

**HOLMDEL SCHOOL DISTRICT**

**Holmdel, New Jersey  
County of Monmouth**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**OF THE**

**HOLMDEL SCHOOL DISTRICT**

**HOLMDEL, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**



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**INTRODUCTORY SECTION**

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# HOLMDEL TOWNSHIP SCHOOLS

*Office of the Superintendent*  
65 McCampbell Road  
Holmdel, NJ 07733  
Tel 732-946-1800 Ext 6017

December 2, 2017

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 (CAFR) of the Holmdel School District for the fiscal year ended June 30, 2017, 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 District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly, 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 district as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

The introductory section includes this transmittal letter (designed to complement management's discussion and analysis and should be read in conjunction with it), the district's organizational chart, roster of officials, and consultants and advisors. The financial section includes the independent auditor's report, management's discussion and analysis, basic financial statements, required supplementary information, and other supplementary information. The statistical section includes selected financial trends, revenue and debt capacity, demographic, and economic 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 OMB, *"Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid"*. Information related to this Single Audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, are included in the Single Audit Section of this report.

## **REPORTING ENTITY AND ITS SERVICES**

The Holmdel School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standard Board (GASB) as established by NCGA Statement No. 3. All funds of the district are included in this report. The district provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular and vocational as well as special education for children with special needs. The district is comprised of two elementary schools, one middle school and one high school. The district's student enrollment, as of October 15, 2016 was 3,002.

[www.holmdelschools.org](http://www.holmdelschools.org)



## **ECONOMIC CONDITION AND OUTLOOK**

The Holmdel School District's tax base is expected to remain stable due to its above-average wealth levels and continued development. The tax levy has incrementally increased in recent years due to flat state aid funding in prior years along with unfunded state mandates. The district is required to meet federal and state student learning standards and special education requirements. The district has mitigated reliance on local property taxes by increasing revenue through enterprise fund initiatives and continued savings from energy conservation programs, and federal, state and county purchasing consortiums. The district anticipates maintaining its stable financial position given ongoing expenditure management, moderate but consistent increases, and forward-looking financial planning.

## **MAJOR INITIATIVES**

The Holmdel Township community approved the district's Holmdel 2020 Initiative at the September 26, 2017 special election. This \$40.3 million school referendum project will focus on academic, athletic and infrastructure improvements to all four schools, but the greatest outcome will be the expansion and renovation of the middle and high school into a state-of-the art 7<sup>th</sup> – 12<sup>th</sup> grade facility that will support the transformation of the adolescents who enter it as 7<sup>th</sup> graders into future-ready young leaders. The Holmdel 2020 Initiative will allow us to create a more appropriately flexible, student-centered, technology rich complex that will inspire and promote innovation at every turn, optimize the pace and focus of learning for all students and maintain our community's commitment to excellence in academics, athletics and the arts.

## **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 and misuse and to ensure that adequate accounting data are completed to allow for the preparation of financial statement in conformity with general 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 delivered; and (2) the valuation of costs and benefits require estimates and judgments by management.

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

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

## **BUDGETARY CONTROLS**

In addition to internal accounting controls, the district maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or included as re-appropriations of fund balance in the subsequent year.

## ACCOUNTING SYSTEM AND REPORTS

The district's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The district's accounting system is organized on the basis of funds. The funds are explained in "Notes to Financial Statements", Note 1.

## FINANCIAL POLICIES

The intent of the School Board is to ensure that the School District manages its budget and finance in a fiscally prudent and responsible way by establishing financial policies for the Budget, Fund Balance and the maintenance of adequate reserves. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues except for certain grant revenues, are recognized when susceptible to accrual that is when they become measurable and available. Property taxes, interest and certain General Fund revenues are the significant revenue sources considered susceptible to accrual.

## OTHER INFORMATION

### *INDEPENDENT AUDIT*

State statutes require an annual audit by independent certified public accountants. The accounting firm of Holman Frenia Allison, P.C., Certified Public Accounts, was appointed by the Board of Education. In addition to meeting the requirements set forth in the State statutes, the audit was also designed to meet the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 statements and related major fund supporting 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.

## ACKNOWLEDGEMENTS

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

Respectfully submitted,



Dr. Robert McGarry  
Superintendent of Schools

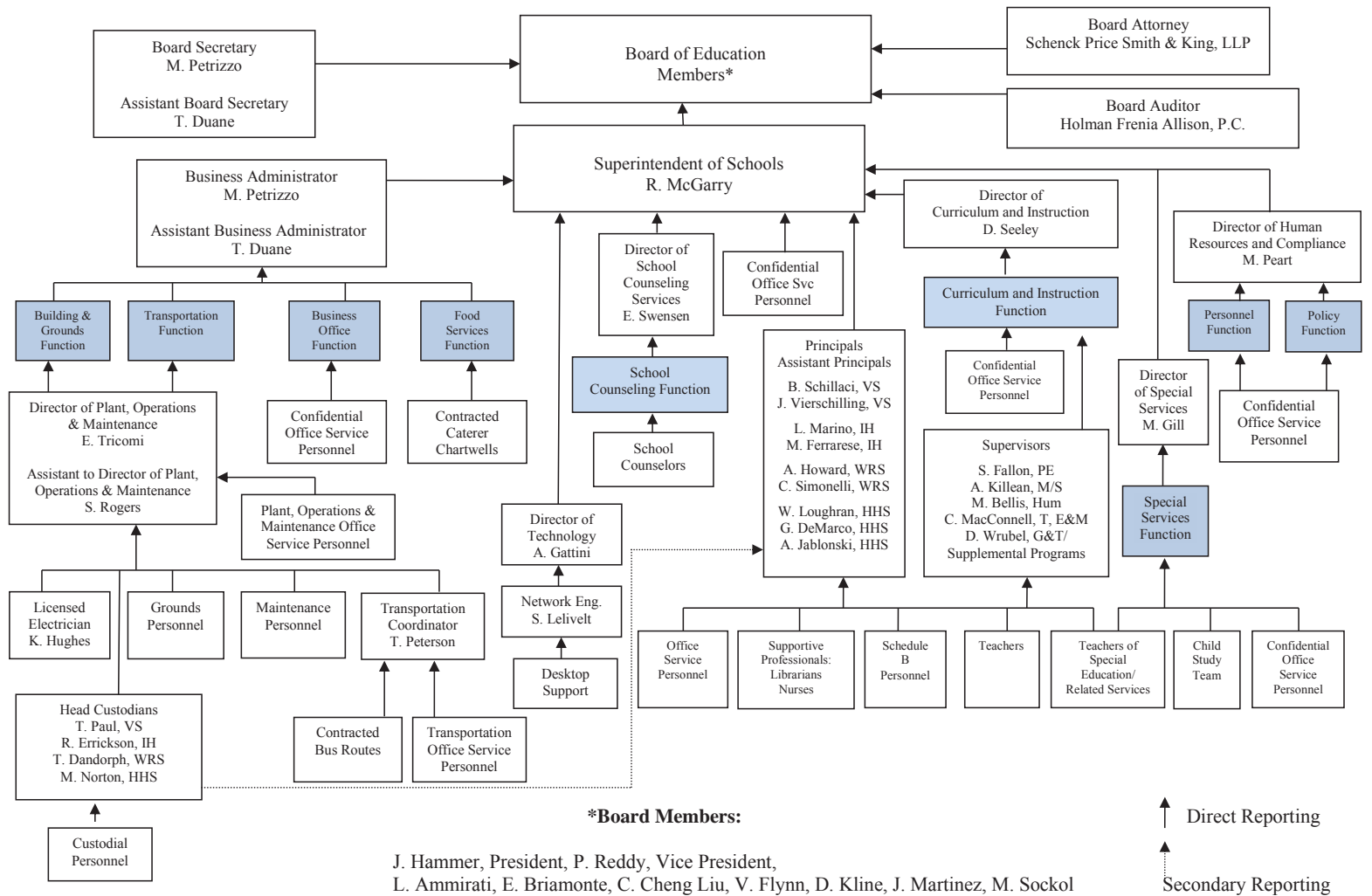


Michael R. Petrizzo, CPA  
Business Administrator/Board Secretary

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HOLMDEL TOWNSHIP BOARD OF EDUCATION ORGANIZATION CHART



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**HOLMDEL SCHOOL DISTRICT**  
**Holmdel, New Jersey**

**ROSTER OF OFFICIALS**

**JUNE 30, 2017**

<b>MEMBERS OF THE BOARD OF EDUCATION</b>	<b>TERM EXPIRES</b>
Joseph Hammer, President	2018
Peter Reddy, Vice President	2017
Eileen Briamonte	2017
Denise Kline	2017
John Martinez	2017
Victoria Flynn	2018
Lori Ammirati	2019
Chiung-Yin Cheng Liu	2019
Michael Sockol	2019

**OTHER OFFICIALS**

Dr. Robert McGarry, Superintendent of Schools

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

Dineen Seeley, Director 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, 2017**

**ARCHITECT**

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

**AUDITOR/AUDIT FIRM**

Robert W. Allison, CPA, RMA  
Holman Frenia Allison, P. C.  
912 Highway 33, Suite 2  
Freehold, New Jersey 07728

**ATTORNEY**

Paul H. Green  
Schenck, Price Smith & King, LLP  
220 Park Avenue, P.O. Box 991  
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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HOLMAN | FRENIA  
ALLISON, P.C.  
*Certified Public Accountants & Consultants*

680 Hooper Avenue, Bldg B, Suite 201, Toms River, NJ 08753 • Tel: 732.797.1333  
618 Stokes Road, Medford, NJ 08055 • Tel: 609.953.0612  
912 Highway 33, Suite 2, Freehold, NJ 07728 • Tel: 732.409.0800  
6 E. Park Street, P.O. Box 614, Bordentown, NJ 08505 • Tel: 609.298.8639  
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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

### 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, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### 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, 2017, 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 schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also presented for purposes of additional analysis and are not a required part of the basic financial statements.



The accompanying combining statements and related major fund supporting statements and schedules, and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to 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 related major fund supporting statements and schedules and schedules 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 2, 2017 on our consideration of the 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 the 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 2, 2017

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**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

Management's Discussion and Analysis

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**HOLMDEL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**

As management of the Holmdel School District (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

**Overview of the Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components:

- 1) Government-Wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements**

The *government-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of net activities.

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets plus deferred outflows or resources and liabilities plus deferred inflows of resources is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the School District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the government-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Business-type activities reflect the Food Service Fund, Prime-Time Latchkey Fund, Summer Enrichment Fund, and Early Childhood Fund.

**Fund Financial Statements**

*Fund financial statements* are designed to demonstrate compliance with financial-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

*Governmental funds* account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financial requirements in the near term.

**HOLMDEL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**  
**(Continued)**

**Overview of the Basic Financial Statements (continued)**

**Fund Financial Statements (continued)**

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains four individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and the Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

*Proprietary funds* are used to present the same functions as the business-type activities presented in the government-wide financial statements. The School District maintains one type of proprietary fund – the Enterprise Fund. The fund financial statements of the enterprise fund provides the same information as the government-wide financial statements, only in more detail.

The School District's four enterprise funds, Food Service Fund, Prime-Time Latchkey Fund, Summer Enrichment Fund, and Early Childhood Fund are listed individually and are considered to be major operational funds in the School District.

*Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's programs.

**Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**HOLMDEL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**  
**(Continued)**

**Financial Analysis of the School District as a Whole**

Table 1 provides a summary of the School Districts net position for the fiscal year 2017 compared to fiscal year 2016.

**Table 1**  
**Summary of Net Position**

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current & Other Assets	\$ 9,266,285	\$ 7,601,014	\$ 1,665,271	21.9%
Capital Assets, Net	49,912,322	50,789,219	(876,897)	-1.7%
Total Assets	<u>59,178,607</u>	<u>58,390,233</u>	788,374	1.4%
Deferred Outflow of Resources	10,192,092	3,223,924	6,968,168	216.1%
Deferred Charge on Refunding Debt	79,495	108,439	(28,944)	-26.7%
Current and other Liabilities	2,293,170	1,245,726	1,047,444	84.1%
Noncurrent Liabilities	40,877,514	35,136,778	5,740,736	16.3%
Total Liabilities	<u>43,170,684</u>	<u>36,382,504</u>	6,788,180	18.7%
Deferred Inflow of Resources	-	347,717	(347,717)	-100.0%
Net Position:				
Net Investment in Capital Assets	40,022,969	41,456,830	(1,433,861)	-3.5%
Restricted	4,519,500	3,918,554	600,946	15.3%
Unrestricted (Deficit)	(18,262,959)	(20,383,009)	2,120,050	-10.4%
Total Net Position	<u>\$ 26,279,510</u>	<u>\$ 24,992,375</u>	<u>\$ 1,287,135</u>	5.2%

**HOLMDEL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**  
**(Continued)**

Table 2 shows the changes in net position for fiscal year 2017 compared to fiscal year 2016.

**Table 2**  
**Summary of Changes in Net Position**

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
<b>Revenues:</b>				
Program Revenues:				
Charges for Services	\$ 2,517,730	\$ 2,363,982	\$ 153,748	6.5%
Operating Grants & Contributions	1,641,813	1,417,404	224,409	15.8%
General Revenues:				
Property Taxes	54,691,561	53,442,774	1,248,787	2.3%
Federal & State Aid	9,362,788	8,763,448	599,340	6.8%
Other General Revenues	190,053	374,650	(184,597)	-49.3%
Total Revenues	<u>68,403,945</u>	<u>66,362,258</u>	<u>2,041,687</u>	3.1%
<b>Function/Program Expenditures:</b>				
Regular Instruction	17,657,280	17,553,127	104,153	0.6%
Special Education Instruction	5,187,350	5,123,476	63,874	1.2%
Other Instruction	1,363,162	1,322,925	40,237	3.0%
Tuition	1,302,565	1,210,030	92,535	7.6%
Student & Instruction Related Services	8,071,936	7,982,066	89,870	1.1%
General Administrative	633,485	589,819	43,666	7.4%
School Administrative Services	1,517,821	1,517,276	545	0.0%
Central Services	848,939	804,968	43,971	5.5%
Administrative Info. Technology	59,686	58,874	812	1.4%
Plant Operations & Maintenance	5,959,314	5,935,866	23,448	0.4%
Pupil Transportation	2,743,808	2,739,126	4,682	0.2%
Unallocated Benefits	18,852,441	16,591,716	2,260,725	13.6%
Amortization of Loss on Debt Issuance & Bond Premium (Net)	(120,335)	(234,593)	114,258	-48.7%
Interest & Other Charges	397,033	647,845	(250,812)	-38.7%
Unallocated Depreciation	965,407	965,407	-	0.0%
Food Service	1,270,466	1,363,947	(93,481)	-6.9%
Latchkey Program	151,244	141,413	9,831	7.0%
Summer Enrichment	6,731	16,219	(9,488)	-58.5%
Early Childhood	248,477	255,419	(6,942)	-2.7%
Total Expenditures	<u>67,116,810</u>	<u>64,584,926</u>	<u>2,531,884</u>	3.9%
Change In Net Position	1,287,135	1,777,332	(490,197)	-27.6%
Net Position - Beginning	24,992,375	23,215,043	1,777,332	7.7%
Net Position - Ending	<u>\$ 26,279,510</u>	<u>\$ 24,992,375</u>	<u>\$ 1,287,135</u>	5.2%



**HOLMDEL SCHOOL DISTRICT  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017  
(Continued)**

**Governmental Activities**

During the fiscal year 2017, the net position of governmental activities increased by \$983,433 or 4%.

The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$24,576,737 with an unrestricted deficit balance of \$20,490,788. The deficit in unrestricted net position is primarily due to accounting treatment for compensated absences payable, GASB 68 net pension liability, and the last two state aid payments. In addition, state statutes prohibit school districts from maintaining more than 2% of its adopted budget as unassigned fund balance.

The School District's governmental activities unrestricted net position had GASB 68 pension not been implemented would have been as follows:

**Table 3  
GASB 68 Effect on Unrestricted Net Position**

Unrestricted Net Position (With GASB 68)	\$ (19,924,435)
Add back: PERS Pension Liability	30,214,761
Less: Deferred Outflows related to pensions	<u>(10,192,092)</u>
Unrestricted Net Position (Without GASB 68)	<u><u>\$ 98,234</u></u>

**Business-type Activities**

During the fiscal year 2017, the net position of business-type activities increased by \$303,701 or 22%.

The assets and deferred outflows of the business-type activities exceeded liabilities and deferred inflows by \$1,702,772.

**General Fund Budgeting Highlights**

Final budgeted revenues were \$54,855,599, which was equal to the original budget. Excluding nonbudgeted revenues, the School District's actual revenues exceeded budgeted revenues by \$720,754.

Final budgeted appropriations were \$56,751,027 which was an increase of \$295,428 from the original budget. The increase is primarily due to prior year reserve for encumbrances, which increase the budget appropriations in the subsequent fiscal year's budget. Excluding nonbudgeted revenues, the School District's budget appropriations exceeded actual expenditures by \$2,609,534.

The School District's general fund balance – budgetary basis (Exhibit C-1) was \$5,585,702 at June 30, 2017, an increase of \$1,434,860 from the prior year.

**HOLMDEL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**  
**(Continued)**

**Governmental Funds**

At the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$6,405,284 an increase of \$1,281,237 from the prior year.

*General fund* - During the current fiscal year, the fund balance of the School District's general fund increased by \$1,425,457 or 36% to \$5,408,604 at June 30, 2017, compared to a decrease of \$1,096,986 in fund balance in the prior fiscal year.

*Special revenue fund* – There was no change in the fund balance for the special revenue fund.

*Capital projects fund* - During the current fiscal year, the fund balance of the School District's capital projects fund decreased by \$43,456 or 4% to \$996,679 at June 30, 2017, compared to an increase of \$993,664 in fund balance in the prior fiscal year.

*Debt service fund* - During the current fiscal year, the fund balance of the School District's debt service fund decreased by \$100,764 or 100% to \$1 at June 30, 2017, compared to an increase of \$100,764 in fund balance in the prior fiscal year.

**Proprietary Funds**

*Food service fund* - During the current fiscal year, the net position of the School District's food service fund increased by \$156,431 or 16% to \$1,117,737 at June 30, 2017, compared to a decrease of \$3,651 in fund balance in the prior fiscal year.

*Prime-Time Latchkey Fund* - During the current fiscal year, the net position of the School District's Prime-Time Latchkey fund increased by \$28,907 or 16% to \$205,004 at June 30, 2017, compared to an increase of \$29,926 in fund balance in the prior fiscal year.

*Summer Enrichment Fund*- During the current fiscal year, the net position of the School District's Summer Enrichment fund decreased by \$5,755 or 11% to \$46,614 at June 30, 2017, compared to a decrease of \$288 in fund balance in the prior fiscal year.

*Early Childhood Fund*- During the current fiscal year, the net position of the School District's Early Childhood fund increased by \$124,118 or 59% to \$333,417 at June 30, 2017, compared to an increase of \$133,895 in fund balance in the prior fiscal year.

