
Holmdel Township Board of Education
Monmouth County, New Jersey
Comprehensive Annual Financial Report



Year Ended June 30, 2019

HOLMDEL TOWNSHIP SCHOOL DISTRICT



HOLMDEL TOWNSHIP BOARD OF EDUCATION

HOLMDEL TOWNSHIP, NEW JERSEY

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019**

**PREPARED BY DISTRICT FINANCE OFFICER
SCHOOL BUSINESS ADMINISTRATOR/BOARD SECRETARY
MICHAEL PETRIZZO**

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1
Organization Chart	4
Roster of Officials	5
Independent Auditors and Advisors	6
FINANCIAL SECTION	
Independent Auditors' Report	7
Required Supplementary Information – Part I	
Management's Discussion and Analysis	10
Basic Financial Statements	
Government-wide Financial Statements:	
A-1 Statement of Net Position	21
A-2 Statement of Activities	22
Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	23
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	24
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities - Governmental Funds	25
Proprietary Funds:	
B-4 Statement of Net Position	26
B-5 Statement of Revenues, Expenses, and Changes in Net Position	27
B-6 Statement of Cash Flows	28
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	29
B-8 Statement of Changes in Fiduciary Net Position	30
Notes to the Basic Financial Statements	31

Table of Contents
(continued)

FINANCIAL SECTION (continued)

	<u>Page</u>
Required Supplementary Information – Part II	
Pension Schedules:	
Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employee’s Retirement System (PERS) And Notes to Required Supplementary Information	71
Schedule of District Contributions – Public Employee’s Retirement System (PERS)	72
Schedule of the State’s Proportionate Share of the Net Pension Liability Associated with the District – Teacher’s Pension and Annuity Fund (TPAF) and Notes to Required Supplementary Information	73
Schedule of State’s Proportionate Share of the OPEB Liability Associated with the District – State Health Benefit Local Education Retired Employees Plan	74
Required Supplementary Information – Part III	
Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule (Budgetary Basis) – General Fund	75
C-2 Budgetary Comparison Schedule (Budgetary Basis) – Special Revenue Fund	83
Note to Required Supplementary Information	
C-3 Note to Required Supplementary Information – Budget to GAAP Reconciliation	84
Supplementary Information	
Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis	85

**Table of Contents
(continued)**

FINANCIAL SECTION (continued)

	Page
Supplementary Information (continued)	
Capital Projects Fund:	
F-1 Summary Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis	88
F-1a to Schedule(s) of Project Revenues, Expenditures, and Changes in Fund Balance, and Project Status – Budgetary Basis	
F-2 Summary Schedule of Project Expenditures – Budgetary Basis	89
Enterprise Funds:	
G-1 Combining Statement of Net Position – Not Applicable	N/A
G-2 Combining Statement of Revenues, Expenses and Changes in Net Position – Not Applicable	N/A
G-3 Combining Statement of Cash Flows – Not Applicable	N/A
Internal Service Funds:	
G-4 Combining Statement of Net Position	N/A
G-5 Combining Statement of Revenues, Expenses, and Changes in Net Position	N/A
G-6 Combining Statement of Cash Flows	N/A
Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	96
H-2 Combining Statement of Changes in Fiduciary Net Position	97
H-3 Statement of Cash Receipts and Cash Disbursements – Student Activity Agency Fund	98
H-4 Statement of Cash Receipts and Cash Disbursements – Payroll Agency Fund	99
H-5 Statement of Cash Receipts and Cash Disbursements – Bond and Interest Agency Fund	N/A
Long-Term Debt:	
I-1 Schedule of Serial Bonds Payable	100
I-2 Schedule of Obligations Under Capital Leases	101
I-3 Budgetary Comparison Schedule – Debt Service Fund	102

Table of Contents
(continued)

STATISTICAL SECTION (Unaudited) – Other Information	<u>Page</u>
Financial Trends:	
J-1 Net Position by Component	103
J-2 Changes in Net Position	104
J-3 Fund Balances– Governmental Funds	106
J-4 Changes in Fund Balances – Governmental Funds	107
J-5 General Fund – Other Local Revenue by Source	108
Revenue Capacity:	
J-6 Assessed Value and Actual Value of Taxable Property	109
J-7 Property Tax Rates – Direct and Overlapping Governments	110
J-8 Principal Property Tax Payers	111
J-9 Property Tax Levies and Collections	112
J-10 Ratios of Outstanding Debt by Type	113
J-11 Ratios of Net General Bonded Debt Outstanding	114
J-12 Direct and Overlapping Governmental Activities Debt	115
J-13 Legal Debt Margin Information	116
Demographic and Economic Information:	
J-14 Demographic and Economic Statistics	117
J-15 Principal Employers	118
Operating Information:	
J-16 Full-Time Equivalent District Employees by Function/Program	119
J-17 Operating Statistics	120
J-18 School Building Information	121
J-19 Schedule of Required Maintenance for School Facilities	122
J-20 Insurance Schedule	123

SINGLE AUDIT SECTION

	<u>Page</u>
K-1 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	124
K-2 Report on Compliance for Each Major Federal and State Program and Report on Internal Control Over Compliance Required by OMB Uniform Guidance and New Jersey OMB 15-08	126
K-3 Schedule A – Schedule of Expenditures of Federal Awards – Supplementary Information	129
K-4 Schedule B – Schedule of Expenditures of State Financial Assistance – Supplementary Information	130
K-5 Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance	131
K-6 Summary of Audit Results	134
K-7 Schedule of Findings and Questioned Costs	136
K-8 Summary Schedule of Prior Audit Findings	137

Note: The schedules denoted with N/A are not applicable in the current year. However, the New Jersey Department of Education requires the District to reference all schedules included in its sample Comprehensive Annual Financial Report.

Introductory Section



HOLMDEL TOWNSHIP SCHOOLS

HOLMDEL SCHOOL DISTRICT
Office of the Superintendent
65 McCampbell Road, Holmdel, NJ 07733
(732) 946-1800 Ext 6017
Fax (732) 946-1875
<https://www.holmdelschools.org>

December 23, 2019

Honorable President and Members
Of the Board of Education
Holmdel School District
County of Monmouth
Holmdel, NJ 07733

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Holmdel School District for the fiscal year ended June 30, 2019, 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, 2019, 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 this 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 general and vocational education as well as special education programs and services for students with disabilities. The district is comprised of two elementary schools, one middle school and one high school. The district's student enrollment as of October 17, 2018 was 2,986.

