,432	\$ 46,473	\$ 19,023	\$ 46,472	\$ 66,237	\$ 46,473	\$ 187,759	\$ 46,472	\$ -

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Tax Levy	\$ 45,850,807	\$ 47,667,768	\$ 48,965,083	\$ 49,785,650	\$ 50,340,891	\$ 50,294,229	\$ 50,821,609	\$ 51,421,761	\$ 52,215,652	\$ 53,442,774
Tuition Charges	60,887	105,810	84,784	217,385	238,270	368,221	436,062	389,993	407,835	481,597
Interest Earnings	317,893	219,460	60,228	4,973	-	-	-	-	-	-
Miscellaneous	243,612	394,918	442,588	220,078	301,574	541,681	295,592	451,751	246,629	294,350
State Sources	7,571,786	7,976,150	7,671,850	7,549,327	5,696,654	6,801,622	8,832,495	8,045,997	8,475,459	9,313,976
Federal Sources	808,497	870,698	782,850	1,427,739	1,283,573	1,099,016	976,258	806,917	936,994	854,291
Total Revenues	54,853,482	57,234,804	58,007,187	59,200,179	57,865,935	59,104,769	61,362,016	61,116,419	62,282,569	64,387,488
Expenditures:										
Instruction:										
Regular	16,323,492	16,962,299	17,437,743	15,969,314	15,728,483	15,893,613	17,241,917	17,205,888	17,264,938	17,567,455
Special	3,183,604	3,851,136	4,029,268	4,119,680	4,185,660	4,198,398	4,505,111	4,619,880	4,931,631	5,123,476
Other	500,246	526,961	573,950	587,808	495,565	547,908	621,996	698,285	626,652	555,063
School-Sponsored/Other Instructional	728,353	761,077	765,709	742,163	753,124	689,942	700,115	698,964	740,897	767,862
Undistributed:										
Tuition	1,352,173	1,190,793	1,177,369	1,064,117	1,112,963	976,976	944,986	1,086,353	1,091,888	1,210,030
Student and Instruction Related Services	-	-	-	-	-	-	7,897,495	7,602,496	7,722,598	7,982,066
Health Services	552,922	559,897	587,452	598,549	635,324	642,581	-	-	-	-
Support Services - Students	3,278,920	3,419,363	3,499,542	5,145,944	5,071,430	5,361,581	-	-	-	-
Support Services - Instructional Staff	1,373,008	1,396,482	1,492,044	851,824	873,116	887,646	-	-	-	-
General Administration	507,212	481,976	492,536	511,329	492,514	440,816	567,061	595,703	640,945	589,819
School Administrative Services	1,341,667	1,363,286	1,438,478	1,476,994	1,442,768	1,455,006	1,424,352	1,462,340	1,508,715	1,517,276
Central Services	978,809	1,030,224	1,101,165	1,175,857	1,126,613	1,159,659	1,159,659	761,297	827,851	804,968
Admin. Information Technology	-	-	-	21,463	51,265	54,285	53,921	55,400	57,001	58,874
Plant Operations and Maintenance	5,643,015	6,451,240	6,523,869	5,884,296	5,974,533	7,220,703	6,550,875	6,466,333	5,812,803	5,935,866
Pupil Transportation	2,641,055	2,725,778	2,594,409	2,696,853	2,452,411	2,204,895	2,234,729	2,473,004	2,529,060	2,739,126
Employee Benefits	10,705,052	11,441,592	10,073,759	14,367,404	11,470,208	12,333,765	14,186,141	13,858,310	14,458,376	15,916,589
Capital Outlay	720,299	413,585	535,546	827,929	494,228	857,430	523,377	1,083,549	874,714	1,709,503
Special Revenue	1,442,331	1,610,507	1,599,446	2,015,118	1,825,701	1,555,252	-	-	-	-
Debt Service:										
Principal	2,000,000	2,054,000	1,975,000	2,155,000	2,170,000	2,200,000	2,230,000	2,300,000	2,285,000	2,300,000
Interest and Other Charges	1,318,369	1,226,732	1,144,351	1,066,164	990,520	913,858	821,483	682,530	578,426	486,083
Total Expenditures	54,590,527	57,466,928	57,041,636	61,277,806	57,346,426	59,520,676	61,663,218	61,650,332	61,951,495	65,264,056
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	262,955	(232,124)	965,551	(2,077,627)	519,509	(415,907)	(301,202)	(533,913)	331,074	(876,568)
Other Financing Sources/(Uses):										
Proceeds From Refunding	-	-	-	-	-	-	-	5,699,361	-	8,430,680
Payments To Escrow Agent	-	-	-	-	-	-	-	(5,625,594)	-	(8,338,560)
Transfers In	-	-	-	-	-	-	-	-	158,549	1,323,000
Transfers Out	-	-	-	-	-	-	-	-	(158,549)	(1,323,000)
Proceeds From MCIA Bonds	-	-	-	-	-	500,000	-	726,000	-	744,000
Total Other Financing Sources/(Uses)	-	-	-	-	-	500,000	-	799,767	-	836,120
Net Change in Fund Balances	\$ 262,955	\$(232,124)	\$ 965,551	\$(2,077,627)	\$ 519,509	\$(84,093)	\$(301,202)	\$ 265,854	\$ 331,074	\$(40,448)
Debt Service as a Percentage of Noncapital Expenditures	6.16%	5.75%	5.52%	5.33%	5.56%	5.31%	4.99%	4.92%	4.69%	4.38%