**Capital Assets**

The School District's capital assets for its governmental and business-type activities as of June 30, 2017, totaled \$49,912,321 (net of accumulated depreciation). Capital assets includes land, land improvements, buildings and improvements and equipment. The School District's "Net Investment in Capital Assets" component of net position represents capital assets, net of accumulated depreciation less any outstanding debt associated with the capital assets. There was a net decrease in the School District's investment in capital assets for the current fiscal year in the amount of \$876,898. Table 4 shows fiscal 2017 balances compared to 2016.

**HOLMDEL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**  
**(Continued)**

**Table 4**  
**Summary of Capital Assets**

<u>Capital Asset (Net of Depreciation):</u>	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Land	\$ 5,122,300	\$ 5,122,300	\$ -	0.0%
Construction in Progress	28,626,858	28,554,947	71,911	0.3%
Land Improvements	1,239,752	1,255,155	(15,403)	-1.2%
Building and Improvements	13,945,183	14,647,025	(701,842)	-4.8%
Machinery & Equipment	978,229	1,209,792	(231,563)	-19.1%
	<u>\$ 49,912,322</u>	<u>\$ 50,789,219</u>	<u>\$ (876,897)</u>	-1.7%
Depreciation Expense	<u>\$ 975,013</u>	<u>\$ 975,479</u>		

Depreciation expense for the year was \$975,013. Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

**Debt Administration**

**Long-term debt** – At the end of the current fiscal year, the School District had total bonded debt outstanding of \$8,400,000, which is a decrease of \$2,245,000 from the prior year.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

**Factors on the School District's Future**

The Holmdel School District's tax base is expected to remain stable due to its above-average wealth levels and continued development. The tax levy has incrementally increased in recent years due to flat state aid funding in prior years along with unfunded state mandates. The School District is required to meet federal and state student learning standards and special education requirements. The School District has mitigated reliance on local property taxes by increasing revenue through enterprise fund initiatives and continued savings from energy conservation programs and federal, state and county purchasing consortiums. The School District anticipates maintaining its stable financial position given ongoing expenditure management, moderate but consistent increases, and forward-looking financial planning.

The Holmdel Township community approved the district's Holmdel 2020 Initiative at the September 26, 2017 special election. This \$40.3 million school referendum project will focus on academic, athletic and infrastructure improvements to all four schools, but the greatest outcome will be the expansion and renovation of the middle and high school into a state-of-the art 7<sup>th</sup> – 12<sup>th</sup> grade facility that will support the transformation of the adolescents who enter it as 7<sup>th</sup> graders into future-ready young leaders. The Holmdel 2020 Initiative will allow us to create a more appropriately flexible, student-centered, technology rich complex that will inspire and promote innovation at every turn, optimize the pace and focus of learning for all students and maintain our community's commitment to excellence in academics, athletics and the arts.

**HOLMDEL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**  
**(Continued)**

**Contacting the School Districts Financial Management**

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Administrator/Board Secretary at the Holmdel School District, 65 McCampbell Road, Holmdel, NJ 07733.

**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, 2017**

	Governmental Activities	Business -Type Activities	Total
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 3,810,478	\$ 1,929,794	\$ 5,740,272
Receivables, Net (Note 4)	3,504,019	2,312	3,506,331
Internal Balances	74,566	(74,566)	-
Inventory	-	19,682	19,682
Capital Assets, Net (Note 5)			
Non-Depreciable	33,749,158	-	33,749,158
Depreciable	16,121,868	41,296	16,163,164
<b>Total Assets</b>	<b>57,260,089</b>	<b>1,918,518</b>	<b>59,178,607</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflow Related to Pensions	10,192,092	-	10,192,092
Deferred Charge on Refunding of Debt	79,495	-	79,495
<b>Total Deferred Outflow of Resources</b>	<b>10,271,587</b>	<b>-</b>	<b>10,271,587</b>
<b>Total Assets and Deferred Outflow of Resources</b>	<b>67,531,676</b>	<b>1,918,518</b>	<b>69,450,194</b>
<b>Liabilities:</b>			
Accounts Payable	947,315	100,763	1,048,078
Unearned Revenue	36,464	114,983	151,447
Accrued Interest	100,289	-	100,289
Payable to State Government	993,356	-	993,356
Noncurrent Liabilities (Note 7):			
Due Within One Year	2,688,279	-	2,688,279
Due Beyond One Year	38,189,235	-	38,189,235
<b>Total Liabilities</b>	<b>42,954,938</b>	<b>215,746</b>	<b>43,170,684</b>
<b>Net Position:</b>			
Net Investment in Capital Assets	39,981,673	41,296	40,022,969
Restricted for:			
Debt Service	1	-	1
Capital Projects	996,679	-	996,679
Maintenance Reserve	1,504,979	-	1,504,979
Excess Surplus - Current Year	493,766	-	493,766
Assigned:			
Other Purposes - Year-End			
Encumbrances	317,841	-	317,841
Designated by BOE for Subsequent Year's Expenditures	1,206,234	-	1,206,234
Unrestricted	(19,924,435)	1,661,476	(18,262,959)
<b>Total Net Position</b>	<b>\$ 24,576,738</b>	<b>\$ 1,702,772</b>	<b>\$ 26,279,510</b>

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, 2017**

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		
<b>GOVERNMENTAL ACTIVITIES</b>							
Instruction:							
Regular	\$ 17,657,280	\$ -	1,407,057	(16,250,223)	-	\$ -	(16,250,223)
Special Education	5,187,350	-	-	(5,187,350)	-	-	(5,187,350)
Other Special Instruction	587,638	-	-	(587,638)	-	-	(587,638)
Other Instruction	775,524	-	-	(775,524)	-	-	(775,524)
Support Services:							
Tuition	1,302,565	575,567	-	(726,998)	-	-	(726,998)
Student and Instruction Related Services	8,071,936	-	234,756	(7,837,180)	-	-	(7,837,180)
General Administration	633,485	-	-	(633,485)	-	-	(633,485)
School Administrative Services	1,517,821	-	-	(1,517,821)	-	-	(1,517,821)
Central Services	848,939	-	-	(848,939)	-	-	(848,939)
Administrative Information Technology	59,686	-	-	(59,686)	-	-	(59,686)
Plant Operations and Maintenance	5,959,314	-	-	(5,959,314)	-	-	(5,959,314)
Pupil Transportation	2,743,808	-	-	(2,743,808)	-	-	(2,743,808)
Employee Benefits	18,852,441	-	-	(18,852,441)	-	-	(18,852,441)
Interest and Charges on Long-Term Debt	397,033	-	-	(397,033)	-	-	(397,033)
Amortization of Loss on Debt Issuance & Bond Premium (Net)	(120,335)	-	-	120,335	-	-	120,335
Unallocated Depreciation	965,407	-	-	(965,407)	-	-	(965,407)
<b>Total Government Activities</b>	<b>65,439,892</b>	<b>575,567</b>	<b>1,641,813</b>	<b>(63,222,512)</b>	<b>-</b>	<b>-</b>	<b>(63,222,512)</b>

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, 2017**

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		
<b>BUSINESS-TYPE ACTIVITIES</b>							
Food Service	1,270,466	1,388,441	-	-	117,975		117,975
Latchkey Program	151,244	180,151	-	-	28,907		28,907
Summer Enrichment	6,731	976	-	-	(5,755)		(5,755)
Early Childhood	248,477	372,595	-	-	124,118		124,118
<b>Total Business-Type Activities</b>	<b>1,676,918</b>	<b>1,942,163</b>	<b>-</b>	<b>-</b>	<b>265,245</b>		<b>265,245</b>
<b>Total Primary Government</b>	<b>\$ 67,116,810</b>	<b>\$ 2,517,730</b>	<b>\$ 1,641,813</b>	<b>(63,222,512)</b>	<b>265,245</b>		<b>(62,957,267)</b>
<b>GENERAL REVENUES</b>							
Property Taxes Levied for:							
General Purposes				52,197,343	-		52,197,343
Debt Service				2,494,218	-		2,494,218
Federal and State Aid Not Restricted				9,334,333	-		9,334,333
Federal and State Aid Restricted				28,455	-		28,455
Miscellaneous Income				151,597	38,456		190,053
<b>Total General Revenues</b>				<b>64,205,946</b>	<b>38,456</b>		<b>64,244,402</b>
<b>Change in Net Position</b>				<b>983,434</b>	<b>303,701</b>		<b>1,287,135</b>
<b>Net Position - Beginning</b>				<b>23,593,304</b>	<b>1,399,071</b>		<b>24,992,375</b>
<b>Net Position - Ending</b>				<b>\$ 24,576,738</b>	<b>\$ 1,702,772</b>		<b>\$ 26,279,510</b>

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, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 1,751,127	\$ -	\$ 748,150	\$ 1	\$ 2,499,278
Interfund Receivables	2,103,644	3,303	-	-	2,106,947
Receivables From Other Governments:					
State	843,217	-	248,529	-	1,091,746
Federal	-	272,687	-	-	272,687
Other Receivables	76,520	74,627	-	-	151,147
Restricted Cash and Cash Equivalents	1,504,979	-	-	-	1,504,979
<b>Total Assets</b>	<b>\$ 6,279,487</b>	<b>\$ 350,617</b>	<b>\$ 996,679</b>	<b>\$ 1</b>	<b>\$ 7,626,784</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Cash Deficit	\$ -	\$ 193,779	\$ -	\$ -	\$ 193,779
Accounts Payable	820,611	75,000	-	-	895,611
Interfund Payables	39,772	4,170	-	-	43,942
Payable To State Government	-	51,704	-	-	51,704
Unearned Revenue	10,500	25,964	-	-	36,464
<b>Total Liabilities</b>	<b>870,883</b>	<b>350,617</b>	<b>-</b>	<b>-</b>	<b>1,221,500</b>
<b>Fund Balances:</b>					
<b>Restricted:</b>					
Maintenance Reserve	1,504,979	-	-	-	1,504,979
Excess Surplus - Current Year	493,766	-	-	-	493,766
<b>Assigned:</b>					
Other Purposes - Year-End					
Encumbrances	317,841	-	996,679	-	1,314,520
Designated by BOE for Subsequent Year's Expenditures	1,206,234	-	-	-	1,206,234
Unassigned	1,885,784	-	-	1	1,885,785
<b>Total Fund Balances</b>	<b>5,408,604</b>	<b>-</b>	<b>996,679</b>	<b>1</b>	<b>6,405,284</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,279,487</b>	<b>\$ 350,617</b>	<b>\$ 996,679</b>	<b>\$ 1</b>	

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 \$77,186,615 and the accumulated depreciation is \$27,315,590 (See Note 6).	49,871,026
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refunding are applicable to future reporting periods and therefore are not reported in the funds.	
Deferred Outflows related to pensions	10,192,092
Deferred Outflow related to the loss on bond refunding of debt	79,495
Accrued pension contributions for the June 30, 2017 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(993,356)
Long-term liabilities, including net pension liability and bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(40,877,514)
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(100,289)
<b>Net Position of Governmental Activities</b>	<b>\$ 24,576,738</b>

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

**HOLMDEL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total
Revenues:					
Local Sources:					
Local Tax Levy	\$ 52,197,343	\$ -	\$ -	\$ 2,494,218	\$ 54,691,561
Tuition Charges	575,567	-	-	-	575,567
Miscellaneous	151,597	35,005	-	-	186,602
<b>Total - Local Sources</b>	<b>52,924,507</b>	<b>35,005</b>	<b>-</b>	<b>2,494,218</b>	<b>55,453,730</b>
State Sources	9,310,560	587,246	28,455	-	9,926,261
Federal Sources	23,773	1,019,562	-	-	1,043,335
<b>Total Revenues</b>	<b>62,258,840</b>	<b>1,641,813</b>	<b>28,455</b>	<b>2,494,218</b>	<b>66,423,326</b>
Expenditures:					
Current:					
Regular Instruction	16,250,223	1,407,057	-	-	17,657,280
Special Education Instruction	5,187,350	-	-	-	5,187,350
Other Special Instruction	587,638	-	-	-	587,638
Other Instruction	775,524	-	-	-	775,524
Support Services and Undistributed Costs:					
Tuition	1,302,565	-	-	-	1,302,565
Student and Instruction Related Services	7,837,180	234,756	-	-	8,071,936
General Administration	633,485	-	-	-	633,485
School Administrative Services	1,517,821	-	-	-	1,517,821
Central Services	848,939	-	-	-	848,939
Administrative Information Technology	59,686	-	-	-	59,686
Plant Operations and Maintenance	5,959,314	-	-	-	5,959,314
Pupil Transportation	2,743,808	-	-	-	2,743,808
Employee Benefits	16,660,955	-	-	-	16,660,955
Debt Service:					
Interest and Other Charges	69,515	-	-	349,982	419,497
Principal	379,000	-	-	2,245,000	2,624,000
Capital Outlay	20,380	-	71,911	-	92,291
<b>Total Expenditures</b>	<b>60,833,383</b>	<b>1,641,813</b>	<b>71,911</b>	<b>2,594,982</b>	<b>65,142,089</b>
Excess/(Deficit) of Revenues Over Expenditures	1,425,457	-	(43,456)	(100,764)	1,281,237
Net Change in Fund Balances	1,425,457	-	(43,456)	(100,764)	1,281,237
Fund Balance - July 1	3,983,147	-	1,040,135	100,765	5,124,047
<b>Fund Balance - June 30</b>	<b>\$ 5,408,604</b>	<b>\$ -</b>	<b>\$ 996,679</b>	<b>\$ 1</b>	<b>\$ 6,405,284</b>

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, 2017**

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 1,281,237

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	92,291	(873,116)

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.

PY Pension Payable	906,312	
Rounding Difference	(51)	
PERS Pension Expense	(3,171,744)	(2,265,483)

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	2,245,000	
Capital Leases	379,000	2,624,000

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

Premium on Refunding		149,279
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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		(28,944)
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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.

Prior Year	767,902	
Current Year	(693,905)	73,997

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	122,753	
Current Year	(100,289)	22,464

Change in Net Position of Governmental Activities \$ 983,434

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

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Proprietary Funds

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**HOLMDEL SCHOOL DISTRICT**  
**STATEMENT OF FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2017**

	Business-Type Activities				Total
	Enterprise Funds				
	Food Service	Prime Time	Summer Enrichment	Early Childhood	
<b>Assets:</b>					
<b>Current Assets:</b>					
Cash and Cash Equivalents	\$ 1,206,538	\$ 237,016	\$ 46,614	\$ 439,626	\$ 1,929,794
Accounts Receivables	2,312	-	-	-	2,312
Inventories	19,682	-	-	-	19,682
<b>Total - Current Assets</b>	<b>1,228,532</b>	<b>237,016</b>	<b>46,614</b>	<b>439,626</b>	<b>1,951,788</b>
<b>Noncurrent Assets:</b>					
Furniture, Machinery and Equipment	489,800	25,840	-	-	515,640
Less:					
Accumulated Depreciation	(448,504)	(25,840)	-	-	(474,344)
<b>Total - Noncurrent Assets</b>	<b>41,296</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,296</b>
<b>Total Assets</b>	<b>1,269,828</b>	<b>237,016</b>	<b>46,614</b>	<b>439,626</b>	<b>1,993,084</b>
<b>Liabilities and Net Position:</b>					
<b>Liabilities:</b>					
<b>Current Liabilities:</b>					
Interfund Payable	-	31,857	-	42,709	74,566
Accounts Payable	100,608	155	-	-	100,763
Unearned Revenue	51,483	-	-	63,500	114,983
<b>Total Liabilities</b>	<b>152,091</b>	<b>32,012</b>	<b>-</b>	<b>106,209</b>	<b>290,312</b>
<b>Net Position:</b>					
Net Investment in Capital Assets	41,296	-	-	-	41,296
Unrestricted	1,076,441	205,004	46,614	333,417	1,661,476
<b>Total Net Position</b>	<b>\$ 1,117,737</b>	<b>\$ 205,004</b>	<b>\$ 46,614</b>	<b>\$ 333,417</b>	<b>\$ 1,702,772</b>

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, 2017**

	Business-Type Activities Enterprise Funds				Total
	Food Service	Prime Time	Summer Enrichment	Early Childhood	
Operating Revenues:					
Charges for Services:					
Daily Sales - Non-Reimbursable Programs	\$ 1,388,441	\$ -	\$ -	\$ -	\$ 1,388,441
Tuition	-	180,151	976	372,595	553,722
Miscellaneous Revenue	38,456	-	-	-	38,456
<b>Total Operating Revenues</b>	<b>1,426,897</b>	<b>180,151</b>	<b>976</b>	<b>372,595</b>	<b>1,980,619</b>
Operating Expenses:					
Salaries	-	116,927	328	199,708	316,963
Support Services - Employee Benefits	-	19,130	-	40,516	59,646
Purchased Professional/Technical Services	1,231,727	-	-	-	1,231,727
Other Purchased Service	25,653	-	-	-	25,653
Repairs and Maintenance	3,480	-	-	-	3,480
Supplies and Materials	-	1,914	6,403	6,060	14,377
Depreciation	9,606	-	-	-	9,606
Utilities Expense	-	13,273	-	2,193	15,466
<b>Total Operating Expenses</b>	<b>1,270,466</b>	<b>151,244</b>	<b>6,731</b>	<b>248,477</b>	<b>1,676,918</b>
<b>Operating Income</b>	<b>156,431</b>	<b>28,907</b>	<b>(5,755)</b>	<b>124,118</b>	<b>303,701</b>
Change in Net Position	156,431	28,907	(5,755)	124,118	303,701
Total Net Position - Beginning	961,306	176,097	52,369	209,299	1,399,071
<b>Total Net Position - Ending</b>	<b>\$ 1,117,737</b>	<b>\$ 205,004</b>	<b>\$ 46,614</b>	<b>\$ 333,417</b>	<b>\$ 1,702,772</b>