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 required operational costs and unfunded mandates 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 7th-12th grade facility that will support the transformation of the adolescents who enter it as 7th graders into future-ready young adults. The Holmdel 2020 Initiative is allowing the district 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.

By the close of the fiscal year ended June 30, 2019, several elements of the referendum were underway and due for completion either in time for or during the 2019-2020 school year with still others planned to commence by the close of the fiscal year ending June 30, 2020 and extending into the fiscal year beginning July 1, 2020.

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 statements 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 judgements 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 state. 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 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 of 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 PKF O'Connor Davies, LLP, Certified Public Accountants, 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.

ACKNOWLEDGMENTS

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

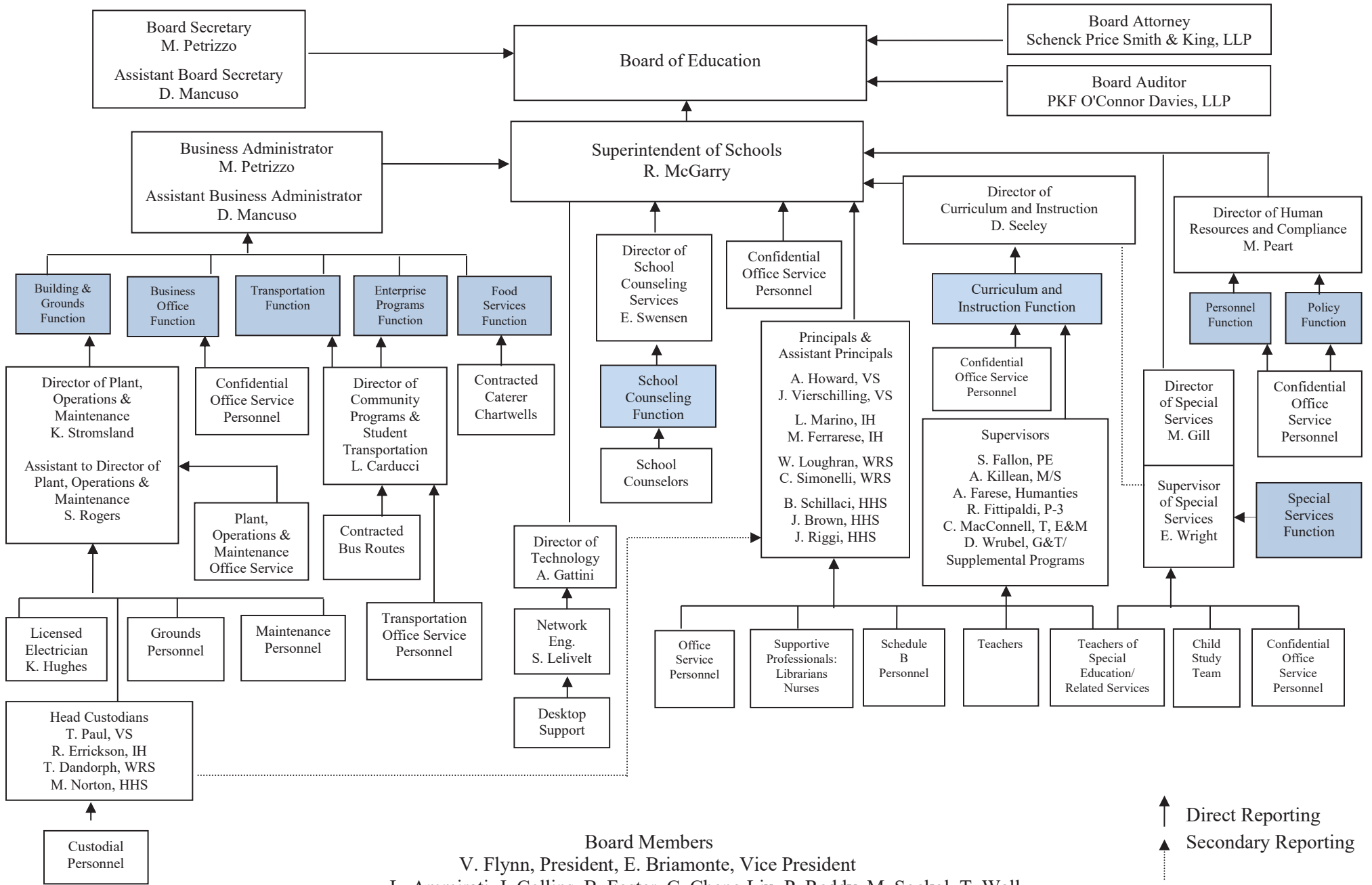
Respectfully Submitted,



Dr. Robert McGarry
Superintendent of Schools

Michael R. Petrizzo, CPA
Business Administrator/Board Secretary

HOLMDEL TOWNSHIP BOARD OF EDUCATION ORGANIZATIONAL CHART



↑ Direct Reporting
 ▲ Secondary Reporting
 Dotted Line Reporting

Board Members
 V. Flynn, President, E. Briamonte, Vice President
 L. Ammirati, J. Collins, B. Foster, C. Cheng Liu, P. Reddy, M. Sockol, T. Wall

Holmdel Township School District
Holmdel, New Jersey

Roster of Officials

June 30, 2019

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Ms. Vicky Flynn, President	2021
Mrs. Eileen Briamonte, Vice President	2020
Mrs. Lori Ammirati	2019
Ms. Jamie Collins	2020
Ms. Brian Foster	2021
Mrs. Chiung-Yin Cheng Liu	2019
Mr. Peter Reddy	2020
Mr. Mike Sockol	2019
Mr. Terence Wall	2021

Other Officials

Dr. Robert McGarry, Superintendent of Schools

Mr. Michael Petrizzo, School Business Administrator/ Board Secretary

Mr. Paul Green, Attorney, Schenck, Price, Smith & King

Holmdel Township School District

Holmdel, New Jersey
Consultants and Advisors
June 30, 2019

Independent Auditors

PKF O'Connor Davies, LLP
20 Commerce Drive
Suite 301
Cranford, New Jersey 07016

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

Financial Section



Independent Auditors' Report

**The Honorable President and Members
of the Board of Education
Holmdel Township 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, in the County of Monmouth, State of New Jersey (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 entity'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 entity'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.