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
2007	\$ 14,438	\$ 46,449	\$ 51,954	\$ 317,893	\$ 19,270	\$ 61,323	\$ -	\$ -	\$ 511,327
2008	20,751	85,059	145,571	219,460	9,217	59,070	-	-	539,128
2009	4,500	80,284	91,270	60,228	12,189	74,048	-	-	322,519
2010	66,535	150,851	47,072	7,867	11,492	91,439	-	-	375,256
2011	86,720	151,550	126,665	4,973	19,226	104,092	-	-	493,226
2012	98,065	270,156	378,216	-	-	126,622	-	-	873,059
2013	115,163	320,899	17,812	-	59,857	177,714	-	-	691,445
2014	107,414	282,579	22,987	713	210,339	132,922	-	-	756,954
2015	333,209	74,626	14,774	785	105,390	86,192	-	-	614,976
2016	69,020	400,492	44,945	4,708	120,492	106,095	-	-	745,752

Source: District records

Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

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**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
2007	R \$ 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
2012	37,997,200	3,364,124,999	17,876,500	1,121,700	349,171,600	54,984,000	7,715,300
2013	40,447,700	3,358,515,299	18,887,700	1,039,200	340,138,200	62,643,700	7,715,300
2014	42,676,700	3,352,543,699	18,544,000	1,008,100	339,528,100	62,643,700	7,715,300
2015	67,212,400	3,575,479,300	17,828,300	988,100	357,433,400	48,932,400	8,450,000
2016	73,610,200	3,597,054,500	17,216,200	912,000	378,721,400	50,838,200	8,975,000

Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Tax Rate ^b	Less:	
						Direct	School
R \$ 4,612,078,500	\$ 361,722,800	\$ 8,965,069	\$ 4,579,644,069	\$ 4,509,985,451	1.032	Total	
4,570,679,000	389,719,600	8,972,507	4,554,945,807	4,567,319,744	1.069	Direct	
4,545,973,300	391,840,000	9,060,389	3,842,528,889	4,618,304,460	1.093	School	
3,833,468,500	387,393,500	8,963,595	3,840,559,995	4,500,916,124	1.310	Tax Rate ^b	
3,831,596,400	387,393,500	7,757,167	3,840,748,466	4,311,735,038	1.310		
3,832,991,299	388,531,100	6,793,745	3,839,785,044	4,182,518,989	1.325		
3,829,387,099	388,449,600	6,481,288	3,442,691,287	4,110,037,916	1.341		
3,824,659,599	389,407,700	6,481,288	3,441,733,187	4,046,245,103	1.363		
4,076,323,900	-	6,690,727	4,083,014,627	4,115,972,566	1.309		
4,127,327,500	-	6,679,675	4,134,007,175	4,224,757,493	1.323		

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

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

	2016			2007		
	<u>Taxable Assessed Value</u>	<u>Rank (Optional)</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank (Optional)</u>	<u>% of Total District Net Assessed Value</u>
Taxpayer 1		1			1	
Taxpayer 2		2			2	
Taxpayer 3		3			3	
Taxpayer 4		4			4	
Taxpayer 5		5			5	
Taxpayer 6		6			6	
Taxpayer 7		7			7	
Taxpayer 8		8			8	
Taxpayer 9		9			9	
Taxpayer 10		10			10	
			DATA NOT AVAILABLE			
Total	\$ -			\$ -		