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, 2017**

	Business-Type Activities Enterprise Funds				Total
	Food Service	Prime Time	Summer Enrichment	Early Childhood	
<b>Cash Flows From Operating Activities:</b>					
Receipts From Customers	\$ 1,436,018	\$ 180,151	\$ 976	\$ 380,095	\$ 1,997,240
Payments To Employees	-	(132,823)	(3,606)	(249,854)	(386,283)
Payments To Suppliers	(1,259,358)	(15,204)	(6,403)	(8,253)	(1,289,218)
<b>Net Cash Provided By/(Used For)</b>					
Operating Activities	176,660	32,124	(9,033)	121,988	321,739
<b>Cash Flows From Financing Activities:</b>					
Purchase of furniture, machinery and equipment	(5,825)	-	-	-	(5,825)
<b>Net Cash Provided By Financing Activities</b>	(5,825)	-	-	-	(5,825)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>					
	170,835	32,124	(9,033)	121,988	315,914
Balance - Beginning of Year	1,035,703	204,892	55,647	317,638	1,613,880
<b>Balance - End of Year</b>	<b>\$ 1,206,538</b>	<b>\$ 237,016</b>	<b>\$ 46,614</b>	<b>\$ 439,626</b>	<b>\$ 1,929,794</b>
<b>Reconciliation of Operating Loss To Net Cash Used for Operating Activities:</b>					
Operating Income Used for Operating Activities:	\$ 156,431	\$ 28,907	\$ (5,755)	\$ 124,118	\$ 303,701
(Decrease)/Increase in Accounts Payable	3,619	(17)	-	-	3,602
Decrease in Inventories	(2,117)	-	-	-	(2,117)
Decrease/(Increase) in Accounts Receivable	(1,417)	-	-	-	(1,417)
(Decrease)/Increase in Depreciation	9,606	-	-	-	9,606
(Decrease)/Increase in Interfund Payable	-	3,234	(3,278)	(9,630)	(9,674)
Increase/(Decrease) in Unearned Revenue	10,538	-	-	7,500	18,038
<b>Total Adjustments</b>	<b>20,229</b>	<b>3,217</b>	<b>(3,278)</b>	<b>(2,130)</b>	<b>18,038</b>
<b>Net Cash Provided By/(Used For)</b>					
Operating Activities	<b>\$ 176,660</b>	<b>\$ 32,124</b>	<b>\$ (9,033)</b>	<b>\$ 121,988</b>	<b>\$ 321,739</b>

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, 2017**

	Unemployment Compensation <u>Trust</u>	Private Purpose Trust <u>Funds</u>	Agency <u>Funds</u>	<u>Total</u>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 2,148	\$ 6,124	\$ 2,444,129	\$ 2,452,401
Interfund Receivable	219,914	-	-	219,914
<b>Total Assets</b>	<b>222,062</b>	<b>6,124</b>	<b>2,444,129</b>	<b>2,672,315</b>
<b>Liabilities and Fund Balances</b>				
Interfund Payable	-	-	2,208,353	2,208,353
Due To State	12,453	-	-	12,453
Payroll Deductions and Withholdings	-	-	78,715	78,715
Payable To Student Groups	-	-	157,061	157,061
<b>Total Liabilities</b>	<b>12,453</b>	<b>-</b>	<b>2,444,129</b>	<b>2,456,582</b>
<b>Net Position:</b>				
Held in Trust for Unemployment Claims and Other Purposes	209,609	-	-	209,609
Reserved for Scholarships	-	6,124	-	6,124
<b>Total Net Position</b>	<b>209,609</b>	<b>6,124</b>	<b>-</b>	<b>215,733</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 222,062</b>	<b>\$ 6,124</b>	<b>\$ 2,444,129</b>	<b>\$ 2,672,315</b>

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, 2017**

	<u>Private Purpose</u>		<u>Total</u>
	<u>Unemployment Compensation Trust</u>	<u>Scholarship Funds</u>	
Additions:			
Contributions:			
Plan Member	\$ 133,711	\$ -	\$ 133,711
Board Contribution	-	6,000	6,000
	<hr/>		
Total Additions	133,711	6,000	139,711
	<hr/>		
Deductions:			
Quarterly Contribution Reports	74,983	-	74,983
Scholarships Awarded	-	6,550	6,550
	<hr/>		
Total Deductions	74,983	6,550	81,533
	<hr/>		
Change in Net Position	58,728	(550)	58,178
Net Position - Beginning of Year	150,881	6,674	157,555
	<hr/>		
Net Position - End of Year	\$ 209,609	\$ 6,124	\$ 215,733
	<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 7**

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## HOLMDEL SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

#### Note 1. Summary of Significant Accounting Policies

##### **Basis of Presentation**

The financial statements of the Holmdel School District (hereafter referred to as the “School District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

##### **Reporting Entity**

The Holmdel School District is a Type II School District located in the County of Monmouth, State of New Jersey. As a Type II School 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 School District is to educate students in grades kindergarten through twelfth at its five schools. The School District has an approximate enrollment at June 30, 2017 of 3,002 students.

The primary criterion for including activities within the School 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 School District holds the corporate powers of the organization;
- ◆ the School District appoints a voting majority of the organization’s board
- ◆ the School District is able to impose its will on the organization;
- ◆ the organization has the potential to impose a financial benefit/burden on the School District
- ◆ there is a fiscal dependency by the organization on the School District.

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the School 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 61, *The Financial Reporting Entity: Omnis – an Amendment of GASB Statements No. 14 and No. 34*. The School District had no component units as of for the year ended June 30, 2017.

# HOLMDEL SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

### Note 1. Summary of Significant Accounting Policies (continued)

#### **Basis of Accounting, Measurement Focus and Financial Statement Presentation**

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

#### **A. Government-Wide Financial Statements**

The School 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 School District accompanied by a total column. Fiduciary activities of the School District are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the 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 School District are reported in three categories: 1) charges for services, 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 property taxes.

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.

#### **B. 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. The School 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 School 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 School District, are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related

## HOLMDEL SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

#### Note 1. Summary of Significant Accounting Policies (continued)

##### **B. Governmental Fund Financial Statements (continued):**

fund liability is incurred. 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 asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the School District. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the School District and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations.

The School District funds outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted fund balance to have been depleted before any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The School District reports the following major governmental funds:

**General Fund** - The general fund is the general operating fund of the School 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 School 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.

## HOLMDEL SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

#### Note 1. Summary of Significant Accounting Policies (continued)

##### **B. Governmental Fund Financial Statements (continued):**

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.

**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 proprietary funds, and local appropriations that are restricted or committed to expenditures for specified purposes.

**Capital Projects Fund** - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the acquisition of construction of major capital facilities, other than those financed by proprietary funds. The financial resources are derived from New Jersey School Development Authority grants, temporary notes, capital leases, or serial bonds that are specially authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

**Debt Service Fund** - The debt service fund is used to account for the accumulation of financial resources that are restricted, committed, or assigned to an expenditure for the payment of general long-term debt principal, interest and related costs of governmental funds.

##### **C. 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.

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.

The School District reports the following major proprietary funds:

**Food Service Fund** – The food service fund accounts for the financial transactions related to the food service operations of the School District.

## HOLMDEL SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

#### Note 1. Summary of Significant Accounting Policies (continued)

##### C. Proprietary Fund Financial Statements (continued):

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

##### D. Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The School District's fiduciary funds include Agency and Private-Purpose Trust Funds. Private Purpose Trust and Agency Funds are used to account for and report assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, and other governments. Private Purpose Trust and 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.

The School District reports the following 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 School 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 School 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 (payroll and student activity funds) are assets held by a governmental entity either as trustee or as an agent for other parties and cannot be used to finance the governmental entities own operating programs.

##### 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 School 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.

## HOLMDEL SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

#### Note 1. Summary of Significant Accounting Policies (continued)

##### **Budgets/Budgetary Control (continued):**

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 one or more June 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 basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the School 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 School 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.

## HOLMDEL SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

#### Note 1. Summary of Significant Accounting Policies (continued)

##### **Cash, Cash Equivalents and Investments**

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

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB). 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.

*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 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. 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.

For purposes of the statement of cash flows, the School District considers all highly liquid investments (including restricted assets) with a maturity when purchased of twelve months or less and all local government investment pools to be cash equivalents

##### **Tuition Receivable/Payable**

Tuition rates were established by the receiving School District based on estimated costs. The charges are subject to adjustment when the actual costs are 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.

##### **Interfund Receivables/Payables**

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the School District and that are due within one year. As previously mentioned, these amounts are eliminated in the governmental and business-type columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as Internal Balances in the Statement of Net Position.

**HOLMDEL SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

**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 market value at the date of donation. All reported capital assets except land and construction in progress are depreciated. 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. The School District does not possess any infrastructure. The School District has established a threshold of \$2,000 for capitalization of depreciable assets.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land Improvements	10-20 Years	N/A
Buildings and Improvements	10-50 Years	N/A
Furniture and Equipment	5-20 Years	5-12 Years
Vehicles	5-10 Years	4-6 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 School 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 School District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire compensated absences liability is reported on the government-wide financial statements and proprietary fund financial statements. Compensated absences liability is not recorded in the governmental funds. Instead expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of resignations or retirements.

**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 School District is eligible to realize the revenue.



# HOLMDEL SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

### Note 1. Summary of Significant Accounting Policies (continued)

#### **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.

#### **Accounting 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 reported in the financial statements and accompanying note disclosures. Actual results could differ from those estimates.

#### **Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

#### **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.

#### **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 YEAR ENDED JUNE 30, 2017 (continued)

#### Note 1. Summary of Significant Accounting Policies (continued)

##### **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.

##### **Pensions**

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 of the Public Employees' Retirement System (PERS) and Teacher's Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

##### **Fund Balance**

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances in the governmental funds financial statements are classified into the following five categories, as defined below:

- **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 that existing resources have been specifically committed for use in satisfying those contractual requirements.

## HOLMDEL SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

#### Note 1. Summary of Significant Accounting Policies (continued)

- 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 School 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 School 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 into the following three components:

- Net Investment in Capital Assets – This components represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – This component of net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – This component of 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

The following GASB Statements became effective for the fiscal year ended June 30, 2017:

## HOLMDEL SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

#### Note 1. Summary of Significant Accounting Policies (continued)

##### Impact of Recently Issued Accounting Principles (continued):

###### Adopted Accounting Pronouncements

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. The adoption of this Statement had no impact on the School 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. The adoption of this Statement had no impact on the School 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*. The adoption of this Statement had no impact on the School 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. The adoption of this Statement had no impact on the School District's financial statements.

###### Recently Issued Accounting Pronouncements

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

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 School 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 have a material impact on the School District's financial statements.

## HOLMDEL SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

#### Note 1. Summary of Significant Accounting Policies (continued)

##### **Impact of Recently Issued Accounting Principles (continued):**

###### Adopted Accounting Pronouncements

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 have a material impact on the School 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 School District's financial statements.

Statement No. 83, *Certain Asset Retirement Obligations*. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 84, *Fiduciary Activities*. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 85, *Omnibus 2017*. This Statement provides guidance that addresses several different accounting and financial reporting issues identified during the implementation and application of other GASB pronouncements. The guidance in Statement No. 85 is effective for periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 86, *Accounting for Certain Debt Extinguishment*. Statement No. 86 provides guidance for transactions in which cash and other monetary assets acquired with only existing resources, that is, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. Statement No. 86 is effective for reporting periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

HOLMDEL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)

Note 1. Summary of Significant Accounting Policies (continued)

**Impact of Recently Issued Accounting Principles (continued):**

Adopted Accounting Pronouncements

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after December 15, 2019. Management does not expect this Statement to have a material impact on the School District's financial statements.

Note 2. Deposits and Investments

**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 fund or other funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2017, the School District's bank balance of \$6,614,978 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$ 4,412,577
Uninsured and Uncollateralized	2,202,401
Cash Management	<u>2,466,011</u>
	<u>\$ 9,080,989</u>

**Investments**

The School District had no investments at June 30, 2017.

**HOLMDEL SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 3. Reserve Accounts**

**Maintenance Reserve**

The School District established a maintenance reserve account for the accumulation of funds for use as required maintenance of a facility in subsequent fiscal years.

Funds placed in the maintenance reserve account are restricted to maintenance projects in the School District's approved Maintenance Plan (M-1). A School District may increase the balance in the maintenance reserve account 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 balance in the account cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$	1,004,979
Increased by:		
Deposits approved by Board		500,000
Ending Balance, June 30, 2017	\$	1,504,979

**Note 4. Accounts Receivable**

Accounts receivable at June 30, 2017 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state and federal programs, the current fiscal year guarantee of federal funds and the budgetary control of New Jersey governmental entities. Accounts receivable in the School District's governmental and business-type activities as of June 30, 2017, consisted of the following:

<u>Description</u>	Governmental Funds			Total Governmental Activities	Proprietary Funds	Total Business-Type Activities
	General Fund	Special Revenue Fund	Capital Projects Fund		Food Service Fund	
Federal Awards	\$ -	\$ 272,687	\$ -	\$ 272,687	\$ -	\$ -
State Awards	843,217	-	248,529	1,091,746	-	-
Other	2,064,959	74,627	-	2,139,586	2,312	2,312
<b>Total</b>	<b>\$ 2,908,176</b>	<b>\$ 347,314</b>	<b>\$ 248,529</b>	<b>\$ 3,504,019</b>	<b>\$ 2,312</b>	<b>\$ 2,312</b>

**HOLMDEL SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 5. Capital Assets**

Capital assets activity for the year ended June 30, 2017 was as follows:

	Balance July 1, <u>2016</u>	<u>Additions</u>	Retirements and Transfers	Balance June 30, <u>2017</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 5,122,300	\$ -	\$ -	\$ 5,122,300
Construction in Progress	28,554,947	71,910	-	28,626,858
<b>Total Capital Assets not being depreciated</b>	<b>33,677,247</b>	<b>71,910</b>	<b>-</b>	<b>33,749,158</b>
Capital Assets being depreciated:				
Land Improvements	1,442,776	-	-	1,442,776
Buildings and Improvements	36,304,122	-	-	36,304,122
Machinery & Equipment	5,670,180	20,380	-	5,690,560
<b>Total Capital Assets being depreciated</b>	<b>43,417,078</b>	<b>20,380</b>	<b>-</b>	<b>43,437,458</b>
Less: Accumulated Depreciation:				
Land Improvements	(187,621)	(15,403)	-	(203,024)
Buildings and Improvements	(21,657,097)	(701,842)	-	(22,358,939)
Equipment	(4,505,465)	(248,162)	-	(4,753,627)
<b>Total Accumulated Depreciation</b>	<b>(26,350,183)</b>	<b>(965,407)</b>	<b>-</b>	<b>(27,315,590)</b>
<b>Total Capital Assets being depreciated, net</b>	<b>17,066,895</b>	<b>(945,027)</b>	<b>-</b>	<b>16,121,868</b>
<b>Total Governmental Activities Capital Assets, net</b>	<b>\$ 50,744,142</b>	<b>\$ (873,117)</b>	<b>\$ -</b>	<b>\$ 49,871,026</b>
	Balance July 1, <u>2016</u>	<u>Additions</u>	Retirements and Transfers	Balance June 30, <u>2017</u>
<b>Business-Type Activities:</b>				
Machinery & Equipment	\$ 509,814	\$ 5,826	\$ -	\$ 515,640
	509,814	5,826	-	515,640
Less: Accumulated Depreciation:				
Machinery & Equipment	(464,737)	(9,607)	-	(474,344)
	(464,737)	(9,607)	-	(474,344)
<b>Total Business-Type Activities Capital Assets, net</b>	<b>\$ 45,077</b>	<b>\$ (3,781)</b>	<b>\$ -</b>	<b>\$ 41,296</b>



**HOLMDEL SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 5. Capital Assets (continued):**

Depreciation expense was charged to the School District as follows:

Governmental Activities:	
Unallocated Depreciation	\$ 975,013
Total Depreciation Expense	\$ 975,013

**Note 6. Interfund Receivables, Payables and Transfers**

Individual fund receivables/payables balances at June 30, 2017 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 2,103,644	\$ 39,772
Special Revenue Fund	3,303	4,170
Early Childhood	-	42,709
Prime Time Latch Key	-	31,857
Payroll Fund	-	2,208,353
Unemployment Fund	219,914	-
	\$ 2,326,861	\$ 2,326,861

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.

A summary of interfund transfers is as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 446,033	\$ 21,661
Special Revenue Fund	3,303	4,170
Capital Projects Fund	-	18,111
Early Childhood	9,630	-
Prime Time Latch Key	-	3,234
Payroll Fund	-	468,305
Summer Enrichment	3,278	-
Unemployment Fund	53,237	-
	\$ 515,481	\$ 515,481

**HOLMDEL SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 6. Interfund Receivables, Payables and Transfers (continued):**

The purpose for these interfund transfers was for providing short-term funding/borrowing for school district operational funds.

**Note 7. Long-Term Obligations**

During the fiscal year-ended June 30, 2017 the following changes occurred in long-term obligations for the governmental and business-type activities:

	Balance <u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2017</u>	Balance Due Within <u>One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 10,645,000	\$ -	\$ 2,245,000	\$ 8,400,000	\$ 2,245,000
Capital Leases	1,302,000	-	379,000	923,000	294,000
Compensated Absences	767,902	-	73,997	693,905	-
Net Pension Liability	21,626,749	8,588,012	-	30,214,761	-
Bond Premium on Refunding	795,127	-	149,279	645,848	149,279
	<u>\$ 35,136,778</u>	<u>\$ 8,588,012</u>	<u>\$ 2,847,276</u>	<u>\$ 40,877,514</u>	<u>\$ 2,688,279</u>

For governmental activities, the bonds payable are liquidated from the School District's debt service fund. Compensated absences, capital leases, Bond Premium on Refunding, and net pension liability are liquidated by the general fund.

**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.

On October 1, 2003 the School District issued \$5,415,000 of Refunding Bonds. The Refunding Bonds refunded General Obligation Bonds. The Refunding Bonds was issued at 4% interest rate and matures on October 1, 2018.

On March 15, 2016 the School District issued \$7,740,000 of Refunding Bonds. The Refunding Bonds refunded General Obligation Bonds. The Refunding Bonds were issued at interest rates varying from 3.00% to 4.00% and mature on March 15, 2023.

**HOLMDEL SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 7. Long-Term Obligations (continued):**

Fiscal Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2022	1,090,000	92,000	1,182,000
2023	1,210,000	48,400	1,258,400
	<u>\$ 8,400,000</u>	<u>\$ 964,759</u>	<u>\$ 9,364,759</u>

**Capital Lease Payable**

On March 1, 2014, the School District entered into a lease purchase agreement in the amount of \$726,000 for equipment. The lease obligations were issued at interest rates varying from 1.00% to 5.00% matures on October 1, 2018.

On March 1, 2016 the School District entered into a lease purchase agreement in the amount of \$744,000 for equipment. The lease obligations were issued at interest rates varying from 2.00% to 5.00% matures on March 1, 2020.

The future minimum lease payments for these leases are as follows:

Fiscal Year Ending <u>June 30,</u>	
2018	\$ 332,085
2019	331,750
2020	169,125
2021	168,100
	<u>1,001,060</u>
Total Minimum Lease Payments	1,001,060
Less: Amount Representing Interest	<u>(78,060)</u>
Present Value of Minimum Lease Payments	<u>\$ 923,000</u>

Amortization of the leased equipment under capital assets is included with depreciation expense.

**HOLMDEL SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 7. Long-Term Obligations (continued):**

**Bonds Authorized but not Issued**

As of June 30, 2017, the School District had no bonds authorized but not issued.

**Note 8. 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/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.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 1/55<sup>th</sup> 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 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 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 2016, the State's pension contribution was less than the actuarial determined amount.

**HOLMDEL SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

**A. Public Employees' Retirement System (PERS) (continued):**

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.

**Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources** - At June 30, 2017, the School District reported a liability of \$ 30,214,761 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. 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 July 1, 2015, to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The School District's proportion measured as of June 30, 2016, was 0.10202%, which was an increase of 0.00568% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the School District recognized full accrual pension expense of \$3,171,744 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2016 measurement date. At June 30, 2017 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**HOLMDEL SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

**A. Public Employees' Retirement System (PERS) (continued):**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 561,903	\$ -
Changes of Assumptions	6,258,885	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,152,116	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	1,225,832	-
School District contributions subsequent to measurement date	993,356	
	\$ 10,192,092	\$ -

\$993,356 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is due April 1, 2018 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30,</b>	
2018	\$ 2,052,851
2019	2,052,853
2020	2,318,759
2021	1,967,593
2022	806,680
	\$ 9,198,736

**HOLMDEL SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

**A. Public Employees' Retirement System (PERS) (continued):**

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

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
 Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
 Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	5.00	-
June 30, 2015	5.00	-
June 30, 2016	5.00	-

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for the 2016, 2015, and 2014 amounts, respectively.

**Actuarial Assumptions** – The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions:

**HOLMDEL SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

**A. Public Employees' Retirement System (PERS) (continued):**

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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, 2016 are summarized in the following table:



**HOLMDEL SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

**A. Public Employees' Retirement System (PERS) (continued):**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

**Discount Rate** - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 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 contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their 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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the School District's proportionate share of the net pension liability as of June 30, 2016, calculated using the discount rate of 3.98% as well as what the School 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 or 1-percentage point higher than the current rate:

**HOLMDEL SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

**A. Public Employees' Retirement System (PERS) (continued):**

	<b>At 1% Decrease (2.98%)</b>	<b>At Current Discount Rate (3.98%)</b>	<b>At 1% Increase (4.98%)</b>
School District's Proportionate Share of the Net Pension Liability	\$ 37,024,663	\$ 30,214,761	\$ 24,592,596

**Additional Information** - The following is a summary of the collective balances of the local group at June 30, 2017 and 2016:

	<u>6/30/2017</u>	<u>6/30/2016</u>
Collective Deferred Outflows of Resources	\$ 7,815,204,785	\$ 2,946,265,815
Collective Deferred Inflows of Resources	\$ -	\$ 360,920,604
Collective Net Pension Liability	\$ 29,617,131,759	\$ 22,447,996,119

**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/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.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

## HOLMDEL SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

#### Note 8. Pension Plans (continued)

##### B. Teachers' Pension and Annuity Fund (TPAF) (continued):

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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.

**Contributions** - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.2% in State fiscal year 2017. 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 2016, the State's pension contribution was less than the actuarial determined amount.

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

**Pension Liability and Pension Expense** - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2016 was \$185,493,497 The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2016, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.23580% which was an increase of 0.00001% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the State of New Jersey recognized a pension expense in the amount of \$13,937,255 for the State's proportionate share of the TPAF pension expense attributable to the School District. This pension expense was based on the pension plans June 30, 2016 measurement date.

**HOLMDEL SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

**B. Teachers' Pension and Annuity Fund (TPAF) (continued):**

**Actuarial Assumptions** – The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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, 2016 are summarized in the following table:

**HOLMDEL SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

**B. Teachers' Pension and Annuity Fund (TPAF) (continued):**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

**Discount Rate** - The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, 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 contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the 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 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate** – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 3.22% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**HOLMDEL SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

**B. Teachers' Pension and Annuity Fund (TPAF) (continued):**

	<b>At 1% Decrease</b>	<b>At Current Discount Rate</b>	<b>At 1% Increase</b>
	<b>(2.22%)</b>	<b>(3.22%)</b>	<b>(4.22%)</b>
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	<u>\$ 221,520,689</u>	<u>\$ 185,493,497</u>	<u>\$ 156,072,646</u>
	<u><u>\$ 221,520,689</u></u>	<u><u>\$ 185,493,497</u></u>	<u><u>\$ 156,072,646</u></u>

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

**C. Defined Contribution Plan (DCRP)**

**Plan Description** - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- Employees enrolled in the Public Employees' Retirement System (PERS) or Teachers' Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2017 is \$8,300 and is subject to adjustment in future years.

## HOLMDEL SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

#### Note 8. Pension Plans (continued)

##### C. Defined Contribution Plan (DCRP) (continued):

- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees

**Contributions** - The contribution policy is set by N.J.S.A. 43:15C-3 and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3% contribution from the School District.

For the year ended June 30, 2017, employee contributions totaled \$29,214, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$13,242.

#### Note 9. State Post-Retirement Medical 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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 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 (APB) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>

**HOLMDEL SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 10. On-Behalf Payments for Fringe Benefits and Salaries**

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers’ Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2017, the on-behalf payments for normal costs, post-retirement medical costs, and long-term disability were \$2,678,027, \$2,231,406, and \$4,851 respectively.

**Note 11. Risk Management**

The School 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.

**New Jersey Unemployment Compensation Insurance** – The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the School 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 School 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:

<u>Fiscal Year</u>	<u>School District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ -	\$ 133,711	\$ -	\$ 74,983	\$ 209,609
2015-2016	-	74,294	-	64,324	150,881
2014-2015	-	89,724	-	162,124	140,911

**Property and Liability Insurance** – The School 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.

**Joint Insurance Pool** – The School District also participates in the Monmouth Ocean County Shared Service Fund and, public entity risk pool. The Pool provides its members with the following coverage:

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



**HOLMDEL SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 12. Contingencies**

**State and Federal Grantor Agencies** - The School 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 School 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, 2017 may be impaired. In the opinion of the School 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.

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

**Note 13. Deferred Compensation**

The School 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  
Fidelity Investments  
Lincoln Investment Planning  
Met Life  
Valic Financial Advisors

**Note 14. Compensated Absences**

The School 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.

School District employees are granted varying amount of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School 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 School District for the unused sick leave in accordance with School Districts’ agreements with the various employee unions.

## HOLMDEL SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

#### **Note 14. Compensated Absences (continued):**

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2017, the liability for compensated absences reported on the government-wide and on the proprietary fund Statement of Net Position was \$693,905 and \$0, respectively.

#### **Note 15. Tax Abatements**

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

#### **Note 17. 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. 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 excess fund balance at June 30, 2017 was \$493,766.

#### **Note 18. Fund Balances**

**General Fund** – Of the \$5,408,604 General Fund balance at June 30, 2017, \$1,504,979 has been restricted for the Maintenance Reserve Account; \$493,766 has been restricted for current year excess surplus; \$317,841 has been assigned to other purposes; \$1,206,234 has been assigned and included as anticipated revenue for the year ending June 30, 2018; and \$1,885,784 has been unassigned.

**HOLMDEL SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 18. Fund Balances (continued):**

**Capital Projects Fund** – Of the \$996,679 Capital Projects Fund balance at June 30, 2017, \$996,679 is assigned for future capital projects approved by the School District.

**Debt Service Fund** – Of the \$1 Debt Service Fund balance at June 30, 2017, \$1 is restricted for future debt service payments.

**Note 19. Deficit in Net Position**

**Unrestricted Net Position** – The School District governmental activities had a deficit in unrestricted net position in the amount of \$19,924,435 at June 30, 2017. The primary causes of this deficit is the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employee’s Retirement System (PERS) as of June 30, 2017. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

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**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, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Positive/ (Negative) Final To Actual
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 52,197,343	\$ -	\$ 52,197,343	\$ 52,197,343	\$ -
Tuition	-	-	-	575,567	575,567
Interest on Investments	-	-	-	12,153	12,153
Unrestricted Miscellaneous Revenues	500,000	-	500,000	139,444	(360,556)
<b>Total Local Sources</b>	<b>52,697,343</b>	<b>-</b>	<b>52,697,343</b>	<b>52,924,507</b>	<b>227,164</b>
<b>State Sources:</b>					
Extraordinary Aid	269,058	-	269,058	738,147	469,089
Non Public Transportation	-	-	-	17,197	17,197
Categorical Special Education Aid	1,335,209	-	1,335,209	1,335,209	-
Categorical Security Aid	139,118	-	139,118	139,118	-
Categorical Transportation Aid	311,207	-	311,207	311,207	-
PARCC Readiness Aid	29,345	-	29,345	29,345	-
Per Pupil Growth Aid	29,345	-	29,345	29,345	-
Professional Learning Community Aid	28,505	-	28,505	28,505	-
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	2,678,027	2,678,027
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	2,231,406	2,231,406
TPAF Long Term Disability(On-Behalf - Non-Budgeted)	-	-	-	4,851	4,851
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	1,777,606	1,777,606
<b>Total State Sources</b>	<b>2,141,787</b>	<b>-</b>	<b>2,141,787</b>	<b>9,319,963</b>	<b>7,178,176</b>
<b>Federal Sources:</b>					
Medical Assistance Program - SEMI	16,469	-	16,469	16,799	330
Medical Assistance Program - SEMI MAC	-	-	-	4,987	4,987
Medical Assistance Program - SEMI ARRA	-	-	-	1,987	1,987
<b>Total Federal Sources</b>	<b>16,469</b>	<b>-</b>	<b>16,469</b>	<b>23,773</b>	<b>7,304</b>
<b>Total Revenues</b>	<b>54,855,599</b>	<b>-</b>	<b>54,855,599</b>	<b>62,268,243</b>	<b>7,412,644</b>

**HOLMDEL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Positive/ (Negative) Final To Actual
<b>EXPENDITURES:</b>					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	303,700	14,620	318,320	318,320	-
Grades 1-5	5,447,668	(115,619)	5,332,049	5,331,683	366
Grades 6-8	3,948,574	21,897	3,970,471	3,970,470	1
Grades 9-12	5,788,425	(21,897)	5,766,528	5,654,285	112,243
Regular Programs - Home Instruction:					
Salaries of Teachers	25,770	-	25,770	19,523	6,247
Purchased Professional - Educational Services	8,000	-	8,000	6,775	1,225
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	7,100	(900)	6,200	6,200	-
Other Purchased Services (400-500 series)	1,396	(100)	1,296	862	434
General Supplies	779,959	(11,595)	768,364	699,349	69,015
Textbooks	241,900	5,820	247,720	119,105	128,615
Other Objects	157,874	-	157,874	123,651	34,223
<b>Total Regular Programs - Instruction</b>	<b>16,710,366</b>	<b>(107,774)</b>	<b>16,602,592</b>	<b>16,250,223</b>	<b>352,369</b>
Special Education - Instruction - Learning and/or Language Disabilities					
Salaries of Teachers - Learning Disability	-	60,825	60,825	60,825	-
Salary LD Aide	-	58,797	58,797	58,796	1
<b>Total Special Education - Instruction - Learning and/or Language Disabilities</b>	<b>-</b>	<b>119,622</b>	<b>119,622</b>	<b>119,621</b>	<b>1</b>
Special Education - Instruction - Visual Impairments:					
Salaries of Teachers	84,354	82,228	166,582	163,200	3,382
Purchased Professional - Educational Services	43,310	(8,754)	34,556	4,530	30,026
<b>Total Special Education - Instruction - Visual Impairments</b>	<b>127,664</b>	<b>73,474</b>	<b>201,138</b>	<b>167,730</b>	<b>33,408</b>

**HOLMDEL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Positive/ (Negative) Final To Actual
Special Education - Instruction - Multiple Disabilities:					
Salaries of Teachers	200,329	37,544	237,873	237,873	-
Other Salaries for Instruction	318,912	(11,257)	307,655	307,654	1
General Supplies	1,250	-	1,250	1,248	2
Other Objects	19,800	(4,053)	15,747	-	15,747
<b>Total Special Education - Instruction - Multiple Disabilities</b>	<b>540,291</b>	<b>22,234</b>	<b>562,525</b>	<b>546,775</b>	<b>15,750</b>
Sp. Educ. - Instruction - Resource Room/Resource Center:					
Salaries of Teachers	3,519,856	207,322	3,727,178	3,727,177	1
General Supplies	21,500	2,500	24,000	23,377	623
Textbooks	4,000	(4,000)	-	-	-
<b>Total Sp. Educ. - Instruction - Resource Room/Resource Center</b>	<b>3,545,356</b>	<b>205,822</b>	<b>3,751,178</b>	<b>3,750,554</b>	<b>624</b>
EXPENDITURES (continued):					
Special Education - Instruction - Autism:					
Salaries of Teachers	152,803	(13,700)	139,103	127,262	11,841
Other Salaries for Instruction	320,568	(221,480)	99,088	92,574	6,514
General Supplies	1,500	-	1,500	1,181	319
<b>Total Special Education - Instruction - Autism</b>	<b>474,871</b>	<b>(235,180)</b>	<b>239,691</b>	<b>221,017</b>	<b>18,674</b>
Sp. Educ. - Instruction - Preschool Disabilities - Part-Time:					
Salaries of Teachers	309,939	(59,750)	250,189	188,620	61,569
Other Salaries for Instruction	157,262	(24,770)	132,492	132,491	1
<b>Total Sp. Educ. - Instruction - Preschool Disabilities - Part-Time</b>	<b>467,201</b>	<b>(84,520)</b>	<b>382,681</b>	<b>321,111</b>	<b>61,570</b>

**HOLMDEL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Positive/ (Negative) Final To Actual
Special Education - Instruction - Home Instruction:					
Salaries of Teachers	75,000	-	75,000	49,912	25,088
Purchased Professional - Educational Services	12,000	-	12,000	10,630	1,370
<b>Total Special Education - Instruction - Home Instruction</b>	<b>87,000</b>	<b>-</b>	<b>87,000</b>	<b>60,542</b>	<b>26,458</b>
<b>Total Special Education - Instruction</b>	<b>5,242,383</b>	<b>101,452</b>	<b>5,343,835</b>	<b>5,187,350</b>	<b>156,485</b>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	425,440	(1,400)	424,040	388,345	35,695
<b>Total Basic Skills/Remedial - Instruction</b>	<b>425,440</b>	<b>(1,400)</b>	<b>424,040</b>	<b>388,345</b>	<b>35,695</b>
Bilingual Education - Instruction:					
Salaries of Teachers	197,100	1,400	198,500	198,500	-
General Supplies	1,500	-	1,500	793	707
<b>Total Bilingual Education - Instruction</b>	<b>198,600</b>	<b>1,400</b>	<b>200,000</b>	<b>199,293</b>	<b>707</b>
School Sponsored Co/Extra-Curricular Activities - Instruction:					
Salaries	193,989	958	194,947	189,085	5,862
Supplies and Materials	13,500	3,700	17,200	13,354	3,846
Other Objects	1,200	-	1,200	-	1,200
<b>Total School Spon. Co/Extra-Curricular Activities - Instruction</b>	<b>208,689</b>	<b>4,658</b>	<b>213,347</b>	<b>202,439</b>	<b>10,908</b>

**HOLMDEL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Positive/ (Negative) Final To Actual
School Sponsored Athletics - Instruction:					
Salaries	415,427	14,556	429,983	429,983	-
Supplies and Materials	40,200	15,500	55,700	52,950	2,750
Other Objects	91,394	1,150	92,544	90,152	2,392
<b>Total School Sponsored Athletics - Instruction</b>	<b>547,021</b>	<b>31,206</b>	<b>578,227</b>	<b>573,085</b>	<b>5,142</b>
<b>Total - Instruction</b>	<b>23,332,499</b>	<b>29,542</b>	<b>23,362,041</b>	<b>22,800,735</b>	<b>561,306</b>
Undist. Expend. - Instruction:					
Tuition To County Voc. School District - Regular	695,560	-	695,560	640,168	55,392
Tuition To County Voc. School District - Specific	44,520	(18,000)	26,520	24,960	1,560
Tuition To Private School for the Disabled Within State	580,774	63,000	643,774	605,131	38,643
Tuition - State Facilities	-	32,306	32,306	32,306	-
<b>Total Undist. Expend. - Instruction</b>	<b>1,320,854</b>	<b>77,306</b>	<b>1,398,160</b>	<b>1,302,565</b>	<b>95,595</b>
Undist. Expend. - Health Services:					
Salaries	457,217	360	457,577	457,577	-
Purchased Professional and Technical Services	35,000	5,233	40,233	40,233	-
Supplies and Materials	8,411	(1,000)	7,411	7,058	353
Other Objects	302,511	(123,693)	178,818	113,457	65,361
<b>Total Undist. Expend. - Health Services</b>	<b>803,139</b>	<b>(119,100)</b>	<b>684,039</b>	<b>618,325</b>	<b>65,714</b>
Undist. Expend. - Speech, OT, PT & Related Services					
Salaries	960,973	(1,762)	959,211	959,211	-
Purchased Professional - Education Services	7,200	10,475	17,675	6,375	11,300
Supplies and Materials	21,400	16,982	38,382	34,963	3,419
Other Objects	283,367	1,025	284,392	246,400	37,992
<b>Total Undist. Expend. - Speech, OT, PT &amp; Related Services</b>	<b>1,272,940</b>	<b>26,720</b>	<b>1,299,660</b>	<b>1,246,949</b>	<b>52,711</b>

**HOLMDEL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Positive/ (Negative) Final To Actual
<b>EXPENDITURES (continued):</b>					
Undist. Expend. - Other Support Serv. Stud. - Extra Svc:					
Salaries	1,341,139	123,927	1,465,066	1,465,066	-
Purchased Professional - Educational Services	72,604	20,663	93,267	75,665	17,602
<b>Total Undist. Expend. - Other Support Serv. Stud. - Extra Svc.</b>	<b>1,413,743</b>	<b>144,590</b>	<b>1,558,333</b>	<b>1,540,731</b>	<b>17,602</b>
<b>Undist. Expend. - Guidance</b>					
Salaries of Other Professional Staff	1,002,518	(3,111)	999,407	954,450	44,957
Salaries of Secretarial and Clerical Assistance	193,541	-	193,541	180,238	13,303
Supplies and Materials	12,882	-	12,882	12,182	700
Other Objects	3,059	-	3,059	2,107	952
<b>Total Undist. Expend. - Guidance</b>	<b>1,212,000</b>	<b>(3,111)</b>	<b>1,208,889</b>	<b>1,148,977</b>	<b>59,912</b>
<b>Undist. Expend. - Child Study Teams</b>					
Salaries of Other Professional Staff	1,123,614	9,176	1,132,790	1,132,790	-
Salaries of Secretarial and Clerical Assistance	114,748	3,111	117,859	117,859	-
Other Purchased Prof. and Tech. Services	3,000	-	3,000	-	3,000
Misc Pur Serv (400-500 series o/than Resid Costs)	3,000	-	3,000	1,262	1,738
Supplies and Materials	8,500	1,500	10,000	8,865	1,135
Other Objects	7,051	393	7,444	6,719	725
<b>Total Undist. Expend. - Child Study Teams</b>	<b>1,259,913</b>	<b>14,180</b>	<b>1,274,093</b>	<b>1,267,495</b>	<b>6,598</b>