PKF O'CONNOR DAVIES, LLP
20 Commerce Drive, Suite 301, Cranford, NJ 07016 | Tel: 908.272.6200 | Fax: 908.272.2416 | www.pkfod.com

PKF O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

**The Honorable President and Members
of the Board of Education
Holmdel Township School District**

Page 2

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 previously 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, 2019, 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 management's discussion and analysis, schedule of the District's proportionate share of the net pension liability-PERS, schedule of District contributions-PERS, schedule of the State's proportionate share of the net pension liability associated with the District-TPAF, schedule of State's proportionate share of the OPEB liability associated with the District, and budgetary comparison information as presented 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 District's basic financial statements. The introductory section, combining and individual fund financial statements, long-term debt schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis, 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 Circular 15-08,

**The Honorable President and Members
of the Board of Education
Holmdel Township School District**

Page 3

Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, respectively, and are also not a required part of the basic financial statements.

The combining and individual fund financial statements and long-term debt 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 and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and long-term debt schedules and the 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 and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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 District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

December 23, 2019
Cranford, New Jersey



Michael Andriola, CPA
Licensed Public School Accountant
No. 2429

Required Supplementary Information – Part I

Management's Discussion and Analysis

Holmdel Township School District
Management's Discussion and Analysis
Year Ended June 30, 2019

As management of the Holmdel Township School District, we offer readers of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented, in conjunction with additional information that we have furnished in our letter of transmittal.

Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain comparative information between the current fiscal year (2018-2019) and the prior fiscal year (2017-2018) is presented in the MD&A.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This document also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the assets, deferred outflows of resources, deferred inflows of resources and liabilities of the District, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 21 - 22 of this report.

Fund financial statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, special revenue fund, capital projects fund and debt service fund, all of which are considered to be major funds.

The District adopts an annual appropriated budget for its general fund, special revenue fund and debt service fund. Budgetary comparison statements have been provided as required supplementary information for the general fund and special revenue fund to demonstrate compliance with this budget and supplementary information for the debt service fund.

The basic governmental fund financial statements can be found on pages 23 - 24 of this report.

Proprietary funds. The District maintains four proprietary fund types. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses enterprise funds to account for the operations of its food service and various programs (Primetime, Summer Enrichment and Early Childhood) all of which are considered major funds of the District. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 26 - 28 of this report.

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

The District uses agency funds to account for resources held for student activities and groups, and payroll related liabilities. The District also has an unemployment compensation fund and a private-purpose scholarship fund. The basic fiduciary fund financial statements can be found on pages 29 - 30 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 31 - 70 of this report.

Other information. The combining statements referred to earlier in connection with governmental funds, and enterprise funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found on pages 75 – 102 of this report.

Financial Highlights

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of net position relating to the District's governmental and business-type activities at June 30, 2019 and 2018:

	2019			2018		
	Governmental Activities	Business Type- Activities	Total	Governmental Activities	Business Type- Activities	Total
Current and other assets	\$ 40,590,559	\$ 695,434	\$ 41,285,993	\$ 48,341,440	\$ 2,194,807	\$ 50,536,247
Capital assets, net	61,387,365	48,559	61,435,924	51,836,954	54,810	51,891,764
Total assets	101,977,924	743,993	102,721,917	100,178,394	2,249,617	102,428,011
Deferred outflows	6,182,436		6,182,436	8,652,348		8,652,348
Deferred charge on refunding debt	21,605		21,605	50,550		50,550
	6,204,041		6,204,041	8,702,898		8,702,898
Liabilities						
Current liabilities	2,494,001	54,981	2,548,982	1,991,871	190,583	2,182,454
Net pension liability	20,743,837		20,743,837	24,905,133		24,905,133
Long Term Liabilities	48,128,357		48,128,357	50,632,191		50,632,191
Total liabilities	71,366,195	54,981	71,421,176	77,529,195	190,583	77,719,778
Deferred inflows	7,237,276		7,237,276	4,999,131		4,999,131
Net position						
Net investment in capital assets	44,421,713	48,559	44,470,272	44,322,409	54,810	44,377,219
Restricted	5,231,957		5,231,957	2,032,265		2,032,265
Unrestricted (deficit)	(20,075,176)	640,453	(19,434,723)	(20,001,708)	2,004,224	(17,997,484)
Total net position	\$ 29,578,494	\$ 689,012	\$ 30,267,506	\$ 26,352,966	\$ 2,059,034	\$ 28,412,000

Key financial highlighted for the 2018-2019 fiscal year include the following:

- Governmental net position increased \$3,225,528. A significant reason for the increase in net position was attributable to \$10,970,972 in capital asset additions for various projects. Specifically, the District had \$1,475,000 in lease proceeds to fund a Lighting and Other Various Upgrades project that allowed the District to make Building Improvements, as well bond proceeds that contributed to Construction in Progress asset additions for Educational, Athletic & Infrastructure Improvements. This was offset by a decrease in the measured net pension liability of \$4,161,296 and a decrease in long-term liabilities of \$2,503,834.
- Consistent with the prior year, the State withheld the school district's fiscal 2018-2019 last two state aid payments until July 2019.
- The increase in governmental assets in the amount of \$1,799,532 is primarily driven by net effect of the decrease of \$9,795,273 in governmental cash from the prior year, offset by the acquisition of capital assets in the amount of \$10,970,972.
- Significant changes to deferred outflows and deferred inflows of resources pertain primarily to the impact of the changes in the GASB 68 net pension liability calculation performed by the State of New Jersey. The changes for the year ended June 30, 2019 from the prior year resulted from adjustments in assumptions calculated by the actuary in conjunction with the net pension liability calculation for the measurement date of June 30, 2018 and rolled forward to June 30, 2019. The net pension liability associated with the District's governmental activities at June 30, 2019 amounted to \$20,743,837, which decreased by \$4,161,296 from the prior year. Long-term liabilities mainly decreased by principal payments made in the amount of \$1,685,000 in bonds payable and \$606,400 in capital leases payable.
- The largest portion of the District's net position is net investment of capital assets of \$44,421,713 which results primarily from debt proceeds obtained to fund Capital Projects.
- An additional portion of the District's net position (restricted) represents resources that are subject to external restrictions on how they may be used, including funds reserved for future maintenance service, capital reserve, excess surplus and capital projects. Restricted net position increased by \$3,199,692 during the year ended June 30, 2019 mainly due to deposits into the maintenance and capital reserves.
- The deficit (negative) balance of governmental unrestricted net position in the amount of (\$20,075,176) is mainly the result of liabilities for compensated absences and the net pension liability without an offsetting asset.