Source: Municipal Tax Assessor

**HOLMDEL SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year Ended <u>June 30,</u>	Taxes Levied for <u>the Fiscal Year</u>	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent <u>Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2007	\$ 45,850,807	\$ 45,850,807	100.00%	-
2008	47,667,768	47,667,768	100.00%	-
2009	48,965,083	48,965,083	100.00%	-
2010	49,785,650	49,785,650	100.00%	-
2011	50,340,891	50,340,891	100.00%	-
2012	50,294,229	50,294,229	100.00%	-
2013	50,821,609	50,821,609	100.00%	-
2014	51,421,761	51,421,761	100.00%	-
2015	52,215,652	52,215,652	100.00%	-
2016	53,442,774	53,442,774	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

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for a historical view of the School District's debt and its debt capacity.

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

Fiscal Year Ending June 30,	Governmental Activities						Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)					
2007	\$ 30,839,000	\$ -	\$ 794,159	\$ -	\$ -	31,633,159	N/A	N/A	
2008	28,785,000	-	790,800	-	-	29,575,800	N/A	N/A	
2009	26,810,000	-	859,500	-	-	27,669,500	N/A	N/A	
2010	24,655,000	-	1,383,800	-	-	26,038,800	N/A	N/A	
2011	22,485,000	-	981,900	-	-	23,466,900	N/A	N/A	
2012	20,285,000	-	1,140,800	-	-	21,425,800	N/A	N/A	
2013	18,055,000	-	723,000	-	-	18,778,000	N/A	N/A	
2014	15,660,000	-	1,195,000	-	-	16,855,000	N/A	N/A	
2015	13,375,000	-	796,000	-	-	14,171,000	N/A	N/A	
2016	10,645,000	-	1,302,000	-	-	11,947,000	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 <u>Ending June 30.</u>	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2007	\$ 30,839,000	\$ -	\$ 30,839,000	0.67%	N/A
2008	28,785,000	-	28,785,000	0.63%	N/A
2009	26,810,000	-	26,810,000	0.59%	N/A
2010	24,655,000	-	24,655,000	0.64%	N/A
2011	22,485,000	-	22,485,000	0.59%	N/A
2012	20,285,000	-	20,285,000	0.53%	N/A
2013	18,055,000	-	18,055,000	0.47%	N/A
2014	15,660,000	-	15,660,000	0.46%	N/A
2015	13,375,000	-	13,375,000	0.33%	N/A
2016	10,645,000	-	10,645,000	0.26%	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.

N/A At the time of CAFR completion, the data was not yet available.

**HOLMDEL SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2015
(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	\$ 21,126,585	100.000%	\$ 21,126,585
Monmouth County General Obligation Debt	776,470,695	3.647%	776,470,695
Subtotal, Overlapping Debt			797,597,280
Holmdel District Direct Debt			<u>10,645,000</u>
Total Direct and Overlapping Debt			<u>\$ 808,242,280</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 2016

	Equalized Valuation Basis:			
	2015	2014	2013	2012
	\$ 4,184,772,020	\$ 4,077,462,259	\$ 4,021,666,526	\$ 12,283,900,805
	(A)	(B)	(C)	(B-C)
Average Equalized Valuation of Taxable Property	(A/3)	\$ 163,785,344	\$ 10,645,000	\$ 153,140,344
Debt Limit (4% of Average Equalization Value) Total Net Debt Applicable To Limit	(B)	(C)	(B-C)	(B-C)
Legal Debt Margin	(A)	(B)	(C)	(B-C)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt Limit	\$ 163,245,582	\$ 174,030,193	\$ 182,544,846	\$ 182,793,750	\$ 178,548,846
Total Net Debt Applicable To Limit	30,839,000	28,785,000	26,810,000	24,655,000	22,485,000
Legal Debt Margin	\$ 132,406,582	\$ 145,245,193	\$ 155,734,846	\$ 158,138,750	\$ 156,063,846

Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	18.89%	16.54%	14.69%	13.49%	12.59%
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt Limit	\$ 172,423,442	\$ 168,559,253	\$ 163,973,953	\$ 162,676,626	\$ 163,785,344
Total Net Debt Applicable To Limit	20,285,000	18,055,000	15,660,000	13,375,000	10,645,000
Legal Debt Margin	\$ 152,138,442	\$ 150,504,253	\$ 148,313,953	\$ 149,301,626	\$ 153,140,344

Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	11.76%	10.71%	9.55%	8.22%	6.50%
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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 Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within which the School District operate and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

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**HOLMDEL SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Year</u>	<u>Population^a</u>	<u>Personal Income^b</u>	<u>Per Capita Personal Income^c</u>	<u>Unemployment Rate^d</u>
2007	17,271	N/A	N/A	2.29%
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	16,773	1,138,165,461	67,857	8.57%
2012	16,790	1,256,261,380	74,822	9.39%
2013	16,688	1,248,629,536	74,822	8.63%
2014	16,715	1,038,335,800	62,120	6.76%
2015	16,694	1,047,665,358	62,757	4.80%
2016	16,671	1,100,602,749	66,019	4.80%

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 2010 Census published by the US Bureau of Economic Analysis.