**HOLMDEL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Positive/ (Negative) Final To Actual
Undist. Expend. - Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	404,605	109,231	513,836	513,836	-
Salaries of Other Professional Staff	214,704	(119,681)	95,023	35,841	59,182
Salaries of Secretarial and Clerical Assistants	326,087	18,378	344,465	344,465	-
Purchased Professional - Educational Services	-	111,450	111,450	92,550	18,900
Other Purch Prof. and Tech. Services	5,154	-	5,154	-	5,154
Other Purchased Services	1,950	-	1,950	975	975
Supplies and Materials	2,400	-	2,400	545	1,855
Other Objects	11,254	-	11,254	4,411	6,843
<b>Total Undist. Expend. - Improvement of Instructional Services</b>	<b>966,154</b>	<b>119,378</b>	<b>1,085,532</b>	<b>992,623</b>	<b>92,909</b>
Undist. Expend. - Educational Media/School Library:					
Salaries	956,640	460	957,100	942,664	14,436
Supplies and Materials	33,565	(1,600)	31,965	31,273	692
<b>Total Undist. Expend. - Educational Media/School Library</b>	<b>990,205</b>	<b>(1,140)</b>	<b>989,065</b>	<b>973,937</b>	<b>15,128</b>
Undist. Expend. - Instructional Staff Training Services:					
Other Objects	60,740	77	60,817	48,143	12,674
<b>Total Undist. Expend. - Instructional Staff Training Services</b>	<b>60,740</b>	<b>77</b>	<b>60,817</b>	<b>48,143</b>	<b>12,674</b>
Undist. Expend. - Support Services - General Administration:					
Salaries	259,057	-	259,057	249,825	9,232
Legal Services	130,000	46,361	176,361	97,107	79,254
Audit Fees	33,000	-	33,000	32,900	100
Other Purchased Professional Services	47,000	51,300	98,300	84,766	13,534
Communications/Telephone	103,332	425	103,757	79,489	24,268
Miscellaneous Expenditures	115,180	-	115,180	83,611	31,569
BOE Membership Dues and Fees	11,850	-	11,850	5,787	6,063
<b>Total Undist. Expend. - Support Services - General Admin.</b>	<b>699,419</b>	<b>98,086</b>	<b>797,505</b>	<b>633,485</b>	<b>164,020</b>

**HOLMDEL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Positive/ (Negative) Final To Actual
Undist. Expend. - Support Services - School Admin.:					
Salaries of Principals/Assistant Principals/Prog Dir	1,076,513	1,537	1,078,050	1,078,050	-
Salaries of Secretarial and Clerical Assistants	422,618	(3,003)	419,615	409,212	10,403
Supplies and Materials	18,015	1,138	19,153	19,153	-
Other Objects	13,810	(77)	13,733	11,406	2,327
<b>Total Undist. Expend. - Support Services - School Admin.</b>	<b>1,530,956</b>	<b>(405)</b>	<b>1,530,551</b>	<b>1,517,821</b>	<b>12,730</b>
Undist. Expend. - Support Services - Central Services:					
Salaries	806,187	(5,100)	801,087	790,643	10,444
Professional Services - Treasurer	-	5,100	5,100	5,100	-
Interest on Current Loans	51,190	-	51,190	51,184	6
Miscellaneous Expenditures	10,000	-	10,000	2,012	7,988
<b>Total Undist. Expend. - Support Services - Central Services</b>	<b>867,377</b>	<b>-</b>	<b>867,377</b>	<b>848,939</b>	<b>18,438</b>
Undist. Expend. - Admin. Info. Technology:					
Salaries	57,470	1,466	58,936	58,935	1
Other Objects	3,000	(2,000)	1,000	751	249
<b>Total Undist. Expend. - Admin. Info. Technology</b>	<b>60,470</b>	<b>(534)</b>	<b>59,936</b>	<b>59,686</b>	<b>250</b>
<b>Total Undist. Expend. - Central Services and Info. Technology</b>	<b>927,847</b>	<b>(534)</b>	<b>927,313</b>	<b>908,625</b>	<b>18,688</b>
Undist. Expend. - Required Maintenance for School Facilities:					
Salaries	569,929	-	569,929	546,843	23,086
Cleaning, Repair and Maintenance Services	542,434	126,322	668,756	533,739	135,017
General Supplies	303,450	42,450	345,900	230,019	115,881
<b>Total Undist. Expend. - Required Maintenance for School Facilities</b>	<b>1,415,813</b>	<b>168,772</b>	<b>1,584,585</b>	<b>1,310,601</b>	<b>273,984</b>



**HOLMDEL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Positive/ (Negative) Final To Actual
Undist. Expend. - Custodial Services					
Salaries	1,785,489	10,616	1,796,105	1,796,105	-
Salaries of Non-Instructional Aides	365,845	25,428	391,273	391,272	1
Purchased Professional and Technical Services	10,000	-	10,000	2,373	7,627
Cleaning, Repair and Maintenance Services	70,000	(10,616)	59,384	50,469	8,915
Other Purchased Property Services	191,640	-	191,640	181,026	10,614
Insurance	541,516	-	541,516	505,032	36,484
General Supplies	220,345	2,262	222,607	183,601	39,006
Energy (Natural Gas)	297,000	-	297,000	296,200	800
Energy (Electricity)	610,881	33,080	643,961	643,961	-
Other Objects	27,215	-	27,215	10,346	16,869
<b>Total Undist. Expend. - Custodial Services</b>	<b>4,119,931</b>	<b>60,770</b>	<b>4,180,701</b>	<b>4,060,385</b>	<b>120,316</b>
Undist. Expend. - Care & Upkeep of Grounds:					
Salaries	334,208	-	334,208	303,450	30,758
<b>Total Undist. Expend. - Care &amp; Upkeep of Grounds</b>	<b>334,208</b>	<b>-</b>	<b>334,208</b>	<b>303,450</b>	<b>30,758</b>
Undist. Expend. - Security:					
Salaries	224,014	-	224,014	219,878	4,136
Purchased Prof. & Tech. Svc	65,000	-	65,000	65,000	-
<b>Total Undist. Expend. - Security:</b>	<b>289,014</b>	<b>-</b>	<b>289,014</b>	<b>284,878</b>	<b>4,136</b>
<b>Total Undist. Expend. - Oper. &amp; Maint. of Plant</b>	<b>6,158,966</b>	<b>229,542</b>	<b>6,388,508</b>	<b>5,959,314</b>	<b>429,194</b>

**HOLMDEL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Positive/ (Negative) Final To Actual
Undist. Expend. - Student Transportation Services:					
Salaries of Public Transportation	84,671	1,765	86,436	86,436	-
Other Purchased Professional and Technical Services	455	-	455	435	20
Contracted Services - Aid in Lieu of Payments - NonPublic Sch	51,396	(21,841)	29,555	29,555	-
Contracted Services (Bet. Home & School) - Vendors	1,403,172	104,635	1,507,807	1,507,807	-
Contracted Services (Other Than Bet. Home & School) - Vendors	165,646	1,083	166,729	166,729	-
Contracted Services (Special Ed. Students) - Vendors	373,665	13,788	387,453	387,452	1
Contracted Services (Special Ed. Students) - Joint Agreements	571,079	(17,947)	553,132	553,131	1
Miscellaneous Purchased Services - Transportation	5,422	-	5,422	4,883	539
General Supplies	2,000	-	2,000	1,452	548
Transportation Supplies	5,100	-	5,100	4,594	506
Other Objects	1,550	-	1,550	1,334	216
<b>Total Undist. Expend. - Student Transportation Services</b>	<b>2,664,156</b>	<b>81,483</b>	<b>2,745,639</b>	<b>2,743,808</b>	<b>1,831</b>
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	783,744	4,000	787,744	785,658	2,086
Other Retirement Contributions - PERS	958,676	6,697	965,373	940,894	24,479
Unemployment Compensation	50,000	(4,000)	46,000	36,469	9,531
Workmen's Compensation	325,195	-	325,195	325,195	-
Health Benefits	8,951,688	(426,752)	8,524,936	7,608,043	916,893
Tuition Reimbursement	110,000	-	110,000	92,067	17,933
Other Employee Benefits	173,000	7,739	180,739	180,739	-
<b>Total Unallocated Benefits - Employee Benefits</b>	<b>11,352,303</b>	<b>(412,316)</b>	<b>10,939,987</b>	<b>9,969,065</b>	<b>970,922</b>
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	2,678,027	(2,678,027)
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	2,231,406	(2,231,406)
TPAF Long Term Disability(On-Behalf - Non-Budgeted)	-	-	-	4,851	(4,851)
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	1,777,606	(1,777,606)
<b>Total On-Behalf Contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,691,890</b>	<b>(6,691,890)</b>

**HOLMDEL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Positive/ (Negative) Final To Actual
Total Personal Services - Employee Benefits	11,352,303	(412,316)	10,939,987	16,660,955	(5,720,968)
Total Undistributed Expenditures	32,633,335	254,756	32,888,091	37,563,753	(4,675,662)
Total Expenditures - Current Expense	55,965,834	284,298	56,250,132	60,364,488	(4,114,356)
<b>CAPITAL OUTLAY</b>					
Equipment:					
Undist. Expend. - Instruction	9,250	11,130	20,380	20,380	-
Undist. Expend. - Required Maintenance for School Facilities	32,000	-	32,000	-	32,000
Total Equipment	41,250	11,130	52,380	20,380	32,000
Facilities Acquisition and Construction Services:					
Lease Purchase Agreements - Principal	379,000	-	379,000	379,000	-
Assessment for Debt Service on SDA Funding	69,515	-	69,515	69,515	-
Total Facilities Acquisition and Construction Services	448,515	-	448,515	448,515	-
Total Capital Outlay	489,765	11,130	500,895	468,895	32,000
Total Expenditures	56,455,599	295,428	56,751,027	60,833,383	(4,082,356)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(1,600,000)	(295,428)	(1,895,428)	1,434,860	3,330,288

**HOLMDEL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Positive/ (Negative) Final To Actual
Excess/(Deficiency) of Revenues and Expenditures and Other Financing Uses	(1,600,000)	(295,428)	(1,895,428)	1,434,860	3,330,288
Fund Balances, July 1	4,150,842	-	4,150,842	4,150,842	-
Fund Balances, June 30	<u>\$ 2,550,842</u>	<u>\$ (295,428)</u>	<u>\$ 2,255,414</u>	<u>\$ 5,585,702</u>	<u>\$ 3,330,288</u>

**RECAPITULATION OF BUDGET TRANSFERS**

Prior Year Reserve for Encumbrances	<u>\$ 295,428</u>
	<u><u>\$ 295,428</u></u>

**RECAPITULATION OF FUND BALANCE**

Restricted:	
Maintenance Reserve	\$ 1,504,979
Excess Surplus - Current Year	493,766
Assigned:	
Encumbrances	317,841
Designated for Subsequent Year's Expenditures	1,206,234
Unassigned Fund Balance	<u>2,062,882</u>
	5,585,702
Reconciliation To Governmental Funds Statements (GAAP):	
Last State Aid Payments Not Recognized on GAAP Basis	<u>(177,098)</u>
Fund Balance per Governmental Funds (GAAP)	<u><u>\$ 5,408,604</u></u>

**HOLMDEL SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	June 30, 2017				Positive (Negative)
	Original Budget	Budget Transfers	Final Budget	Actual	Final To Actual
Revenues:					
Local Sources	\$ -	\$ 43,959	\$ 43,959	\$ 35,104	\$ 8,855
State Sources	566,394	94,090	660,484	612,396	48,088
Federal Sources	856,640	202,355	1,058,995	1,015,414	43,581
<b>Total Revenues</b>	<b>1,423,034</b>	<b>340,404</b>	<b>1,763,438</b>	<b>1,662,914</b>	<b>100,524</b>
Expenditures:					
Instruction:					
Salaries of Teachers	-	126,113	126,113	126,113	-
Purchased Services	681,232	41,088	722,320	654,356	67,964
General Supplies	-	67,260	67,260	37,944	29,316
Tuition	615,322	(26,579)	588,743	588,743	-
<b>Total Instruction</b>	<b>1,296,554</b>	<b>207,882</b>	<b>1,504,436</b>	<b>1,407,156</b>	<b>97,280</b>
Support Services:					
Personnel Services - Salaries	-	37,126	37,126	34,681	2,445
Personal Services - Employee Benefits	-	34,485	34,485	33,448	1,037
Professional and Technical Services	77,180	36,418	113,598	112,662	936
Purchased Professional - Educational Services	17,000	12,412	29,412	41,151	(11,739)
Supplies and Materials	32,300	12,081	44,381	33,816	10,565
<b>Total Support Services</b>	<b>126,480</b>	<b>132,522</b>	<b>259,002</b>	<b>255,758</b>	<b>3,244</b>
<b>Total Expenditures</b>	<b>1,423,034</b>	<b>340,404</b>	<b>1,763,438</b>	<b>1,662,914</b>	<b>100,524</b>
<b>Total Outflows</b>	<b>1,423,034</b>	<b>340,404</b>	<b>1,763,438</b>	<b>1,662,914</b>	<b>100,524</b>
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, 2017**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>SOURCES/INFLOWS OF RESOURCES</b>		
Actual amounts (budgetary) "revenues" from the Budgetary Comparison Schedules	\$ 62,268,243	\$ 1,662,914
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	-	(25,249)
Add: Prior Year Encumbrances	-	4,148
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	167,695	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(177,098)	-
	\$ 62,258,840	\$ 1,641,813
<b>USES/OUTFLOWS OF RESOURCES</b>		
Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule	\$ 60,833,383	\$ 1,662,914
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		(25,249)
Add: Prior Year Encumbrances	-	4,148
	\$ 60,833,383	\$ 1,641,813
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 62,258,840	\$ 1,641,813
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 60,833,383	\$ 1,641,813

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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 TEN FISCAL YEARS**

	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00000%	0.00000%	0.00000%	0.00000%
School District's proportionate share of the net pension liability	\$ 30,214,761	\$ 21,626,749	\$ 17,847,912	\$ 17,893,541
School District's covered payroll	\$ 7,843,575	\$ 7,535,615	\$ 7,072,860	**N/A
School District's proportionate share of the net pension liability as a percentage of its covered payroll	385.22%	286.99%	252.34%	N/A
Plan fiduciary net position as a percentage of the total pension liability	40.14%	47.93%	52.08%	48.72%

\*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

\*\*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 TEN FISCAL YEARS**

	2017	2016	2015	2014
School District's contractually required contribution	\$ 993,356	\$ 906,312	\$ 828,279	785,866
Contributions in relation to the contractually required contribution	(993,356)	(906,312)	(828,279)	(785,866)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 7,816,493	\$ 7,843,575	\$ 7,535,615	\$ 7,072,860
Contributions as a percentage of covered-employee payroll	12.71%	11.55%	10.99%	11.11%

\*\*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 TEN FISCAL YEARS**

	2017	2016	2015	2014
School District's proportion of the net pension liability	0.000000%	0.000000%	0.000000%	0.000000%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	185,493,497	149,028,526	128,555,940	122,905,106
School District's covered payroll	\$ 25,715,697	\$ 25,571,866	\$ 24,910,320	**N/A
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%

\*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

\*\*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 SCHOOL DISTRICT CONTRIBUTIONS  
TEACHERS' PENSION AND ANNUITY FUND  
LAST TEN FISCAL YEARS**

This schedule is not applicable. There is a special funding situation where the State of New Jersey pays 100% of the required contributions associated with the School District.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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**HOLMDEL SCHOOL DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2017**

**Teachers Pension and Annuity Fund (TPAF)**

**Changes in Benefit Terms** - None.

**Changes in Assumptions** - The discount rate changed from 4.13% as of June 30, 2015, to 3.22% as of June 30, 2016.

**Public Employees' Retirement System (PERS)**

**Changes in Benefit Terms** - None.

**Changes in Assumptions** - The discount rate changed from 4.90 % as of June 30, 2015, to 3.98% as of June 30, 2016.

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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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,104
State Sources	82,788	131,464	38,562	79,726	12,600	74,100	3,615	103,587	11,486	74,468	-
Federal Sources	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>\$ 82,788</b>	<b>\$ 131,464</b>	<b>\$ 38,562</b>	<b>\$ 79,726</b>	<b>\$ 12,600</b>	<b>\$ 74,100</b>	<b>\$ 3,615</b>	<b>\$ 103,587</b>	<b>\$ 11,486</b>	<b>\$ 74,468</b>	<b>\$ 35,104</b>
<b>Expenditures</b>											
Instruction:											
Salaries of Teachers	-	-	-	-	-	-	-	-	-	-	-
Purchased Services	82,788	131,464	-	79,726	12,600	-	3,615	103,587	11,486	74,468	-
General Supplies	-	-	-	-	-	-	-	-	-	-	35,104
Tuition	-	-	-	-	-	-	-	-	-	-	-
<b>Total Instruction</b>	<b>82,788</b>	<b>131,464</b>	<b>-</b>	<b>79,726</b>	<b>12,600</b>	<b>-</b>	<b>3,615</b>	<b>103,587</b>	<b>11,486</b>	<b>74,468</b>	<b>35,104</b>
Support Services:											
Personnel Services - Salaries	-	-	-	-	-	-	-	-	-	-	-
Personal Services - Employee Benefits	-	-	-	-	-	-	-	-	-	-	-
Purchased Professional & Technical Services	-	-	38,562	-	-	74,100	-	-	-	-	-
Purchased Professional - Educational Services	-	-	-	-	-	-	-	-	-	-	-
Supplies and Materials	-	-	-	-	-	-	-	-	-	-	-
<b>Total Support Services</b>	<b>-</b>	<b>-</b>	<b>38,562</b>	<b>-</b>	<b>-</b>	<b>74,100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>\$ 82,788</b>	<b>\$ 131,464</b>	<b>\$ 38,562</b>	<b>\$ 79,726</b>	<b>\$ 12,600</b>	<b>\$ 74,100</b>	<b>\$ 3,615</b>	<b>\$ 103,587</b>	<b>\$ 11,486</b>	<b>\$ 74,468</b>	<b>\$ 35,104</b>