District activities. The key elements of the District's changes in net position for the years ended June 30, 2019 and 2018 are as follows:

	2019			2018		
	Governmental Activities	Business Type-Activities	Total	Governmental Activities	Business Type-Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 501,246	\$ 2,094,137	\$ 2,595,383	\$ 596,917	\$ 2,068,156	\$ 2,665,073
Operating grants and contributions	1,635,067		1,635,067	21,419,236		21,419,236
Capital grants and contributions	8,000		8,000			
General revenues:						
Property taxes	56,897,162		56,897,162	55,724,371		55,724,371
State and federal aid not restricted to a specific purpose	18,467,401		18,467,401	2,807,317		2,807,317
State and federal aid restricted to a specific purpose				617,106		617,106
Interest income	738,544		738,544			
Miscellaneous	253,833	29,764	283,597	305,506		305,506
Total revenue	78,501,253	2,123,901	80,625,154	81,470,453	2,068,156	83,538,609
Expenses:						
Instructional services	45,123,562		45,123,562	47,707,941		47,707,941
Support services	30,229,330		30,229,330	31,542,785		31,542,785
Interest on long term debt	1,422,833		1,422,833	443,499		443,499
Business Type Activities		1,993,923	1,993,923		1,711,894	1,711,894
Total expenses	76,775,725	1,993,923	78,769,648	79,694,225	1,711,894	81,406,119
Increase in net position	1,725,528	129,978	1,855,506	1,776,228	356,262	2,132,490
Transfers	1,500,000	(1,500,000)	-	-		-
Change in net position	3,225,528	(1,370,022)	1,855,506	4,596,619	22,202	2,132,490
Net position—beginning	26,352,966	2,059,034	28,412,000	24,576,738	1,702,772	26,279,510
Net position—ending	\$ 29,578,494	\$ 689,012	\$ 30,267,506	\$ 26,352,966	\$ 2,059,034	\$ 28,412,000

With the additional state aid awarded, property tax revenue only increased \$1,172,791 to balance the budget for increases to salaries and health benefits.

The total increase from 2017/18 to 2018/19 in state and federal aid was \$15,042,978. This results from the allocation of GASB 68 and GASB 75, and revenue that was recognized in operating grants and contributions, for the year ended June 30, 2019.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The District's fund balance amounts are classified as either restricted, committed, assigned or unassigned.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the General Fund, Special Revenue Fund and Debt Service Fund revenues for the fiscal year ended June 30, 2019, and the increases in relation to the prior year:

Revenue	Amount	Percent of Total	Increase from 2018	Percent of Increase
Local sources	\$ 57,692,924	81.01%	\$ 1,149,829	2.03%
State sources	12,523,925	17.58%	1,362,950	12.21%
Federal sources	1,003,707	1.41%	54,105	0.06
Total	\$ 71,220,556	100.00%	\$ 2,566,884	3.74%

The increase in local sources is primarily due to an increase in the tax levy of \$1,172,791. The District's overall increase in the tax levy is within the 2% levy cap as promulgated by the State Legislature. The increase in state sources is largely a result of the State of New Jersey increasing the amount paid by the State on behalf of the District for TPAF Pension and Medical Contributions and an increase in general state aid of \$1,023,152.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2019 and the increases and (decreases) in relation to the prior year:

Expenditures	Amount	Percent of Total	Increase (Decrease) From 2018	Percent of Increase (Decrease)
Current expenditures:				
Instruction	\$ 25,591,180	36.28%	\$ 1,350,618	5.57%
Support services	41,415,056	58.71%	940,610	2.32%
Capital outlay	648,749	0.92%	493,161	316.97%
Debt service:				
Principal	1,685,000	2.39%	(809,000)	-32.44%
Interest and Other Charges	1,196,196	1.70%	843,600	239.25%
Total	\$ 70,536,181	100.00%	\$ 2,818,989	5.76%

The increase in instruction and undistributed expenditures is mainly the result of an increase in salaries and wages, the cost of benefits as well as an increase in on-behalf TPAF social security and pension contributions, which is also offset by a correlating revenue source.

The net decrease in debt service principal expenditures results from a previous refunding debt issuance maturing in the prior fiscal year. Interest in other charges debt service payments increased due to the 2018 school bonds issuance first interest payment coming due in the current fiscal year.

General Fund

Fund balance in the General Fund increased by approximately \$2,000,000, primarily due to transfers in from the enterprise funds of \$1,500,000. Of the \$8,420,299 fund balance in the General Fund, \$17,826 is restricted for prior year excess surplus, \$1,950,968 is restricted in the maintenance reserve, \$2,000,000 is restricted for capital reserve, \$1,000,000 is restricted for subsequent expenditures – capital reserve, \$22,646 is assigned for other purposes, \$1,982,174 is designated for subsequent year's expenditures and \$1,446,685 is unassigned.

Special Revenue Fund

Expenditures in the Special Revenue Fund remained in line with prior year as the total awards were substantially the same in this and the previous fiscal year.

Capital Projects Fund

The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The fund balance in the Capital Projects Fund of \$30,441,884 is the result of the unspent proceeds from transfers from capital reserve and bond proceeds that are being used for ongoing capital projects throughout the District.

Business Type Activities. The focus of the District's business type activities is to provide information on near-term inflows, outflows, and balances of spendable resources related to the operations of its food service, summer and after-school programs.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

The following schedule presents a summary of the Enterprise funds revenues for the fiscal year ended June 30, 2019, and the (decreases) and increases in relation to the prior year:

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>(Decrease) Increase from 2018</u>	<u>Percent of (Decrease) Increase</u>
Local Sources:				
Daily Sales	\$ 1,436,958	67.66%	\$ (1,406)	-0.10%
Tuition	657,179	30.94%	67,625	11.47%
Other	29,764	1.40%	(10,474)	-26.03%
Total	<u>\$ 2,123,901</u>	<u>100.00%</u>	<u>\$ 55,745</u>	<u>2.70%</u>

The increase in tuition revenue relates primarily to the increased enrollment in the Early Childhood program.