^d Unemployment data provided by the zipdata maps.

N/A At the time of CAFR completion, the data was not yet available.

**HOLMDEL SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

<u>Employer</u>	2016			2007		
	<u>Employees</u>	Rank (Optional)	Percentage of Total Municipal Employment	<u>Employees</u>	Rank (Optional)	Percentage of Total Municipal Employment
		1			1	
		2			2	
		3			3	
		4			4	
		5			5	
		6			6	
		7			7	
		8			8	
		9			9	
		10			10	
			DATA NOT AVAILABLE			
Total						

Source: _____

Operating Information

Operating information is intended to provide contextual information about the School District's operation and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operation

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**HOLMDEL SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction:										
Regular	217.00	217.00	210.70	205.00	195.00	196.10	197.20	196.50	197.70	196.50
Special Education	66.00	66.00	74.30	72.00	69.00	68.50	68.10	70.00	79.30	92.50
Support Services:										
Tuition										
Student and Instruction Related Services	56.00	56.00	59.20	90.00	93.50	92.90	99.30	105.00	109.00	111.50
General Administrative Services	5.00	5.00	5.00	6.00	6.00	6.00	7.00	7.00	5.00	5.00
School Administrative Services	15.00	15.00	15.00	17.00	17.00	17.00	16.50	17.00	17.00	17.00
Business Administrative Services	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	7.00	6.00
Information Technology	2.00	2.00	2.00	2.00	2.50	5.50	5.50	5.50	5.50	5.00
Plant Operations and Maintenance	47.00	47.00	47.00	81.00	81.50	74.00	74.00	73.50	79.50	72.50
Pupil Transportation	32.00	32.00	32.00	25.00	23.50	1.40	1.50	1.50	1.50	1.50
Total	446.00	446.00	451.20	504.00	494.00	467.40	475.10	482.00	501.50	507.50

**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 School	Middle School	Senior High School				
2007	3,390	50,528,934	14,905	9.69%	283	-	-	-	3,388	3,320	-2.92%	97.99%
2008	3,346	53,646,626	16,033	7.57%	283	-	-	-	3,345	3,281	-1.27%	98.08%
2009	3,293	53,224,079	16,163	0.81%	285	-	-	-	3,290	3,004	-1.64%	91.30%
2010	3,215	53,884,683	16,760	3.70%	277	-	-	-	3,213	3,110	-2.34%	96.80%
2011	3,154	53,691,582	17,023	1.57%	264	-	-	-	3,151	3,068	-1.93%	97.38%
2012	3,089	55,601,183	18,000	5.74%	265	-	-	-	3,089	3,013	-1.97%	97.54%
2013	3,093	58,088,356	18,781	4.34%	265	-	-	-	3,091	3,011	0.06%	97.41%
2014	3,019	57,584,253	19,074	1.56%	267	-	-	-	3,019	2,944	-2.33%	97.52%
2015	3,021	58,213,355	19,270	1.03%	277	-	-	-	3,027	2,883	0.26%	95.24%
2016	2,975	60,768,470	20,426	6.00%	278	-	-	-	2,973	2,850	-1.78%	95.86%

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>District Building</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Elementary</u>										
Village School (1952)										
Square Feet	122,104	122,104	122,104	122,104	122,104	122,104	122,104	122,104	122,104	122,104
Capacity (students)	1,032	1,032	1,032	1,032	1,032	1,032	1,032	1,032	1,032	1,032
Enrollment	899	900	910	841	835	831	835	821	821	819
Indian Hill (1961)										
Square Feet	120,733	120,733	120,733	120,733	120,733	120,733	120,733	120,733	120,733	120,733
Capacity (students)	940	940	940	940	940	940	940	940	940	940
Enrollment	818	797	773	767	731	733	712	705	707	720
<u>Junior High School</u>										
WR Satz Jr. High (1962)										
Square Feet	86,537	86,537	86,537	86,537	86,537	86,537	86,537	86,537	86,537	86,537
Capacity (students)	669	669	669	669	669	669	669	669	669	669
Enrollment	568	553	545	557	541	504	538	531	531	503
<u>High School</u>										
Holmdel High School (1958)										
Square Feet	193,021	193,021	193,021	193,021	193,021	193,021	193,021	193,021	193,021	193,021
Capacity (students)	1,173	1,173	1,173	1,173	1,173	1,173	1,173	1,173	1,173	1,173
Enrollment	1,105	1,096	1,065	1,050	1,047	1,021	1,008	962	962	931
<u>Other</u>										