**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				Total
	Basic 2016/17	Preschool 2016/17	Title I Part A 2016/17	Title II Part A 2016/17	Title IV Part A 2016/17	Title III Immigration 2016/17	
<u>Revenues</u>							
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,104
State Sources	-	-	-	-	-	-	612,396
Federal Sources	761,964	35,857	150,780	63,438	220	3,155	1,015,414
<b>Total Revenues</b>	<b>\$ 761,964</b>	<b>\$ 35,857</b>	<b>\$ 150,780</b>	<b>\$ 63,438</b>	<b>\$ 220</b>	<b>\$ 3,155</b>	<b>\$ 1,662,914</b>
<u>Expenditures</u>							
Instruction:							
Salaries of Teachers	-	33,113	93,000	-	-	-	126,113
Purchased Services	154,459	-	-	-	163	-	654,356
General Supplies	-	-	2,571	-	-	269	37,944
Tuition	588,743	-	-	-	-	-	588,743
<b>Total Instruction</b>	<b>743,202</b>	<b>33,113</b>	<b>95,571</b>	<b>-</b>	<b>163</b>	<b>269</b>	<b>1,407,156</b>
Support Services:							
Personnel Services - Salaries	-	-	25,229	6,922	-	2,530	34,681
Personal Services - Employee Benefits	-	2,744	29,980	530	-	194	33,448
Purchased Professional & Technical Services	-	-	-	-	-	-	112,662
Purchased Professional - Educational Services	18,762	-	-	22,389	-	-	41,151
Supplies and Materials	-	-	-	33,597	57	162	33,816
<b>Total Support Services</b>	<b>18,762</b>	<b>2,744</b>	<b>55,209</b>	<b>63,438</b>	<b>57</b>	<b>2,886</b>	<b>255,758</b>
<b>Total Expenditures</b>	<b>\$ 761,964</b>	<b>\$ 35,857</b>	<b>\$ 150,780</b>	<b>\$ 63,438</b>	<b>\$ 220</b>	<b>\$ 3,155</b>	<b>\$ 1,662,914</b>

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, 2017**

<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	71,135	1,583,677
		<u>\$ 29,887,379</u>	<u>\$ 28,185,077</u>	<u>\$ 71,912</u>	<u>\$ 1,630,390</u>

**RECAPITULATION OF FUND BALANCE - JUNE 30, 2017**

Unexpended Project Balances, June 30, 2017	\$ 1,630,390
Less:	
Unrealized Revenue - Bond Proceeds	<u>(242)</u>
Total Fund Balance (Budgetary Basis) - June 30, 2017	1,630,148
Less:	
Unexpended State Aid - SCC Grants	<u>(633,469)</u>
Total Fund Balance (GAAP Basis) - June 30, 2017	<u>\$ 996,679</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, 2017**

Expenditures and Other Financing Sources:	
Construction Services	\$ 71,135
Equipment Purchases	<u>777</u>
Total Expenditures	<u>71,912</u>
Excess/(Deficiency) of Revenues	
Over/(Under) Expenditures	(71,912)
Fund Balance - July 1	<u>1,702,060</u>
Fund Balance - June 30	<u><u>\$ 1,630,148</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, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized 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, 2017**

	<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	37,890.00	-	37,890	37,890
Miscellaneous	18,110.00	-	18,110	18,110
	<hr/>			
Total Revenues	800,000	-	800,000	800,000
	<hr/>			
Expenditures and Other Financing Uses:				
Equipment Purchases	799,223.00	777	800,000	800,000
	<hr/>			
Total Expenditures	799,223	777	800,000	800,000
	<hr/>			
Excess/(Deficiency) of Revenues				
Over/(Under) Expenditures	\$ 777	\$ (777)	\$ -	\$ -
	<hr/> <hr/>			
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, 2017**

	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
<b>Total Revenues</b>	<b>2,205,000</b>	<b>-</b>	<b>2,205,000</b>	<b>2,205,000</b>
Expenditures and Other Financing Uses:				
Construction Services	550,188	71,135	621,323	2,205,000
<b>Total Expenditures</b>	<b>550,188</b>	<b>71,135</b>	<b>621,323</b>	<b>2,205,000</b>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ 1,654,812	\$ (71,135)	\$ 1,583,677	\$ -

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	12/28/2015	12/28/2015	12/28/2015	12/28/2015
Grant Date	12/28/2015	12/28/2015	12/28/2015	12/28/2015
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, 2017**

	Business-Type Activities Enterprise Funds				Total
	Food Service	Prime Time	Summer Enrichment	Early Childhood	
<b>Assets:</b>					
<b>Current Assets:</b>					
Cash and Cash Equivalents	\$ 1,206,538	\$ 237,016	\$ 46,614	\$ 439,626	\$ 1,929,794
Accounts Receivables	2,312	-	-	-	2,312
Inventories	19,682	-	-	-	19,682
<b>Total - Current Assets</b>	<b>1,228,532</b>	<b>237,016</b>	<b>46,614</b>	<b>439,626</b>	<b>1,951,788</b>
<b>Noncurrent Assets:</b>					
Furniture, Machinery and Equipment	489,800	25,840	-	-	515,640
Less:					
Accumulated Depreciation	(448,504)	(25,840)	-	-	(474,344)
<b>Total - Noncurrent Assets</b>	<b>41,296</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,296</b>
<b>Total Assets</b>	<b>1,269,828</b>	<b>237,016</b>	<b>46,614</b>	<b>439,626</b>	<b>1,993,084</b>
<b>Liabilities and Net Position:</b>					
<b>Liabilities:</b>					
<b>Current Liabilities:</b>					
Interfund Payable	-	31,857	-	42,709	74,566
Accounts Payable	100,608	155	-	-	100,763
Unearned Revenue	51,483	-	-	63,500	114,983
<b>Total Liabilities</b>	<b>152,091</b>	<b>32,012</b>	<b>-</b>	<b>106,209</b>	<b>290,312</b>
<b>Net Position:</b>					
Net Investment in Capital Assets	41,296	-	-	-	41,296
Unrestricted	1,076,441	205,004	46,614	333,417	1,661,476
<b>Total Net Position</b>	<b>\$ 1,117,737</b>	<b>\$ 205,004</b>	<b>\$ 46,614</b>	<b>\$ 333,417</b>	<b>\$ 1,702,772</b>

**HOLMDEL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Business-Type Activities Enterprise Funds				Total
	Food Service	Prime Time	Summer Enrichment	Early Childhood	
Operating Revenues:					
Charges for Services:					
Daily Sales - Non-Reimbursable Programs	\$ 1,388,441	\$ -	\$ -	\$ -	\$ 1,388,441
Tuition	-	180,151	976	372,595	553,722
Miscellaneous Revenue	38,456	-	-	-	38,456
<b>Total Operating Revenues</b>	<b>1,426,897</b>	<b>180,151</b>	<b>976</b>	<b>372,595</b>	<b>1,980,619</b>
Operating Expenses:					
Salaries	-	116,927	328	199,708	316,963
Support Services - Employee Benefits	-	19,130	-	40,516	59,646
Purchased Professional/Technical Services	1,231,727	-	-	-	1,231,727
Other Purchase Services	25,653	-	-	-	25,653
Repairs and Maintenance	3,480	-	-	-	3,480
Supplies and Materials	-	1,914	6,403	6,060	14,377
Depreciation	9,606	-	-	-	9,606
Utilities Expense	-	13,273	-	2,193	15,466
<b>Total Operating Expenses</b>	<b>1,270,466</b>	<b>151,244</b>	<b>6,731</b>	<b>248,477</b>	<b>1,676,918</b>
<b>Operating Income</b>	<b>156,431</b>	<b>28,907</b>	<b>(5,755)</b>	<b>124,118</b>	<b>303,701</b>
Change in Net Position	156,431	28,907	(5,755)	124,118	303,701
Total Net Position - Beginning	961,306	176,097	52,369	209,299	1,399,071
<b>Total Net Position - Ending</b>	<b>\$ 1,117,737</b>	<b>\$ 205,004</b>	<b>\$ 46,614</b>	<b>\$ 333,417</b>	<b>\$ 1,702,772</b>

**HOLMDEL SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	Business-Type Activities Enterprise Funds				Total
	Food Service	Prime Time	Summer Enrichment	Early Childhood	
Cash Flows From Operating Activities:					
Receipts From Customers	\$ 1,436,018	180,151	\$ 976	\$ 380,095	\$ 1,997,240
Payments To Employees	-	(132,823)	(3,606)	(249,854)	(386,283)
Payments To Suppliers	(1,259,358)	(15,204)	(6,403)	(8,253)	(1,289,218)
Net Cash Provided By/(Used For) Operating Activities	176,660	32,124	(9,033)	121,988	321,739
Cash Flows From Financing Activities:					
Purchase of furniture, machinery and equipment	(5,825)	-	-	-	(5,825)
Net Cash Provided By Financing Activities	(5,825)	-	-	-	(5,825)
Net Increase/(Decrease) in Cash and Cash Equivalents	170,835	32,124	(9,033)	121,988	315,914
Balance - Beginning of Year	1,035,703	204,892	55,647	317,638	1,613,880
Balance - End of Year	\$ 1,206,538	\$ 237,016	\$ 46,614	\$ 439,626	\$ 1,929,794
Reconciliation of Operating Loss To Net Cash Used for Operating Activities:					
Operating Income/(Loss) Used for Operating Activities:	\$ 156,431	\$ 28,907	\$ (5,755)	\$ 124,118	\$ 303,701
(Decrease)/Increase in Accounts Payable	3,619	(17)	-	-	3,602
(Increase)/Decrease in Inventories	(2,117)	-	-	-	(2,117)
Decrease/(Increase) in Accounts Receivable	(1,417)	-	-	-	(1,417)
(Decrease)/Increase in Depreciation	9,606	-	-	-	9,606
(Decrease)/Increase in Interfund Payable	-	3,234	(3,278)	(9,630)	(9,674)
Increase/(Decrease) in Unearned Revenue	10,538	-	-	7,500	18,038
Net Cash Provided By/(Used For) Operating Activities	\$ 176,660	\$ 32,124	\$ (9,033)	\$ 121,988	\$ 321,739

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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, 2017**

	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	\$ 6,124	\$ 2,444,129	\$ 2,452,401
Interfund Receivable	219,914	-	-	219,914
<b>Total Assets</b>	<b>222,062</b>	<b>6,124</b>	<b>2,444,129</b>	<b>2,672,315</b>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Interfund Payable	-	-	2,208,353	2,208,353
Due To State	12,453	-	-	12,453
Payroll Deductions and Withholdings	-	-	78,715	78,715
Payable To Student Groups	-	-	157,061	157,061
<b>Total Liabilities</b>	<b>12,453</b>	<b>-</b>	<b>2,444,129</b>	<b>2,456,582</b>
Net Position:				
Held in Trust for Unemployment Claims and Other Purposes	209,609	-	-	209,609
Reserved for Scholarships	-	6,124	-	6,124
<b>Total Net Position</b>	<b>\$ 209,609</b>	<b>\$ 6,124</b>	<b>\$ -</b>	<b>\$ 215,733</b>

**HOLMDEL SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017**

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Funds</u>	<u>Total</u>
Additions:			
Contributions:			
Plan Member	\$ 133,711	\$ -	\$ 133,711
Board Contribution	-	6,000	6,000
	<hr/>		
Total Additions	133,711	6,000	139,711
	<hr/>		
Deductions:			
Quarterly Contribution Reports	74,983	-	74,983
Scholarships Awarded	-	6,550	6,550
	<hr/>		
Total Deductions	74,983	6,550	81,533
	<hr/>		
Change in Net Position	58,728	(550)	58,178
Net Position - Beginning of Year	150,881	6,674	157,555
	<hr/>		
Net Position - End of Year	\$ 209,609	\$ 6,124	\$ 215,733
	<hr/> <hr/>		

**HOLMDEL SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	Balance July 1, <u>2016</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance June 30, <u>2017</u>
Elementary and Middle Schools:				
Village	\$ 16,943	\$ 34,306	\$ 32,966	\$ 18,283
Indian Hill	46,435	49,342	65,791	29,986
William R. Satz	24,276	190,990	181,876	33,390
William R. Satz Athletic Fund	7	11,500	11,433	74
	<hr/>			
Total Elementary and Middle Schools	87,661	286,138	292,066	81,733
	<hr/>			
Senior High School:				
Holmdel	103,250	236,794	265,065	74,979
Holmdel Athletic Fund	261	102,888	102,800	349
	<hr/>			
Total Senior High School	103,511	339,682	367,865	75,328
	<hr/>			
Total All Schools	\$ 191,172	\$ 625,820	\$ 659,931	\$ 157,061
	<hr/> <hr/>			

**HOLMDEL SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	Balance July 1, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2017</u>
<u>Assets</u>				
Cash Payroll	\$ 78,216	\$ 20,666,946	\$ 20,729,991	\$ 15,171
Cash Payroll Agency	1,692,711	30,134,087	29,554,901	2,271,897
Total Assets	<u>1,770,927</u>	<u>50,801,033</u>	<u>50,284,892</u>	<u>2,287,068</u>
<u>Liabilities</u>				
Payroll Deductions and Withholdings	15,880	30,134,087	30,023,207	126,760
Due To General Fund	1,573,371	451,537	-	2,024,908
Due To Unemployment Compensation Trust Fund	166,676	16,769	-	183,445
Total Payroll Agency	<u>1,755,927</u>	<u>30,602,393</u>	<u>30,023,207</u>	<u>2,335,113</u>
Net Payroll	<u>15,000</u>	<u>20,215,409</u>	<u>20,278,454</u>	<u>(48,045)</u>
Total Liabilities	<u>\$ 1,770,927</u>	<u>\$ 50,817,802</u>	<u>\$ 50,301,661</u>	<u>\$ 2,287,068</u>

## **I. Long-Term Debt**

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**HOLMDEL SCHOOL DISTRICT  
LONG-TERM DEBT  
STATEMENT OF SERIAL BONDS  
JUNE 30, 2017**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Interest Rate</u>	<u>Balance July 1, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2017</u>
Refunding of 2013 Bonds	07/25/13	5,415,000	10/01/17	4.000%	2,905,000	-	1,195,000	1,710,000
			10/01/18	4.000%				
Refunding of 2015 Bonds	10/28/2015	7,740,000	03/15/18	3.000%	7,740,000	-	1,050,000	6,690,000
			03/15/19	3.000%				
			03/15/20	4.000%				
			03/15/21	4.000%				
			03/15/22	4.000%				
	03/15/23	4.000%						
					\$ 10,645,000	\$ -	\$ 2,245,000	\$ 8,400,000

**HOLMDEL SCHOOL DISTRICT  
GENERAL LONG-TERM DEBT ACCOUNT GROUP  
STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES  
JUNE 30, 2017**

<u>Description</u>	<u>Amount of Original Issue</u>	<u>Balance July 1, 2016</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Balance June 30, 2017</u>
2011 MCIA Equipment	\$ 480,000	\$ 104,000	\$ -	\$ 104,000	\$ -
2013 MCIA Equipment	726,000	454,000	-	144,000	310,000
2015 MCIA Equipment	744,000	744,000	-	131,000	613,000
		<u>\$ 1,302,000</u>	<u>\$ -</u>	<u>\$ 379,000</u>	<u>\$ 923,000</u>

**HOLMDEL SCHOOL DISTRICT  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	JUNE 30, 2017			Variance Positive/(Negative) <u>Final To Actual</u>
	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	
<u>Revenues</u>				
Local Sources:				
Local Tax Levy	\$ 2,494,218	\$ -	\$ 2,494,218	\$ 2,494,218
Total Revenues	2,494,218	-	2,494,218	2,494,218
<u>Expenditures</u>				
Regular Debt Service:				
Interest & Charges	349,982	-	349,982	349,982
Redemption of Principal	2,245,000	-	2,245,000	2,245,000
Total Regular Debt Service	2,594,982	-	2,594,982	2,594,982
Total Expenditures	2,594,982	-	2,594,982	2,594,982
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	(100,764)	-	(100,764)	(100,764)
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses) Fund Balance, July 1	(100,764) 100,765	- -	(100,764) 100,765	(100,764) 100,765
Fund Balance, June 30	1	-	1	1
	\$	\$	\$	\$

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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)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Government Activities:</b>										
Net Investment in Capital Assets	\$ 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	\$ 39,981,673
Restricted	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	1,314,521
Unrestricted	54,521	449,004	(253,793)	193,857	110,832	536,516	2,231,548	(18,185,134)	(21,737,003)	(19,924,435)
<b>Total Government Activities Net Position</b>	<b>\$ 26,069,891</b>	<b>\$ 28,464,075</b>	<b>\$ 31,169,816</b>	<b>\$ 33,396,640</b>	<b>\$ 34,678,672</b>	<b>\$ 36,183,456</b>	<b>\$ 37,483,713</b>	<b>\$ 21,975,854</b>	<b>\$ 23,593,304</b>	<b>\$ 21,371,759</b>
<b>Business-Type Activities:</b>										
Invested in Capital Assets -										
Net of Related Debt	\$ 152,275	\$ 91,149	\$ 50,771	\$ 25,096	\$ 18,272	\$ 12,816	\$ 8,283	\$ 5,014	\$ 45,077	\$ 41,296
Unrestricted	229,876	422,775	597,878	842,809	926,343	1,005,613	1,104,679	1,234,175	1,353,994	1,661,476
<b>Total Business-Type Activities Net Position</b>	<b>\$ 382,151</b>	<b>\$ 513,924</b>	<b>\$ 648,649</b>	<b>\$ 867,905</b>	<b>\$ 944,615</b>	<b>\$ 1,018,429</b>	<b>\$ 1,112,962</b>	<b>\$ 1,239,189</b>	<b>\$ 1,399,071</b>	<b>\$ 1,702,772</b>
<b>District-wide:</b>										
Net Investment in Capital Assets	\$ 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	\$ 40,022,969
Restricted	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	1,314,521
Unrestricted	284,397	871,779	344,085	1,036,666	1,037,175	1,542,129	3,336,227	(16,950,959)	(20,383,009)	(18,262,959)
<b>Total District Net Position</b>	<b>\$ 26,452,042</b>	<b>\$ 28,977,999</b>	<b>\$ 31,818,465</b>	<b>\$ 34,264,545</b>	<b>\$ 35,623,287</b>	<b>\$ 37,201,885</b>	<b>\$ 38,596,675</b>	<b>\$ 23,215,043</b>	<b>\$ 24,992,375</b>	<b>\$ 23,074,531</b>