The following schedule presents a summary of the Enterprise fund operating expenses for the fiscal year ended June 30, 2019, and the increases and (decreases) in relation to the prior year:

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 2018</u>	<u>Percent of (Decrease) Increase</u>
Salaries	\$ 543,574	27.26%	\$ 163,258	42.93%
Employee benefits	75,216	3.77%	11,114	17.34%
Purchased professional services	1,285,968	64.49%	80,572	6.68%
Other purchased service	16,229	0.81%	16,229	100.00%
Supplies and materials	15,562	0.78%	2,871	22.62%
Depreciation	10,252	0.51%	315	3.17%
Utility Expense	14,862	0.75%	(623)	-4.02%
Other	32,260	1.62%	8,293	34.60%
	<u>\$ 1,993,923</u>	<u>100.00%</u>	<u>\$ 282,029</u>	<u>16.47%</u>

The increase in salaries and benefits is mainly attributable to general contractual salary increases and increased health benefit costs.

Food Service Fund

The food service enterprise fund realized operating revenues of \$1,466,722 and achieved a net profit this year of \$52,906. This was achieved by steady participation in the program as well as strong controls over expenditures.

Total operating expenses increased from the prior year by \$178,490 or 14.45% due to the increase in cost of sales and supplies. Since the fund held excess net position, a transfer was made at year end in the amount of \$1,100,000 to support general tax relief as the funds were deemed unnecessary to be held in the Food Service fund. The remaining net position of the food service fund, \$313,919 is comprised of net position - investment in capital assets of \$48,559 and unrestricted net position of \$265,360.

Primetime Fund

The Primetime fund realized operating revenue of \$208,447 for the year ended June 30, 2019. Current year tuition revenues increased from the prior year by \$15,291 or 7.92% as a result of increased participation in the after-school program, while operating expenses increased from the prior year by \$4,956 or 2.46% as a result of general contractual salary increase. Overall, the fund generated a net operating excess of \$2,402. The fund maintains plenty of cash on hand to ensure the operational requirements of running the program are met at any time. Since the fund held excess net position, a transfer was made at year end in the amount of \$50,000 to support general tax relief as the funds were deemed unnecessary to be held in the Primetime fund.

Summer Enrichment Fund

The Summer Enrichment fund realized operating revenue of \$27,525 for the year ended June 30, 2019. Current year tuition revenues increased from the prior year by \$26,225 or 95.28% as a result of increased participation in the summer camp program, while operating expenses increased from the prior year by \$26,700 or 96.22% as a result of increased purchased professional service costs in line with the increased participation in the program. Overall, the fund generated a net operating loss of \$225. The fund maintains plenty of cash on hand to ensure the operational requirements of running the program are met at any time.

Early Childhood Fund

The Early Childhood fund realized operating revenue of \$421,207 for the year ended June 30, 2019. Current year tuition revenues increased from the prior year by \$26,109 or 6.6% as a result of increased participation in the kindergarten enrichment program, while operating expenses increased from the prior year by \$71,883 or 26.19% as a result of general contractual salary increase. Overall, the fund generated a net operating excess of \$74,895. The fund maintains plenty of cash on hand to ensure the operational requirements of running the program are met at any time. Since the fund held excess net position, a transfer was made at year end in the amount of \$350,000 to support general tax relief as the funds were deemed unnecessary to be held in the Early Childhood fund.

Capital Assets and Debt Administration

Capital Assets. At June 30, 2019, the District's governmental activities had capital assets of \$61,387,365 (net of accumulated depreciation), including land, construction in progress, school buildings, machinery, equipment and vehicles.

The District's governmental funds' capital assets, net of depreciation consisted of the following at June 30, 2019 and 2018:

	June 30,	
	2019	2018
	<hr/>	<hr/>
Land	\$ 5,122,300	\$ 5,122,300
Construction in progress	39,223,568	30,751,446
Buildings and building improvements, net	15,226,900	14,467,690
Machinery, equipment, and vehicles, net	1,814,597	1,495,517
Total capital assets, net	<hr/> \$ 61,387,365 <hr/>	<hr/> \$ 51,836,953 <hr/>

The increased in total capital assets is a result of capital asset additions exceeding depreciation expense during the fiscal year. See footnote #4 for further details on capital assets.

Debt Administration. During the 2019 fiscal year, the District had outstanding long-term liabilities of \$68,872,194 of which \$2,999,050 was classified as the current portion. At June 30, 2019 and 2018, the District's long-term liabilities consisted of:

	June 30	
	2019	2018
	<u> </u>	<u> </u>
Bonds payable	\$ 44,833,000	\$ 46,518,000
Unamortized premium on bonds	351,541	496,569
Capital leases payable	2,244,600	2,851,000
Compensated absences payable	699,216	766,622
Net pension expense	<u>20,743,837</u>	<u>24,905,133</u>
Total long-term liabilities	<u>\$ 68,872,194</u>	<u>\$ 75,537,324</u>

Long-term liabilities decreased mainly due to the principal payments made on the bonds and leases, as well as the decrease in the District's measured net pension liability. More detailed information about the District's long-term liabilities and outstanding debt can be found in Note 5 to the basic financial statements.

General Fund Budgetary Highlights

The District's budget is prepared according to New Jersey Statutes. The most significant budgeted fund is the general fund. During the fiscal year, there were several differences between the original budget and the final amended budget as a result of transfers being applied to certain line items. These transfers were made between line items as part of the normal process as permitted by State guidelines. Readers should refer to Section C of the financial report for comparisons between actual and budgeted amounts.

Described below are explanations for variations in realized revenues and expenditures for those lines where the final budgeted amounts differ from the actual amounts by more than \$500,000 and 5%. All other fluctuations less than \$500,000 and 5% are considered immaterial.

- On-behalf TPAF pension and reimbursed social security contributions are unbudgeted revenue sources. Consequently, actual revenues as well as the related expenditures exceeded the final budgeted amount by 100.0%.
- Unallocated benefits – health insurance, increased by \$762,166 due to an increase in the number of covered employees covered by health insurance and the increase in premiums charged.
- Due to a higher number of students' eligible to receive Extraordinary Aid than anticipated, actual revenues exceed budgeted by \$552,896, or 67%.

Requests for Information

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

Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the year ended June 30, 2019.