Number of Schools at June 30, 2016:

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

	<u>Project # (s)</u>	<u>Holmdel High School</u>	<u>William R. Satz</u>	<u>Indian Hill</u>	<u>Village</u>	<u>Total</u>
2007	N/A	488,520	232,576	289,322	309,514	1,319,932
2008	N/A	611,685	298,230	338,741	368,853	1,617,509
2009	N/A	630,926	311,201	363,144	386,878	1,692,149
2010	N/A	541,167	236,012	291,823	282,502	1,351,504
2011	N/A	519,738	277,401	288,567	504,798	1,590,504
2012	N/A	998,342	328,709	333,673	1,182,474	2,843,198
2013	N/A	1,241,906	278,900	375,391	356,326	2,252,523
2014	N/A	762,754	287,704	610,089	349,147	2,009,694
2015	N/A	505,306	224,668	277,516	314,356	1,321,846
2016	N/A	495,154	241,165	324,607	362,881	1,423,807
Total School Facilities		\$ 6,795,498	\$ 2,716,566	\$ 3,492,873	\$ 4,417,729	\$ 17,422,666

* 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
AS OF JUNE 30, 2016
(UNAUDITED)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1):		
Building and Contents (All Locations)	\$ 149,989,371	\$ 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	1,189,823	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	30,000
Public Employees' Faithful Performance		
Blanket Position Bond	250,000	1,000
Public Officials:		
Board Secretary/Business Administrator	115,000	
Treasurer	315,000	
Flood Insurance	75,000,000 (Pool Agg)	10,000
Earthquake Insurance	50,000,000 (Pool Agg)	10,000
Athletic Accident	1,000,000	80% Co-Ins.

Source: District records

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SINGLE AUDIT SECTION

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EXHIBIT K-1

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

Honorable President and Members
of the Holmdel Board of Education
County of Monmouth
Holmdel, New Jersey 07733

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental and business-type activities, each major fund and the aggregate remaining fund information of the Holmdel School District, as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise Holmdel School District's basic financial statements, and have issued our report thereon dated December 5, 2016

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Holmdel School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert Allison
Certified Public Accountant
Public School Accountant, No. 897

Freehold, New Jersey
December 5, 2016



HOLMAN | FRENIA
ALLISON, P.C.

Certified Public Accountants & Consultants

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EXHIBIT K-2

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

Honorable President and Members
of the Board of Education
Holmdel School District
County of Monmouth
Holmdel, New Jersey 07733

Report on Compliance for Each Major Federal and State Program

We have audited Holmdel School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2016. Holmdel School District's major federal and state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Holmdel School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. 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 of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); *the New Jersey State Aid/Grant Compliance Supplement*; the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey OMB's Circular 15-08 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 Holmdel School District'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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of Holmdel School District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, Holmdel School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of Holmdel School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Holmdel School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB's Circular 15-08, 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 Holmdel School District's internal control over compliance.

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

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

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Public School Accountant, No. 897

Freehold, New Jersey
December 5, 2016

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HOLMDEL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2016