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses:</b>										
<b>Governmental Activities:</b>										
<b>Instruction:</b>										
Regular	(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)	(17,657,280)
Special Education	(5,778,129)	(5,847,358)	(5,832,719)	(5,998,446)	(6,259,510)	(4,505,111)	(4,619,880)	(4,913,631)	(5,123,476)	(5,187,350)
Other Special Education	(526,961)	(573,950)	(387,808)	(495,565)	(547,908)	(621,996)	(698,285)	(626,652)	(555,063)	(587,638)
Other Instruction	(965,455)	(949,231)	(913,484)	(937,030)	(915,604)	(700,115)	(698,964)	(740,897)	(767,862)	(775,524)
<b>Support Services:</b>										
Tuition	(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)	(1,302,565)
Student and Instruction Related Services	(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)	(8,071,936)
School Administrative Services	(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)	(1,517,821)
General Administration	(750,681)	(754,004)	(868,622)	(886,157)	(826,526)	(567,061)	(595,703)	(640,945)	(589,819)	(633,485)
Central Services	(1,030,224)	(1,101,165)	(1,175,857)	(1,120,560)	(1,086,021)	(1,159,659)	(761,297)	(827,851)	(804,968)	(848,939)
Administrative Information Technology	-	-	(38,603)	(51,265)	(54,285)	(53,921)	(55,400)	(57,001)	(58,874)	(59,686)
Plant Operations and Maintenance	(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)	(5,959,314)
Pupil Transportation	(3,526,055)	(3,341,650)	(3,240,832)	(3,008,797)	(2,293,063)	(2,234,729)	(2,473,004)	(2,529,060)	(2,739,126)	(2,743,808)
Employee Benefits	-	-	-	-	-	(14,171,537)	(13,845,065)	(20,306,796)	(23,803,361)	(18,852,441)
Interest on Long-Term Debt	(1,226,732)	(1,122,425)	(1,047,959)	(860,350)	(873,936)	(755,989)	(785,967)	(596,009)	(647,845)	(397,033)
Unallocated Depreciation and Amortization	(925,503)	(917,137)	(885,403)	(782,663)	(778,845)	(948,409)	(1,333,877)	(881,860)	(730,814)	(845,072)
<b>Total Governmental Activities Expenses</b>	<b>(57,343,605)</b>	<b>(55,613,004)</b>	<b>(57,292,437)</b>	<b>(55,639,208)</b>	<b>(57,822,739)</b>	<b>(59,857,231)</b>	<b>(59,690,852)</b>	<b>(65,521,644)</b>	<b>(70,019,573)</b>	<b>(65,439,892)</b>
<b>Business-Type Activities:</b>										
Food Service	(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)	(1,270,466)
Latchkey Program	-	(201,313)	(181,612)	(181,113)	(172,133)	(156,389)	(150,383)	(141,422)	(141,413)	(151,244)
Summer Enrichment	-	(70,289)	(97,732)	(26,664)	(36,386)	(33,724)	(30,283)	(31,777)	(16,219)	(6,731)
Early Childhood	-	-	-	-	(5,736)	-	(14,405)	(252,415)	(255,419)	(248,477)
<b>Total Business-Type Activities Expenses</b>	<b>(1,546,172)</b>	<b>(1,567,689)</b>	<b>(1,490,660)</b>	<b>(1,452,594)</b>	<b>(1,517,990)</b>	<b>(1,486,099)</b>	<b>(1,492,452)</b>	<b>(1,797,856)</b>	<b>(1,776,998)</b>	<b>(1,676,918)</b>
<b>Total District Expenses</b>	<b>(58,889,777)</b>	<b>(57,180,693)</b>	<b>(58,783,097)</b>	<b>(57,091,802)</b>	<b>(59,340,729)</b>	<b>(61,343,330)</b>	<b>(61,183,304)</b>	<b>(67,319,500)</b>	<b>(71,796,571)</b>	<b>(67,116,810)</b>
<b>Program Revenues:</b>										
<b>Governmental Activities:</b>										
Charges for Services:										
Instruction (Tuition)	105,810	84,784	217,385	238,270	368,221	-	-	-	-	-
Support Services - Tuition	-	-	-	-	-	436,062	389,993	407,835	481,597	575,567
Operating Grants and Contributions	887,898	1,075,904	1,247,409	14,743	26,309	1,495,762	1,316,644	12,274,445	14,545,145	1,641,813
Capital Grants and Contributions	-	11,552	-	-	-	-	-	-	-	-
<b>Total Governmental Activities Program Revenues</b>	<b>993,708</b>	<b>1,172,240</b>	<b>1,464,794</b>	<b>255,013</b>	<b>394,530</b>	<b>1,931,824</b>	<b>1,706,637</b>	<b>12,682,280</b>	<b>15,026,742</b>	<b>2,217,380</b>
<b>Business-Type Activities:</b>										
Charges for Services:										
Food Service	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	1,388,441
Latchkey Program	-	-	184,573	194,343	153,029	163,524	187,334	181,479	171,339	180,151
Summer Enrichment	-	70,316	104,307	26,945	48,376	35,772	43,288	23,282	15,931	976
Early Childhood	-	-	-	-	-	-	-	347,961	389,314	372,595
<b>Total Business-Type Activities Program Revenues</b>	<b>1,602,555</b>	<b>1,697,778</b>	<b>1,625,068</b>	<b>1,671,823</b>	<b>1,594,699</b>	<b>1,559,916</b>	<b>1,536,485</b>	<b>1,878,396</b>	<b>1,882,385</b>	<b>1,942,163</b>
<b>Total District Program Revenues</b>	<b>2,596,263</b>	<b>2,870,018</b>	<b>3,089,862</b>	<b>1,924,836</b>	<b>1,989,229</b>	<b>3,491,740</b>	<b>3,243,122</b>	<b>14,560,676</b>	<b>16,909,127</b>	<b>4,159,543</b>

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (Expense)/Revenue:										
Governmental Activities	\$ (56,349,897)	\$ (54,440,764)	\$ (55,827,643)	\$ (55,386,195)	\$ (57,428,209)	\$ (57,925,407)	\$ (57,984,215)	\$ (52,839,364)	\$ (54,992,831)	\$ (63,222,512)
Business-Type Activities	56,383	130,089	134,408	219,229	76,709	73,817	44,033	80,540	105,387	265,245
<b>Total District-wide Net (Expense)/Revenue</b>	<b>\$ (56,293,514)</b>	<b>\$ (54,310,675)</b>	<b>\$ (55,693,235)</b>	<b>\$ (55,166,966)</b>	<b>\$ (57,351,500)</b>	<b>\$ (57,851,590)</b>	<b>\$ (57,940,182)</b>	<b>\$ (52,758,824)</b>	<b>\$ (54,887,444)</b>	<b>\$ (62,957,267)</b>
<b>General Revenues and</b>										
<b>Other Changes in Net Position:</b>										
Governmental Activities:										
Property Taxes Levied for										
General Purposes, Net	\$ 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	\$ 52,197,343
Taxes Levied for Debt Service	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	2,494,218
Unrestricted Grants and Contributions	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	9,334,333
Restricted Grants and Contributions	-	-	-	-	-	-	-	105,698	220,075	28,455
Investment Earnings	219,460	60,228	7,867	4,973	-	-	-	-	-	-
Miscellaneous Income	1,196,368	442,588	1,010,211	301,574	541,681	255,383	430,375	207,141	320,155	151,597
<b>Total Governmental Activities</b>	<b>57,042,546</b>	<b>56,834,948</b>	<b>58,533,386</b>	<b>57,613,018</b>	<b>58,710,239</b>	<b>59,430,192</b>	<b>59,416,008</b>	<b>55,243,046</b>	<b>56,610,281</b>	<b>64,205,946</b>
Business-Type Activities:										
Investment Earnings	5,982	1,683	15	28	-	-	-	-	-	-
Miscellaneous Income	-	-	-	-	-	-	50,499	45,687	54,495	38,456
<b>Total Business-Type Activities</b>	<b>5,982</b>	<b>1,683</b>	<b>15</b>	<b>28</b>	<b>-</b>	<b>-</b>	<b>50,499</b>	<b>45,687</b>	<b>54,495</b>	<b>38,456</b>
<b>Total District-wide</b>	<b>\$ 57,048,528</b>	<b>\$ 56,836,631</b>	<b>\$ 58,533,401</b>	<b>\$ 57,613,046</b>	<b>\$ 58,710,239</b>	<b>\$ 59,430,192</b>	<b>\$ 59,466,507</b>	<b>\$ 55,288,733</b>	<b>\$ 56,664,776</b>	<b>\$ 64,244,402</b>
Changes in Net Position:										
Governmental Activities	\$ 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	\$ 983,434
Business-Type Activities	62,365	131,772	134,423	219,257	76,709	73,817	94,532	126,227	159,882	303,701
<b>Total District</b>	<b>\$ 755,013</b>	<b>\$ 2,525,956</b>	<b>\$ 2,840,167</b>	<b>\$ 2,446,080</b>	<b>\$ 1,358,739</b>	<b>\$ 1,578,602</b>	<b>\$ 1,526,325</b>	<b>\$ 2,529,909</b>	<b>\$ 1,777,332</b>	<b>\$ 1,287,135</b>

Source: District CAFR, Schedule A-2

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Fund:</b>										
Reserved	\$ 537,163	\$ 1,516,901	\$ 3,476,132	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,447,899	1,422,161	704,578	-	-	-	-	-	-	-
Restricted	-	-	-	776,081	904,979	904,979	904,979	904,979	1,004,979	1,504,979
Assigned	-	-	-	2,929,088	2,979,809	2,270,023	2,345,280	3,229,075	1,895,428	1,524,075
Unassigned	-	-	-	1,005,147	879,854	1,308,202	1,875,406	511,625	1,082,740	1,885,784
<b>Total General Fund</b>	<b>\$ 1,985,062</b>	<b>\$ 2,939,062</b>	<b>\$ 4,180,710</b>	<b>\$ 4,710,316</b>	<b>\$ 4,764,642</b>	<b>\$ 4,483,204</b>	<b>\$ 5,125,665</b>	<b>\$ 4,645,679</b>	<b>\$ 3,983,147</b>	<b>\$ 4,914,838</b>
<b>All Other Governmental Funds:</b>										
Reserved	\$ 89,718	\$ 15,206	\$ 15,206	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported In:										
Capital Projects Fund	19,713	31,266	3,817	-	-	-	-	-	-	-
Debt Service Fund	1	1	-	-	-	-	-	-	-	-
Restricted:										
Capital Projects Fund	-	-	-	31,266	48,114	31,266	125,289	46,471	1,040,135	996,679
Debt Service Fund	-	-	-	-	1	1	-	-	-	-
Committed:										
Capital Projects Fund	-	-	-	15,206	18,122	15,206	-	-	-	-
Assigned:										
Debt Service Fund	-	-	-	-	-	-	62,470	1	100,765	1
<b>Total All Other Governmental Funds</b>	<b>\$ 109,432</b>	<b>\$ 46,473</b>	<b>\$ 19,023</b>	<b>\$ 46,472</b>	<b>\$ 66,237</b>	<b>\$ 46,473</b>	<b>\$ 187,759</b>	<b>\$ 46,472</b>	<b>\$ 1,140,900</b>	<b>\$ 996,680</b>

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues:</b>										
Tax Levy	\$ 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	\$ 54,691,561
Tuition Charges	105,810	84,784	217,385	238,270	368,221	436,062	389,993	407,835	481,597	575,567
Interest Earnings	219,460	60,228	4,973	4,973	-	-	-	-	-	-
Miscellaneous	394,918	442,588	220,078	301,574	541,681	295,592	451,751	246,629	294,350	186,602
State Sources	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	9,926,261
Federal Sources	870,698	782,654	1,427,739	1,283,573	1,099,016	976,258	806,917	936,994	854,791	1,043,335
<b>Total Revenues</b>	<b>57,234,804</b>	<b>58,007,187</b>	<b>59,200,179</b>	<b>57,865,935</b>	<b>59,104,769</b>	<b>61,362,016</b>	<b>61,116,419</b>	<b>62,282,569</b>	<b>64,387,488</b>	<b>66,423,326</b>
<b>Expenditures:</b>										
Instruction:										
Regular	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	17,657,280
Special	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	5,187,350
Other	526,961	573,950	587,808	495,565	547,908	621,996	698,285	626,652	555,063	587,638
School-Sponsored/Other Instructional	761,077	765,709	742,163	753,124	689,942	700,115	698,964	740,897	767,862	775,524
Undistributed:										
Tuition	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	1,302,565
Student and Instruction Related Services	-	-	-	-	-	7,897,495	7,602,496	7,722,598	7,982,066	8,071,936
Health Services	559,897	587,452	598,549	635,324	642,581	-	-	-	-	-
Support Services - Students	3,419,363	3,499,542	5,145,944	5,071,430	5,361,581	-	-	-	-	-
Support Services - Instructional Staff	1,396,482	1,492,044	851,824	873,116	887,646	-	-	-	-	-
General Administration	481,976	492,536	511,329	492,514	440,816	567,061	595,703	640,945	589,819	633,485
School Administrative Services	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	1,517,821
Central Services	1,030,224	1,101,165	1,175,857	1,126,613	1,086,021	1,159,659	761,297	827,851	804,968	848,939
Admin. Information Technology	-	-	21,463	51,265	54,285	53,921	55,400	57,001	58,874	59,686
Plant Operations and Maintenance	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	5,959,314
Pupil Transportation	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	2,745,808
Employee Benefits	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	16,660,955
Capital Outlay	413,585	535,546	827,929	494,228	857,430	523,377	1,083,549	874,714	1,709,503	92,291
Special Revenue	1,610,507	1,599,446	2,015,118	1,825,701	1,555,252	-	-	-	-	-
Debt Service:										
Principal	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	2,624,000
Interest and Other Charges	1,226,732	1,144,351	1,066,164	990,520	913,858	821,483	682,530	578,426	486,083	419,497
<b>Total Expenditures</b>	<b>57,466,928</b>	<b>57,041,636</b>	<b>61,277,806</b>	<b>57,346,426</b>	<b>59,520,676</b>	<b>61,663,218</b>	<b>61,650,332</b>	<b>61,951,495</b>	<b>65,264,056</b>	<b>65,142,089</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>(232,124)</b>	<b>965,551</b>	<b>(2,077,627)</b>	<b>519,509</b>	<b>(415,907)</b>	<b>(301,202)</b>	<b>(533,913)</b>	<b>331,074</b>	<b>(876,568)</b>	<b>1,281,237</b>
<b>Other Financing Sources/(Uses):</b>										
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 MCI/A Bonds	-	-	-	-	500,000	-	726,000	-	744,000	-
<b>Total Other Financing Sources/(Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>500,000</b>	<b>-</b>	<b>799,767</b>	<b>-</b>	<b>856,120</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(232,124)</b>	<b>965,551</b>	<b>(2,077,627)</b>	<b>519,509</b>	<b>84,093</b>	<b>(301,202)</b>	<b>265,854</b>	<b>331,074</b>	<b>(40,448)</b>	<b>1,281,237</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>5.75%</b>	<b>5.52%</b>	<b>5.33%</b>	<b>5.56%</b>	<b>5.31%</b>	<b>4.99%</b>	<b>4.92%</b>	<b>4.69%</b>	<b>4.38%</b>	<b>4.68%</b>

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)**

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Tuition</u> <u>from</u> <u>Individuals</u>	<u>Tuition</u> <u>from Other</u> <u>LEA's</u>	<u>Miscellaneous</u>	<u>Interest on</u> <u>Investments</u>	<u>Prior Years'</u> <u>Refunds</u>	<u>Rental</u> <u>Income</u>	<u>Donations</u>	<u>Net Bond</u> <u>Premium</u>	<u>Annual</u> <u>Totals</u>
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
2017	106,436	491,857	(13,117)	12,153	39,111	90,724	-	-	727,164

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)**

<u>Fiscal Year Ending June 30,</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Reg.</u>	<u>Qfarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>
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
2017	82,545,200	3,591,420,200	17,301,400	885,200	382,805,000	37,361,900	9,510,600

	<u>Total Assessed Value</u>	<u>Tax-Exempt Property</u>	<u>Public Utilities<sup>a</sup></u>	<u>Net Valuation Taxable</u>	<u>Estimated Actual (County Equalized) Value</u>	<u>Total</u>	
						<u>Direct</u>	<u>School Tax Rate<sup>b</sup></u>
Less:							
2008	4,570,679,000	389,719,600	8,972,507	4,554,945,807	4,567,319,744	1.069	
2009	4,545,973,300	391,840,000	9,060,389	3,842,528,889	4,618,304,460	1.093	
2010	3,833,468,500	387,393,500	8,963,595	3,840,559,995	4,500,916,124	1.310	
2011	3,831,596,400	387,393,500	7,757,167	3,840,748,466	4,311,735,038	1.310	
2012	3,832,991,299	388,531,100	6,793,745	3,839,785,044	4,182,518,989	1.325	
2013	3,829,387,099	388,449,600	6,481,288	3,442,691,287	4,110,037,916	1.341	
2014	3,824,659,599	389,407,700	6,481,288	3,441,733,187	4,046,245,103	1.363	
2015	4,076,323,900	-	6,690,727	4,083,014,627	4,115,972,566	1.309	
2016	4,127,327,500	-	6,679,675	4,134,007,175	4,224,757,493	1.323	
2017	4,121,829,500	-	6,703,393	4,128,532,893	4,242,983,042	1.350	

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  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(RATE PER \$100 OF ASSESSED VALUE)  
(UNAUDITED)**

Fiscal Year Ending June 30,	Holmdel School District Direct Rate				Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	School Tax Rate	Holmdel Township	Monmouth County			
							(From J-6) Total Direct	
2008	N/A	N/A	1.069	0.232	0.255		1.556	
2009	N/A	N/A	1.093	0.254	0.262		1.609	
2010	N/A	N/A	1.310	0.321	0.315		1.946	
2011	N/A	N/A	1.310	0.336	0.315		1.961	
2012	N/A	N/A	1.325	0.368	0.324		2.017	
2013	N/A	N/A	1.341	0.385	0.333		2.059	
2014	N/A	N/A	1.363	0.395	0.332		2.090	
2015	N/A	N/A	1.309	0.377	0.313		1.999	
2016	N/A	N/A	1.323	0.377	0.306		2.006	
2017	N/A	N/A	1.350	0.377	0.302		2.029	

Source: Municipal Tax Collector

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

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

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

	2017			2008		
	<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	
			<b>DATA NOT AVAILABLE</b>			
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 <sup>a</sup>		Collections in Subsequent <u>Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
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%	-
2017	54,691,561	54,691,561	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 <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)				
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	10,645,000	-	1,302,000	-	11,947,000	N/A	N/A	
2016	10,645,000	-	1,302,000	-	11,947,000	N/A	N/A	
2017	8,400,000	-	923,000	-	9,323,000	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		Net General Bonded Debt <u>Outstanding</u>	Percentage of Actual Taxable Value <sup>a</sup> of <u>Property</u>	Per <u>Capita</u> <sup>b</sup>
	General Obligation <u>Bonds</u>	<u>Deductions</u>			
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	10,645,000	-	10,645,000	0.26%	N/A
2016	10,645,000	-	10,645,000	0.26%	N/A
2017	8,400,000	-	8,400,000	0.20%	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, 2016  
(UNAUDITED)**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Holmdel Township	\$ 20,483,845	100.000%	\$ 20,483,845
Monmouth County General Obligation Debt	420,600,000	3.582%	15,065,892
Subtotal, Overlapping Debt			35,549,737
Holmdel District Direct Debt			8,400,000
Total Direct and Overlapping Debt			\$ 43,949,737

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 2017

	Equalized Valuation Basis:			
	2016	2015	2014	2017
	\$	\$	\$	\$
	4,162,914,746	4,184,772,020	4,077,462,259	12,425,149,025
	(A)	(A/3)	(B)	(B-C)
	12,425,149,025	4,141,716,342	165,668,654	8,400,000
	(A/3)	(B)	(C)	(B-C)
	4,141,716,342	165,668,654	8,400,000	157,268,654
	(A/3)	(B)	(C)	(B-C)
	4,141,716,342	165,668,654	8,400,000	157,268,654

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt Limit	\$ 174,030,193	\$ 182,544,846	\$ 182,793,750	\$ 178,548,846	\$ 172,423,442
Total Net Debt Applicable To Limit	28,785,000	26,810,000	24,655,000	22,485,000	20,285,000
Legal Debt Margin	\$ 145,245,193	\$ 155,734,846	\$ 158,138,750	\$ 156,063,846	\$ 152,138,442

Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	16.54%	14.69%	13.49%	12.59%	11.76%
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	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt Limit	\$ 168,559,253	\$ 163,973,953	\$ 162,676,626	\$ 163,785,344	\$ 165,668,654
Total Net Debt Applicable To Limit	18,055,000	15,660,000	13,375,000	10,645,000	8,400,000
Legal Debt Margin	\$ 150,504,253	\$ 148,313,953	\$ 149,301,626	\$ 153,140,344	\$ 157,268,654

Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	10.71%	9.55%	8.22%	6.50%	5.07%
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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 operates 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<sup>a</sup></u>	<u>Personal Income<sup>b</sup></u>	<u>Per Capita Personal Income<sup>c</sup></u>	<u>Unemployment Rate<sup>d</sup></u>
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%
2017	16,604	1,152,483,640	69,410	3.80%

Source:

<sup>a</sup> Population information provided by the NJ Department of Labor and Workforce Development.