Holmdel Township School District

Statement of Net Position

June 30, 2019

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 30,667,349	\$ 2,408,098	\$ 33,075,447
Accounts receivable	3,223,547	4,324	3,227,871
Internal balances	1,716,988	(1,716,988)	-
Other assets	31,707		31,707
Restricted:			
Cash and cash equivalents	3,250,653		3,250,653
Other accounts receivable	1,700,315		1,700,315
Capital assets, non-depreciable	44,345,868		44,345,868
Capital assets, depreciable, net	17,041,497	48,559	17,090,056
Total assets	101,977,924	743,993	102,721,917
Deferred Outflows Of Resources			
Pension deferrals	6,182,436		6,182,436
Loss on debt refunding	21,605		21,605
Total deferred outflows	6,204,041	-	6,204,041
Liabilities			
Accounts payable	1,463,808	469	1,464,277
Accrued interest payable	654,246		654,246
Intergovernmental payables - State	21,951		21,951
Unearned revenue	344,896	54,512	399,408
Other Liabilities	9,100		9,100
Net pension liability	20,743,837		20,743,837
Current portion of long-term obligations	2,999,050		2,999,050
Noncurrent portion of long-term obligations	45,129,307		45,129,307
Total liabilities	71,366,195	54,981	71,421,176
Deferred Inflow Of Resources			
Pension deferrals	7,237,276		7,237,276
Net Position			
Net investment in capital assets	44,421,713	48,559	44,470,272
Restricted for:			
Debt Service	263,163		263,163
Excess surplus	17,826		17,826
Capital reserve	3,000,000		3,000,000
Maintenance reserve	1,950,968		1,950,968
Unrestricted (deficit)	(20,075,176)	640,453	(19,434,723)
Total net position	\$ 29,578,494	\$ 689,012	\$ 30,267,506

See accompanying notes to the basic financial statements.

Holmdel Township School District

Statement of Activities

Year ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities							
Instruction	\$ 45,123,562	\$ 501,246	\$ 1,220,877			\$ (43,401,439)	\$ (43,401,439)
Support services:							
Speech, OT, PT, and related services	1,806,541					(1,806,541)	(1,806,541)
Health services	936,461					(936,461)	(936,461)
Other support services	5,325,446		319,683			(5,005,763)	(5,005,763)
Improvement of instruction	2,095,028					(2,095,028)	(2,095,028)
Other support: instructional staff	1,663,840					(1,663,840)	(1,663,840)
School library	1,793,834					(1,793,834)	(1,793,834)
General administration	857,666					(857,666)	(857,666)
School administration	2,787,087					(2,787,087)	(2,787,087)
Central services	1,570,038					(1,570,038)	(1,570,038)
Administrative information technology	109,453					(109,453)	(109,453)
Plant operation and maintenance	8,155,816		94,507	\$ 8,000		(8,053,309)	(8,053,309)
Student transportation	3,128,120					(3,128,120)	(3,128,120)
Interest on long-term debt	1,422,833					(1,422,833)	(1,422,833)
Total governmental activities	<u>76,775,725</u>	<u>501,246</u>	<u>1,635,067</u>	<u>8,000</u>		<u>(74,631,412)</u>	<u>(74,631,412)</u>
Business-type activities							
Food Service	1,413,816	1,436,958				\$ 23,142	23,142
Prime Time	206,045	208,447				2,402	2,402
Summer Enrichment	27,750	27,525				(225)	(225)
Early Childhood	346,312	421,207				74,895	74,895
Total business-type activities	<u>1,993,923</u>	<u>2,094,137</u>	<u>-</u>	<u>-</u>		<u>100,214</u>	<u>100,214</u>
Total primary government	<u>\$ 78,769,648</u>	<u>\$ 2,595,383</u>	<u>\$ 1,635,067</u>	<u>\$ 8,000</u>		<u>(74,631,412)</u>	<u>(74,531,198)</u>

General revenues:

Taxes:			
Property taxes, levied for general purposes	53,906,806		53,906,806
Property taxes, levied for debt service	2,990,356		2,990,356
State and federal sources—unrestricted	18,467,401		18,467,401
Interest Income	738,544		738,544
Miscellaneous	253,833	29,764	283,597
Transfers	1,500,000	(1,500,000)	
Total general revenues	<u>77,856,940</u>	<u>(1,470,236)</u>	<u>76,386,704</u>
Change in net position	3,225,528	(1,370,022)	1,855,506
Net Position—beginning	26,352,966	2,059,034	28,412,000
Net Position—ending	<u>\$ 29,578,494</u>	<u>\$ 689,012</u>	<u>\$ 30,267,506</u>

See accompanying notes to the basic financial statements.

Fund Financial Statements

Governmental Funds

Holmdel Township School District
Governmental Funds

Balance Sheet

June 30, 2019

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Assets					
Cash and cash equivalents			\$ 30,488,484	\$ 178,865	\$ 30,667,349
Other assets	\$ 31,707				31,707
Accounts receivable:					
State	848,046	\$ 1,945	771,670		1,621,661
Federal		446,633			446,633
Other	984,237	171,016			1,155,253
Interfund	1,989,736			738,544	2,728,280
Restricted assets:					
Cash and cash equivalents	3,250,653				3,250,653
Other accounts receivable	1,700,315				1,700,315
Total assets	<u>\$ 8,804,694</u>	<u>\$ 619,594</u>	<u>\$ 31,260,154</u>	<u>\$ 917,409</u>	<u>\$ 41,601,851</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 375,295	\$ 59,725			\$ 435,020
Intergovernmental payables:					
State		21,951			21,951
Interfunds payable		272,748	\$ 738,544		1,011,292
Unearned revenue		265,170	79,726		344,896
Other liabilities	9,100				9,100
Total liabilities	<u>384,395</u>	<u>619,594</u>	<u>818,270</u>		<u>1,822,259</u>
Fund balances:					
Restricted for:					
Excess surplus-prior year	17,826				17,826
Maintenance Reserve	1,950,968				1,950,968
Capital reserve account	2,000,000				2,000,000
Designated for subsequent years expenditures -					
Capital reserve	1,000,000				1,000,000
Debt service				\$ 917,409	917,409
Capital projects			30,441,884		30,441,884
Assigned to:					
Other purposes	22,646				22,646
Designated for subsequent					
year's expenditures	1,982,174				1,982,174
Unassigned (deficit):	1,446,685				1,446,685
Total fund balances	<u>8,420,299</u>	<u>-</u>	<u>30,441,884</u>	<u>917,409</u>	<u>39,779,592</u>
Total liabilities and fund balances	<u>\$ 8,804,694</u>	<u>\$ 619,594</u>	<u>\$ 31,260,154</u>	<u>\$ 917,409</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$91,088,923 and the accumulated depreciation is \$29,701,558.	61,387,365
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.	(654,246)
Accounting loss on refunding of debt	21,605
Unamortized premium on bonds	(351,541)
Long-term liabilities, including bonds payable, capital leases and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(47,776,816)
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	(1,054,840)
Accrued pension contributions for the June 30, 2019 plan year end are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in the accounts payable in the government-wide statement of net position.	(1,028,788)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	<u>(20,743,837)</u>
Net position of governmental activities	<u>\$ 29,578,494</u>

See accompanying notes to the basic financial statements.