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2015	Cash Received	Budgetary Expenditures	Passed Through To Sub- Recipients	Balance at June 30, 2016	
					From	To					(Accounts Receivable)	Unearned Revenue
U.S. Department of Agriculture: Passed-Through Department of Education: General Fund: Medicaid Cluster: Medical Assistance Program (SEMI) Medical Assistance Program (SEMI)	93.778 93.778	1605NJSMAP 1605NJSMAP	Not Available Not Available	\$ 20,318 31,662	07/01/15 07/01/15	06/30/16 06/30/15	\$ - (5,147)	20,318 5,147	\$ (20,318) -	\$ - -	\$ - -	\$ - -
Total Medicaid Cluster							(5,147)	25,465	(20,318)	-	-	-
Total U.S. Department of Agriculture							(5,147)	25,465	(20,318)	-	-	-
U.S. Department of Education: Passed-Through State Department of Education: Special Revenue Fund: Special Education Cluster: I.D.E.A. Part B - Basic I.D.E.A. Part B - Basic I.D.E.A. Part B - Basic Subtotal for CFDA #84.027	84.027 84.027 84.027	H027A150100 H027A150100 H027A150100	IDEA223016 IDEA223015 IDEA223014	773,243 760,202 710,855	07/01/15 07/01/14 07/01/13	06/30/16 06/30/15 06/30/14	- (125,726) (1)	320,016 125,726 1	(751,143) -	-	(431,127)	-
Subtotal for CFDA #84.173	84.173	H173A150114	IDEA223016	28,397	07/01/15	06/30/16	-	-	(21,266)	-	(21,266)	-
I.D.E.A. Part B, Preschool I.D.E.A. Part B, Preschool Subtotal for CFDA #84.173	84.173	H173A150114	IDEA223015	27,553	07/01/14	06/30/15	(27,553)	27,553	-	-	-	-
Subtotal for CFDA #84.173							(27,553)	27,553	(21,266)	-	(21,266)	-
Total Special Education Cluster							(153,280)	473,296	(772,409)	-	(452,393)	-
Title II - Part A Title II - Part A Title II - Part A Title II - Part A Title II - Part A Subtotal for CFDA #84.367A	84.367A 84.367A 84.367A 84.367A 84.367A	S367A150029 S367A150029 S367A150029 S367A150029 S367A150029	NCLB223015 NCLB223015 NCLB223014 NCLB223013 NCLB223012	59,460 61,049 60,632 60,650 67,577	07/01/15 07/01/14 07/01/13 09/01/12 09/01/11	06/30/16 06/30/15 06/30/14 08/31/13 08/31/12	- (25,355) (22,763) (6,888) (342)	17,247 27,055 17,454 1,562 233	(45,975) (9,595) (2,032) (1,456) (159)	-	(28,728) (7,895) (7,341) (6,782) (268)	-
Subtotal for CFDA #84.367A							(55,348)	63,551	(59,217)	-	(51,014)	-
Title III - English Language Acquisition Title III - English Language Acquisition Subtotal for CFDA #84.365A	84.365A 84.365A	S365A150030 S365A150030	NCLB223010 NCLB223011	7,445 9,268	07/01/15 09/01/09	06/30/16 08/31/10	- 17	- -	(673) -	-	(673)	-
Subtotal for CFDA #84.365A							17	-	(673)	-	(673)	17
Title IV Title IV Subtotal for CFDA #84.186A	84.186A 84.186A	Not Available Not Available	NCLB223011 NCLB223009	6,970 7,360	09/01/10 09/01/08	08/31/11 08/31/09	103 117 220	- -	- -	-	-	103 117 220
Subtotal for CFDA #84.186A												
Total Special Revenue Fund							(208,391)	536,847	(832,299)	-	(504,080)	237
Total Federal Financial Awards							\$ (213,538)	\$ 562,312	\$ (852,617)	\$ -	\$ (504,080)	\$ 237

HOLMDEL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 For the fiscal year ended June 30, 2016