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented.

<sup>c</sup> Per capita personal income by municipality estimated based upon the 2010 Census published by the US Bureau of Economic Analysis.

<sup>d</sup> Unemployment data provided by the zip data 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>	2017			2008		
	<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	
			<b>DATA NOT AVAILABLE</b>			
<b>Total</b>						

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>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>2017</u>
Instruction:										
Regular	217.00	210.70	205.00	195.00	196.10	197.20	196.50	197.70	196.50	196.00
Special Education	66.00	74.30	72.00	69.00	68.50	68.10	70.00	79.30	88.50	88.50
Support Services:										
Tuition										
Student and Instruction Related Services	56.00	59.20	90.00	93.50	92.90	99.30	105.00	109.00	111.50	99.00
General Administrative Services	5.00	5.00	6.00	6.00	6.00	7.00	7.00	5.00	5.00	6.00
School Administrative Services	15.00	15.00	17.00	17.00	17.00	16.50	17.00	17.00	17.00	17.00
Business Administrative Services	6.00	6.00	6.00	6.00	6.00	6.00	6.00	7.00	6.00	6.00
Information Technology	2.00	2.00	2.00	2.50	5.50	5.50	5.50	5.50	5.00	6.00
Plant Operations and Maintenance	47.00	47.00	48.50	48.50	48.50	48.50	48.50	48.50	48.50	48.50
Pupil Transportation	32.00	32.00	25.00	23.50	1.50	1.50	1.50	1.50	1.50	1.50
<b>Total</b>	<b>446.00</b>	<b>451.20</b>	<b>471.50</b>	<b>461.00</b>	<b>442.00</b>	<b>449.60</b>	<b>457.00</b>	<b>470.50</b>	<b>479.50</b>	<b>468.50</b>

**HOLMDEL SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>d</sup>	Percentage Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School	Senior High School				
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%
2017	3,002	62,006,301	20,655	7.19%	283	-	-	-	3,002	2,857	-0.83%	95.17%

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>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>2017</u>
<u>Elementary</u>										
Village School (1952)	122,104	122,104	122,104	122,104	122,104	122,104	122,104	122,104	122,104	122,104
Square Feet	1,032	1,032	1,032	1,032	1,032	1,032	1,032	1,032	1,032	1,032
Capacity (students)	900	910	841	835	831	835	821	821	819	828
Enrollment										
Indian Hill (1961)	120,733	120,733	120,733	120,733	120,733	120,733	120,733	120,733	120,733	120,733
Square Feet	940	940	940	940	940	940	940	940	940	940
Capacity (students)	797	773	767	731	733	712	705	707	720	734
Enrollment										
<u>Junior High School</u>										
WR Satz Jr. High (1962)	86,537	86,537	86,537	86,537	86,537	86,537	86,537	86,537	86,537	86,537
Square Feet	669	669	669	669	669	669	669	669	669	669
Capacity (students)	553	545	557	541	504	538	531	531	503	523
Enrollment										
<u>High School</u>										
Holmdel High School (1958)	193,021	193,021	193,021	193,021	193,021	193,021	193,021	193,021	193,021	193,021
Square Feet	1,173	1,173	1,173	1,173	1,173	1,173	1,173	1,173	1,173	1,173
Capacity (students)	1,096	1,065	1,050	1,047	1,021	1,008	962	962	931	917
Enrollment										
<u>Other</u>										

Number of Schools at June 30, 2017:

- 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>
2008	N/A	608,217	296,254	336,097	365,855	1,606,423
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	326,919	1,412,625
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
2017	N/A	474,567	218,233	295,806	321,995	1,310,601
Total School Facilities		\$ 6,778,077	\$ 2,700,247	\$ 3,496,713	\$ 4,249,333	\$ 17,224,370

\* 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, 2017  
(UNAUDITED)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1):		
Building and Contents (All Locations)	\$ 153,500,677	\$ 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	1,201,721	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 Board of Education  
Holmdel School District  
County of Monmouth  
Holmdel, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Holmdel School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Holmdel School District's basic financial statements, and have issued our report thereon dated December 2, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 entity'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 School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication 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 2, 2017



HOLMAN | FRENIA  
ALLISON, P.C.

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EXHIBIT K-2

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

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

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

We have audited the 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 School District’s major federal and state programs for the fiscal year ended June 30, 2017. The 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of the 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; Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. 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 the 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 the School District's compliance.

### **Opinion on Each Major Federal and State Program**

In our opinion, the 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, 2017.

### **Report on Internal Control Over Compliance**

Management of the 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 the 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 the 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 2, 2017

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**HOLMDEL SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 For the fiscal year ended June 30, 2017

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, 2016	Cash Received	Budgetary Expenditures	Passed Through To Sub- Recipients	Adjustments	Balance at June 30, 2017	
					From	To						(Accounts Receivable)	Uncearned Revenue
<b>U.S. Department of Health and Human Services</b>													
Passed Through New Jersey Department of Human Services:													
General Fund:													
Medicaid Cluster:													
Medical Assistance Program (SEMI)	93.778	1705N15MAP	100-054-7540-211	\$ 16,799	07/01/16	06/30/17	\$ -	\$ 16,799	\$ (16,799)	\$ -	\$ -	\$ -	\$ -
Medical Assistance Program (SEMI/MAC)	93.778	1705N15MAP	100-054-7540-211	4,987	07/01/16	06/30/17	-	4,987	(4,987)	-	-	-	-
Medical Assistance Program (ARRA)	93.778	1705N15MAP	100-054-7540-211	1,987	07/01/16	06/30/17	-	1,987	(1,987)	-	-	-	-
Total Medicaid Cluster							-	23,773	(23,773)	-	-	-	-
Total U.S. Department of Health and Human Services													
Total U.S. Department of Health and Human Services													
<b>U.S. Department of Education:</b>													
Passed Through New Jersey Department of Education:													
Special Revenue Fund:													
Special Education Cluster:													
I.D.E.A. Part B - Basic	84.027	H027A160100	100-034-5065-016	735,864	07/01/16	06/30/17	-	591,945	(735,864)	-	-	(143,919)	-
I.D.E.A. Part B - Basic	84.027	H027A150100	100-034-5065-016	777,243	07/01/15	06/30/16	(431,127)	435,751	(26,100)	-	-	(21,476)	-
Subtotal for I.D.E.A. Basic							(431,127)	1,027,696	(761,964)	-	-	(165,395)	-
I.D.E.A. Part B, Preschool	84.173	H173A160114	100-034-5065-020	28,726	07/01/16	06/30/17	-	13,043	(28,726)	-	-	(15,683)	-
I.D.E.A. Part B, Preschool	84.173	H173A150114	100-034-5065-020	28,397	07/01/15	06/30/16	(21,266)	28,397	(7,131)	-	-	-	-
Subtotal for I.D.E.A. Preschool							(21,266)	41,440	(35,857)	-	-	(15,683)	-
Total Special Education Cluster							(452,393)	1,069,136	(797,821)	-	-	(181,078)	-
Total U.S. Department of Education													
Total U.S. Department of Education Cluster													
Title I - Part A	84.010	S010A160030	100-034-5064-194	170,630	07/01/16	06/30/17	-	69,307	(150,780)	-	-	(81,473)	-
Subtotal for Title I							-	69,307	(150,780)	-	-	(81,473)	-
Title II - Part A	84.367	S367A150029	100-034-5063-290	57,103	07/01/16	06/30/17	-	35,540	(41,380)	-	-	(5,840)	-
Title II - Part A	84.367	S367A150029	100-034-5063-290	59,460	07/01/15	06/30/16	(28,728)	41,075	(13,485)	-	-	(1,138)	-
Title II - Part A	84.367	S367A140029	100-034-5063-290	61,049	07/01/14	06/30/15	(7,895)	10,122	(2,998)	-	-	(771)	-
Title II - Part A	84.367	S367A130029	100-034-5063-290	60,632	07/01/13	06/30/14	(7,341)	10,726	(4,098)	-	43	(670)	-
Title II - Part A	84.367	S367A120029	100-034-5063-290	60,650	09/01/12	08/31/13	(6,782)	7,206	(625)	-	-	(201)	-
Title II - Part A	84.367	S367A110029	100-034-5063-290	67,577	09/01/11	08/31/12	(268)	1,120	(852)	-	-	(201)	-
Subtotal for Title II							(51,014)	105,789	(63,438)	-	43	(8,620)	-
Title III - English Language Acquisition	84.365	S365A160030	100-034-5064-187	4,373	07/01/16	06/30/17	-	-	(150)	-	-	(150)	-
Title III - English Language Acquisition	84.365	S365A160030	100-034-5064-187	7,445	07/01/15	06/30/16	(673)	2,295	(2,988)	-	-	(1,366)	-
Title III - English Language Acquisition	84.365	S365A160030	100-034-5064-187	9,268	09/01/09	08/31/10	17	-	(17)	-	-	-	-
Subtotal for Title III							(656)	2,295	(3,155)	-	-	(1,516)	-
Title IV	93.658	Not Available	Not Available	6,970	09/01/10	08/31/11	103	-	(103)	-	-	-	-
Title IV	93.658	Not Available	Not Available	7,360	09/01/08	08/31/09	117	-	(117)	-	-	-	-
Subtotal for Title IV							220	-	(220)	-	-	-	-
Total Special Revenue Fund							(503,843)	1,246,527	(1,015,414)	-	43	(272,687)	-
Total Federal Awards							(503,843)	1,270,300	(1,039,187)	\$ -	\$ 43	(272,687)	\$ -

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

**HOLMDEL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
For the fiscal year ended June 30, 2017**

New Jersey Department of Education: General Fund:	State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Balance at June 30, 2016			Balance at June 30, 2017			Memo						
				From	To	Grant Period	Unearned Revenue/ (Accounts Receivable)	Due To Grantor	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balance	(Accounts Receivable)	Unearned Revenue	Due To Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Aid Public:																
Additional Nonpublic School Transportation Aid		495-034-5120-014	\$ 17,197	07/01/16	06/30/17	\$ -	\$ -	\$ -	\$ (17,197)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,197
Additional Nonpublic School Transportation Aid		495-034-5120-014	24,367	07/01/15	06/30/16		(24,367)									
Transportation Categorical Aid		495-034-5120-014	311,207	07/01/16	06/30/17			311,207							(29,430)	311,207
Special Education Categorical Aid		495-034-5120-089	1,335,209	07/01/16	06/30/17			1,335,209							(126,266)	1,335,209
Security Categorical Aid		495-034-5120-084	139,118	07/01/16	06/30/17			139,118							(13,156)	139,118
PARCC Readiness Aid		495-034-5120-098	29,345	07/01/16	06/30/17			29,345							(2,775)	29,345
Per Pupil Growth Aid		495-034-5120-097	29,345	07/01/16	06/30/17			29,345							(2,775)	29,345
Professional Learning Community Aid		495-034-5120-101	28,505	07/01/16	06/30/17			28,505							(2,805)	28,505
Extraordinary Special Education Aid		495-034-5120-044	738,147	07/01/16	06/30/17			738,147							(738,147)	738,147
Extraordinary Special Education Aid		495-034-5120-044	745,122	07/01/15	06/30/16		(745,122)									
TPAF - Post Retirement																
Medical (Noncash Assistance)		495-034-5094-001	2,231,406	07/01/16	06/30/17			2,231,406								2,231,406
TPAF - Pension																
Contributions (Noncash Assistance)		495-034-5094-001	2,678,027	07/01/16	06/30/17			2,678,027								2,678,027
TPAF - Long-Term Disability																
Insurance (Noncash Assistance)		495-034-5094-004	4,851	07/01/16	06/30/17			4,851								4,851
Reimbursed TPAF Social Security																
Contributions		100-034-5094-003	1,777,606	07/01/16	06/30/17			1,689,733							(87,873)	1,777,606
Total General Fund							(769,489)	9,246,235							(843,217)	9,319,963
Special Revenue Fund:																
Non-Public Aid:																
Auxiliary Services Aid Cluster (Ch. 192):																
Complementary Education		100-034-5120-067	112,871	07/01/16	06/30/17			112,871							(79,726)	79,726
Transportation		100-034-5120-068	12,600	07/01/16	06/30/17			12,600							(12,600)	12,600
Home Instruction		100-034-5120-067	3,615	07/01/16	06/30/17			3,615							(3,615)	3,615
Handicapped Services Cluster (Ch. 193):																
Examination and Classification		100-034-5120-066	8,958	07/01/15	06/30/16		(8,958)									
Corrective Speech		100-034-5120-066	109,002	07/01/16	06/30/17			109,002							(103,587)	103,587
Supplementary Instruction		100-034-5120-066	115,254	07/01/15	06/30/16			115,254							(8,882)	
Examination and Classification		100-034-5120-066	19,437	07/01/16	06/30/17			19,437							(11,486)	11,486
Corrective Speech		100-034-5120-066	19,230	07/01/15	06/30/16			19,230							(4,181)	
Supplementary Instruction		100-034-5120-066	74,468	07/01/16	06/30/17			74,468							(74,468)	74,468
Supplementary Instruction		100-034-5120-066	66,831	07/01/15	06/30/16			66,831							(2,228)	
N.J. Non Public Nursing Services Aid		100-034-5120-070	133,650	07/01/16	06/30/17			133,650							(131,464)	131,464
N.J. Non Public Nursing Services Aid		100-034-5120-070	133,200	07/01/15	06/30/16			133,200							(1,104)	
N.J. Non Public Textbooks Aid		100-034-5120-064	85,596	07/01/16	06/30/17			85,596							(82,788)	82,788
N.J. Non Public Textbooks Aid		100-034-5120-064	84,508	07/01/15	06/30/16			84,508							(10,903)	
N.J. Non Public Technology Aid		100-034-5120-373	38,610	07/01/16	06/30/17			38,610							(43)	
N.J. Non Public Technology Aid		100-034-5120-373	38,480	07/01/15	06/30/16			38,480							(43)	
N.J. Non Public Security Aid		100-034-5120-509	74,250	07/01/16	06/30/17			74,250							(74,100)	74,100
Total Special Revenue Fund							(8,958)	669,442							(27,341)	612,396
Capital Projects Fund:																
SDA ROD Grant		2230-020-14-1002	882,000	07/01/15	06/30/16		(220,075)								(248,529)	248,529
Total Capital Projects Fund							(220,075)								(248,529)	248,529
Total State Financial Assistance							(998,522)	9,915,677							(1,095,361)	9,820,316
Less: State Financial Assistance Not Subject to Major Program Determination:																
TPAF - Post Retirement																
Medical (Noncash Assistance)		495-034-5094-001	2,231,406	07/01/16	06/30/17										2,231,406	
TPAF - Pension																
Contributions (Noncash Assistance)		495-034-5094-002	2,678,027	07/01/16	06/30/17										2,678,027	
TPAF - Long-Term Disability																
Insurance (Noncash Assistance)		495-034-5094-004	4,851	07/01/16	06/30/17										4,851	
Total State Financial Assistance Subject to Major Program Determination															\$	(5,046,529)
Total State Financial Assistance															\$	4,773,787
Total State Financial Assistance															\$	10,180,888

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



**HOLMDEL SCHOOL DISTRICT**  
**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE**  
**FINANCIAL ASSISTANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Note 1. Basis of Presentation**

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Holmdel School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. 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 federal awards and state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The School District did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

Revenues and expenditures reported under the Food Distribution Program represent 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 School District for the year ended June 30, 2017. 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, 2017.

**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.

**HOLMDEL SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Note 3. Relationship to Basic Financial Statements (continued)**

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$9,403 for the general fund and \$(21,101) for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, 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 expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 23,773	\$ 9,310,560	\$ 9,334,333
Special Revenue Fund	1,019,562	587,246	1,606,808
Capital Projects Fund	-	28,454	28,454
	<hr/>	<hr/>	<hr/>
Total Awards & Financial Assistance	<u>\$ 1,043,335</u>	<u>\$ 9,926,260</u>	<u>\$ 10,969,595</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. Federal and State Loans Outstanding**

The Holmdel School District had no loan balances outstanding at June 30, 2017.

**HOLMDEL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued Unmodified

Internal control over financial reporting:

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

2) Significant deficiency(ies) identified?      yes   X   none reported

Noncompliance material to financial statements noted?      yes   X   no

**Federal Awards**

Internal control over major programs:

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

2) Significant deficiency(ies) identified?      yes   X   none reported

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

Any audit findings disclosed that are required to be reported  
in accordance with 2 CFR 200 section .516(a) of Uniform Guidance?      yes   X   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	Special Education Aid: I.D.E.A. Part B - Basic
84.173	H173A150114	I.D.E.A. Part B, Preschool

Dollar threshold used to determine Type A programs \$750,000.00

Auditee qualified as low-risk auditee?   X   yes      no

**HOLMDEL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**State Financial Assistance**

Dollar threshold used to determine Type A programs \$750,000.00

Auditee qualified as low-risk auditee?  X  yes   no

Internal control over major programs:

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

2) Significant deficiency(ies) identified?   yes  X  no

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

Any audit findings disclosed that are required to be reported in accordance with New Jersey OMB's Circular 15-08?   yes  X  no

Identification of major programs:

**State Grant/Project Number(s)**

**Name of State Program**

<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 Aid
495-034-5120-098	PARCC Readiness Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-101	Professional Learning Community Aid

**HOLMDEL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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.

**HOLMDEL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Section III – Federal Awards & State Financial Assistance Findings & Questioned Costs**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

**FEDERAL AWARDS**

None Reported.

**STATE FINANCIAL ASSISTANCE**

None Reported.

**HOLMDEL SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

No Prior Year Findings.

Federal Awards

No Prior Year Findings.

State Financial Assistance

No Prior Year Findings.