Holmdel Township School District
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2019

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Revenues					
Local sources:					
Local tax levy	\$ 53,906,806			\$ 2,990,356	\$ 56,897,162
Tuition	501,246				501,246
Interest Income			\$ 738,544		738,544
Miscellaneous	253,833	\$ 40,683			294,516
Total local sources	54,661,885	40,683	738,544	2,990,356	58,431,468
State sources	11,909,141	614,784	8,000		12,531,925
Federal sources	24,107	979,600			1,003,707
Total revenues	66,595,133	1,635,067	746,544	2,990,356	71,967,100
Expenditures					
Current:					
Instruction	24,370,303	1,220,877			25,591,180
Undistributed-current:					
Instruction	1,256,378				1,256,378
Speech, OT, PT, and related services	1,117,653				1,117,653
Health services	603,361				603,361
Other support services	3,894,781	319,683			4,214,464
Improvement of instruction	1,205,718				1,205,718
Education media library	949,665				949,665
Other support: instructional staff	112,997				112,997
General administration	649,052				649,052
School administration	1,608,965				1,608,965
Central services	925,838				925,838
Administrative information technology	63,064				63,064
Required maintenance of plant services	1,282,009				1,282,009
Operation of plant	4,548,803				4,548,803
Student transportation	2,865,485				2,865,485
Unallocated benefits	11,259,479				11,259,479
On-behalf TPAF social security and pension contributions	8,752,125				8,752,125
Capital outlay	554,242	94,507	10,866,590		11,515,339
Debt Service:					
Principal				1,685,000	1,685,000
Interest				1,196,196	1,196,196
Total expenditures	66,019,918	1,635,067	10,866,590	2,881,196	81,402,771
Excess (deficiency) of revenues over (under) expenditures	575,215	-	(10,120,046)	109,160	(9,435,671)
Other financing sources (uses)					
Transfers in	1,500,000			738,544	2,238,544
Transfers out			(738,544)		(738,544)
Total other financing sources (uses)	1,500,000	-	(738,544)	738,544	1,500,000
Net change in fund balances	2,075,215		(10,858,590)	847,704	(7,935,671)
Fund balances (deficit), July 1	6,345,084		41,300,474	69,705	47,715,263
Fund balances (deficit), June 30	\$ 8,420,299	\$ -	\$ 30,441,884	\$ 917,409	\$ 39,779,592

The reconciliation of the fund balances of governmental funds to the net assets of governmental activities in the statement of net position is presented in an accompanying schedule (B-3).

See accompanying notes to the basic financial statements.

Holmdel Township School District
Governmental Funds

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances to the Statement of Activities

Year ended June 30, 2019

Total net change in fund balances - governmental funds (from B-2) \$ (7,935,671)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

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

	\$	(1,420,561)	
Depreciation expense		10,970,972	
Capital outlays		9,550,411	9,550,411

The repayment of the principal of long-term debt, including capital lease obligations, consumes the current financial resources of governmental funds. This transaction, however, has no effect on net position.

		1,685,000	
Serial bonds payable		606,400	
Obligations under capital leases		2,291,400	2,291,400

Governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences.

		145,028	
Amortization of Premium on Bonds		(28,945)	
Amortization of Deferred Accounting Loss		116,083	116,083

In the statement of activities, interest on long-term debt/capital leases is accrued, regardless of when due. In the governmental funds, interest is reported when due.

(342,720)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).

67,406

Changes to net pension liability, deferred outflows and deferred inflows reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

		(521,381)	
Pension expense and changes in pension deferrals		(521,381)	(521,381)

Change in net position of governmental activities (A-2)

\$ 3,225,528

See accompanying notes to the basic financial statements.

Proprietary Funds

Holmdel Township School District
Proprietary Funds

Statement of Net Position

Year ended June 30, 2019

	Business-Type Activities Enterprise Funds				Total
	Food Service	Prime Time	Summer Enrichment	Early Childhood	
Assets:					
Current Assets:					
Cash and Cash Equivalents	\$ 1,552,836	\$ 202,111	\$ 46,639	\$ 606,512	\$ 2,408,098
Accounts Receivables	4,324				4,324
Interfund Receivable		34,734			34,734
Total - Current Assets	1,557,160	236,845	46,639	606,512	2,447,156
Noncurrent Assets:					
Furniture, Machinery and Equipment	517,251	25,840			543,091
Less:					
Accumulated Depreciation	(468,692)	(25,840)			(494,532)
Total - Noncurrent Assets	48,559	-	-	-	48,559
Total Assets	1,605,719	236,845	46,639	606,512	2,495,715
Liabilities and Net Position:					
Liabilities:					
Current Liabilities:					
Interfund Payable	1,237,288	86,903		427,531	1,751,722
Accounts Payable		469			469
Unearned Revenue	54,512				54,512
Total Liabilities	1,291,800	87,372	-	427,531	1,806,703
Net Position:					
Investment in Capital Assets	48,559				48,559
Unrestricted	265,360	149,473	46,639	178,981	640,453
Total Net Position	\$ 313,919	\$ 149,473	\$ 46,639	\$ 178,981	\$ 689,012

Holmdel Township School District
Proprietary Funds

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2019

	Business-Type Activities Enterprise Funds				Total
	Food Service	Prime Time	Summer Enrichment	Early Childhood	
Operating Revenues:					
Charges for Services:					
Daily Sales - Non-Reimbursable Programs	\$ 1,436,958				\$ 1,436,958
Tuition		\$ 208,447	\$ 27,525	\$ 421,207	657,179
Miscellaneous Revenue	29,764				29,764
Total Operating Revenues	1,466,722	208,447	27,525	421,207	2,123,901
Operating Expenses:					
Salaries	127,532	167,828		270,665	566,025
Support Services - Employee Benefits	9,756	20,207		22,802	52,765
Purchased Professional/Technical Services	1,230,393		27,750	27,825	1,285,968
Other Purchased Service	16,229				16,229
Repairs and Maintenance	19,129			13,131	32,260
Supplies and Materials	525	4,630		10,407	15,562
Depreciation	10,252				10,252
Utilities Expense		13,380		1,482	14,862
Total Operating Expenses	1,413,816	206,045	27,750	346,312	1,993,923
Excess (deficit) of revenues over expenditures	52,906	2,402	(225)	74,895	129,978
Transfers out (general fund)	(1,100,000)	(50,000)		(350,000)	(1,500,000)
Total Net Position - Beginning	1,361,013	197,071	46,864	454,086	2,059,034
Total Net Position - Ending	\$ 313,919	\$ 149,473	\$ 46,639	\$ 178,981	\$ 689,012