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Balance at June 30, 2015				Balance at June 30, 2016				Memo							
			From	To	Grant Period	Deferred Revenue/ (Accounts Receivable)	Due To Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balance	(Accounts Receivable)	Deferred Revenue	Due To Grantor	Budgetary Receivable	Cumulative Total Expenditures		
																	Program or Award Amount	From
State Department of Education																		
Reimbursed Non-Public Transportation Aid	103190	\$ 24,367	07/01/15	06/30/16		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Reimbursed Non-Public Transportation Aid	103190	28,951	07/01/14	06/30/15		(28,951)	-	28,951	(24,367)	-	-	-	-	-	-	-	24,367	
Transportation Categorical Aid	495-034-5120-014	275,873	07/01/15	06/30/16		(25,460)	-	25,460	(275,873)	-	-	-	-	-	-	-	275,873	
Special Education Categorical Aid	495-034-5120-089	1,365,120	07/01/15	06/30/16		(125,985)	-	1,365,120	(1,365,120)	-	-	-	-	-	-	-	1,365,120	
Security Categorical Aid	495-034-5120-084	136,063	07/01/14	06/30/15		(12,557)	-	12,557	(136,063)	-	-	-	-	-	-	-	136,063	
PARCC Readiness Aid	495-034-5120-098	29,345	07/01/15	06/30/16		(2,708)	-	2,708	(29,345)	-	-	-	-	-	-	-	29,345	
Per Pupil Growth Aid	495-034-5120-097	29,345	07/01/15	06/30/16		(2,708)	-	2,708	(29,345)	-	-	-	-	-	-	-	29,345	
Extraordinary Special Education Aid	495-034-5120-044	745,122	07/01/15	06/30/16		(812,991)	-	812,991	(745,122)	-	-	-	-	-	-	-	745,122	
On-Behalf TPAF Pension System Contribution	495-034-5094-002	1,887,888	07/01/15	06/30/16		-	-	1,887,888	(1,887,888)	-	-	-	-	-	-	-	1,887,888	
Contribution - Post Retirement	495-034-5094-001	2,247,953	07/01/15	06/30/16		-	-	2,247,953	(2,247,953)	-	-	-	-	-	-	-	2,247,953	
Contributions	495-034-5094-003	1,780,255	07/01/15	06/30/16		-	-	1,780,255	(1,780,255)	-	-	-	-	-	-	-	1,780,255	
Reimbursed TPAF Social Security Contributions	495-034-5094-003	1,801,036	07/01/14	06/30/15		(38)	-	38	-	-	-	-	-	-	-	-	-	
Total General Fund						(1,011,398)	-	8,763,240	(8,521,331)	-	(769,489)	-	-	-	(1,667,695)	-	8,521,331	
Special Revenue Fund:																		
N.J. Non Public Auxiliary Services Aid (Ch. 192):																		
Compensatory Education	100-034-5120-067	82,826	07/01/15	06/30/16		-	-	82,826	(82,826)	-	-	-	-	-	-	-	82,826	
Compensatory Education	100-034-5120-067	113,139	07/01/14	06/30/15		-	891	(891)	-	-	-	-	-	-	-	-	-	
Transportation	100-034-5120-067	11,900	07/01/15	06/30/16		-	-	11,900	(11,900)	-	-	-	-	-	-	-	11,900	
Home Instruction	100-034-5120-067	5,563	07/01/14	06/30/15		(5,563)	-	5,563	(8,958)	-	-	-	-	-	-	-	8,958	
N.J. Non Public Handicapped Services (Ch. 193):																		
Examination and Classification	100-034-5120-066	115,254	07/01/15	06/30/16		-	-	115,254	(106,372)	-	-	-	-	-	-	-	106,372	
Examination and Classification	100-034-5120-066	93,884	07/01/14	06/30/15		-	2,520	(2,520)	-	-	-	-	-	-	-	-	-	
Corrective Speech	100-034-5120-066	19,230	07/01/15	06/30/16		-	-	19,230	(15,049)	-	-	-	-	-	-	-	15,049	
Corrective Speech	100-034-5120-066	27,389	07/01/14	06/30/15		-	7,952	(7,952)	-	-	-	-	-	-	-	-	-	
Supplementary Instruction	100-034-5120-066	66,831	07/01/15	06/30/16		-	-	66,831	(64,603)	-	-	-	-	-	-	-	64,603	
N.J. Non Public Nursing Services Aid	100-034-5120-070	133,200	07/01/15	06/30/16		-	-	133,200	(132,096)	-	-	-	-	-	-	-	132,096	
N.J. Non Public Nursing Services Aid	100-034-5120-070	147,966	07/01/14	06/30/15		-	1,737	(1,737)	-	-	-	-	-	-	-	-	-	
N.J. Non Public Textbooks Aid	100-034-5120-064	84,508	07/01/15	06/30/16		-	-	84,508	(73,605)	-	-	-	-	-	-	-	73,605	
N.J. Non Public Textbooks Aid	100-034-5120-064	92,944	07/01/14	06/30/15		-	54.3	(54.3)	-	-	-	-	-	-	-	-	-	
N.J. Non Public Technology Aid	100-034-5120-373	38,480	07/01/15	06/30/16		-	-	38,480	(38,437)	-	-	-	-	-	-	-	38,437	
N.J. Non Public Technology Aid	100-034-5120-373	50,208	07/01/14	06/30/15		-	59	(59)	-	-	-	-	-	-	-	-	-	
N.J. Non Public Security Aid	100-034-5120-373	37,000	07/01/15	06/30/16		-	-	37,000	(37,000)	-	-	-	-	-	-	-	37,000	
Total Special Revenue Fund						(5,563)	13,702	594,792	(570,846)	(13,702)	(8,958)	-	-	27,341	-	-	570,846	
Capital Projects Fund:																		
SDA ROD Grant	2230-020-14-1002	882,000	07/01/15	06/30/16		-	-	-	(220,075)	-	-	-	-	-	-	-	220,075	
SDA ROD Grant	GZAZ	105,698	07/01/14	06/30/15		(105,698)	-	105,698	-	-	-	-	-	-	-	-	-	
Total Capital Projects Fund						(105,698)	-	105,698	(220,075)	-	-	-	-	-	-	-	220,075	
Total State Financial Assistance						\$ (1,125,659)	\$ 13,702	\$ 9,463,730	\$ (9,312,252)	\$ (13,702)	\$ (998,522)	\$ -	\$ 27,341	\$ (1,667,695)	\$ -	\$ 9,312,252		
Less: State Financial Assistance Not Subject to Major Program Determination:																		
On-Behalf TPAF Pension System Contribution	495-034-5095-006	1,887,888	07/01/15	06/30/16		-	-	1,887,888	-	-	-	-	-	-	-	-	-	
On-Behalf TPAF Pension System Contribution - Post Retirement	495-034-5095-001	2,247,953	07/01/15	06/30/16		-	-	2,247,953	-	-	-	-	-	-	-	-	-	
Total State Financial Assistance Subject to Major Program Determination								\$ (5,176,411)										

HOLMDEL BOARD OF EDUCATION

**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

June 30, 2016

Note 1: Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Holmdel Board of Education. The Board of Education 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 is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2: Summary of Significant Accounting Policies

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 this schedule is presented in accordance with the requirements of 2 CFR 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Of the federal and state expenditures presented in the schedules of expenditures of federal awards and state financial assistance, the Holmdel Board of Education did not provide any federal or state awards to sub recipients.

Noncash assistance is reported in the schedule of expenditures of federal awards as the entitlement value, as determined by the United States Department of Agriculture, of the food commodities received and disbursed during the year ended June 30, 2016. Unearned revenue represents the value of commodities left in the ending inventory of the District as of June 30, 2016.

Holmdel Board of Education has not elected to use the 10% de minimis cost rate allowed by the Uniform Guidance.

Note 3: Relationship to Basic Financial Statements

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more

HOLMDEL BOARD OF EDUCATION

**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

June 30, 2016

Note 3: Relationship to Basic Financial Statements (continued):

June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with N.J.S.A. 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$1,724 for the general fund and \$2,174 for the special revenue fund. See Exhibit C-3, 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 as follows:

	Federal	State	Total
General Fund	\$ 20,318	\$ 8,523,055	\$ 8,543,373
Special Revenue Fund	834,473	570,846	1,405,319
Capital Projects Fund	-	220,075	220,075
	<hr/>		
Total Awards and Financial Assistance	<u>\$ 854,791</u>	<u>\$ 9,313,976</u>	<u>\$ 10,168,767</u>

Note 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.

Note 5: Other

Revenues and expenditures reported under the Food Distribution Program represents current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2016. 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, 2016.

Note 6: Federal and State Loans Outstanding

The Holmdel Board of Education had no loan balances outstanding at June 30, 2016.

**HOLMDEL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to basic financial statements noted?	None Reported

Federal Awards

Internal control over major programs:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a) of the Uniform Guidance?	No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027	H027A150100	I.D.E.A., Part B, Basic Regular

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

**HOLMDEL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

State Awards

Dollar threshold used to distinguish between type A and type B programs?	\$750,000
Auditee qualified as low-risk auditee?	Yes
Type of auditor's report issued in compliance for major programs:	<u>Unmodified</u>
Internal Control over major programs:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a) of Uniform Guidance NJOMB Curcular Letter 15-08 as applicable?	No

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
495-034-5120-089	State Aid - Public: Special Education Categorical Aid
495-034-5120-084	Security Categorical Aid
495-034-5120-098	PARCC Readiness Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5094-003	Reimbursed TPAF Social Security Contributions

**HOLMDEL BOARD OF EDUCATION
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

None Reported

Section III – Schedule of Federal Award Findings & Questioned Costs

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

No Current Year Findings

Section IV – State Financial Assistance Findings & Questioned Costs

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and NJOMB Circular Letter 15-08, as applicable.

No Current Year Findings

**HOLMDEL BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, USOMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (¶.511 (a)(b)) and NJOMB Circular 15-08, as applicable.

No Prior Year Findings