Holmdel Township School District
Proprietary Funds

Statement of Cash Flows

Year ended June 30, 2019

	Business-Type Activities Enterprise Funds				Total
	Food Service	Prime Time	Summer Enrichment	Early Childhood	
Cash Flows From Operating Activities:					
Receipts From Customers	\$ 1,465,313	\$ 208,447	\$ 18,375	\$ 359,207	\$ 2,051,342
Payments To Employees	(137,288)	(188,035)		(293,467)	(618,790)
Payments To Suppliers	(1,313,547)	(18,131)	(27,750)	(52,845)	(1,412,273)
Net Cash Provided By/(Used For) Operating Activities	14,478	2,281	(9,375)	12,895	20,279
Cash Flows From Capital and Related Financing Activities:					
Purchases of Capital Assets	(4,000)				(4,000)
Net Cash Provided By/(Used For) Capital & Related Financing Activities	(4,000)	-	-	-	(4,000)
Cash Flows From Noncapital Financing Activities:					
Interfund transfers, net	137,288	(32,473)		33,151	137,966
Net Cash Provided By Noncapital Financing Activities	137,288	(32,473)	-	33,151	137,966
Net Increase/(Decrease) in Cash and Cash Equivalents	147,766	(30,192)	(9,375)	46,046	154,245
Balance - Beginning of Year	1,405,070	232,303	56,014	560,466	2,253,853
Balance - End of Year	\$ 1,552,836	\$ 202,111	\$ 46,639	\$ 606,512	\$ 2,408,098
Reconciliation of Operating Income To Net Cash Used for Operating Activities:					
Operating Income/(Loss)	\$ 52,906	\$ 2,402	\$ (225)	\$ 74,895	\$ 129,978
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:					
Depreciation	10,252				10,252
(Increase)/Decrease in Accounts Receivable	(1,409)				(1,409)
(Decrease)/Increase in Accounts Payable	(67,707)	(121)			(67,828)
Decrease/(Increase) in Inventories	17,061				17,061
Increase/(Decrease) in Unearned Revenue	3,375		(9,150)	(62,000)	(67,775)
Total Adjustments	(38,428)	(121)	(9,150)	(62,000)	(109,699)
Net Cash Provided By/(Used For) Operating Activities	\$ 14,478	\$ 2,281	\$ (9,375)	\$ 12,895	\$ 20,279

Fiduciary Funds

Holmdel Township School District
Fiduciary Funds

Statement of Fiduciary Net Position

Year Ended June 30, 2019

	<u>Private-Purpose Scholarship Funds</u>	<u>Unemployment Compensation Trust</u>	<u>Agency Funds</u>
Assets			
Cash and cash equivalents	\$ 35,366	\$ 38,617	\$ 2,855,570
Accounts receivable		192,860	
Total assets	<u>\$ 35,366</u>	<u>\$ 231,477</u>	<u>\$ 2,855,570</u>
Liabilities			
Payroll deductions payable			\$ 22,182
Accounts payable		\$ 6,129	2,671,988
Due to student groups			161,400
Total liabilities		<u>\$ 6,129</u>	<u>\$ 2,855,570</u>
Net position			
Held in trust for unemployment claims		<u>\$ 225,348</u>	
Held in trust for scholarships	<u>\$ 35,366</u>		

See accompanying notes to the basic financial statements.

Holmdel Township School District
Fiduciary Funds

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2019

	Private-Purpose Scholarship Funds	Unemployment Compensation Trust
	<u> </u>	<u> </u>
Additions		
Contributions:		
Employee		\$ 75,854
Donations	\$ 5,300	
Interest income	5	
Total additions	<u>5,305</u>	<u>75,854</u>
Deductions		
Unemployment claims paid		69,094
Scholarship payments	14,800	
Total deductions	<u>14,800</u>	<u>69,094</u>
Change in net position	(9,495)	6,760
Net position-beginning of the year	44,861	218,588
Net position-end of the year	<u>\$ 35,366</u>	<u>\$ 225,348</u>

See accompanying notes to the basic financial statements.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

1. Summary of Significant Accounting Policies

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

The more significant of the District's accounting policies area described below.

A. Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

The District, as the primary government for financial reporting entity purposes, has oversight responsibility and control over all activities related to the Holmdel Township School District in Holmdel Township, New Jersey. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The District has no component units that are required to be included within the reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the District.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The New Jersey Department of Education (NJDOE) has elected to require New Jersey school districts to treat each governmental and proprietary fund as a major fund and each major individual fund is reported as separate columns in the fund financial statements. The NJDOE believes the presentation of all funds as major is important for public interest and to promote consistency among New Jersey School District financial reporting.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for reimbursement grants, the District considers revenues to be available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

However, debt services expenditures, as well as expenditures related to compensated absences, the net position liability and capital leases, are recorded only when payment is due. For this purpose, the District considers all revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, postemployment healthcare benefits and capital leases are recorded only when payment is due.

Property taxes, interest, and state and federal equalization monies associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when the District receives cash.

The District has reported the following major governmental funds:

General Fund: The general fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment, which are classified in the capital outlay subfund.

Special Revenue Fund: The District maintains one special revenue fund, which includes the proceeds of specific revenue sources (other than major capital projects) that are legally restricted or committed to expenditures for specified purposes. The revenue sources reported in the Special Revenue Fund include resources from the United States government, the State of New Jersey and some local organizations.

Capital Projects Fund: The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to an expenditure to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Debt Service Fund: The debt service fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for payments made for principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary funds:

Enterprise Funds (Food Service, Primetime, Summer Enrichment, and Early Childhood): The enterprise funds account for all revenues and expenses pertaining to the cafeteria and the summer and after-school programs. The enterprise funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

The stated intent is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fiduciary fund types:

Fiduciary Funds of the District include the unemployment compensation and private purpose scholarship trust funds and agency funds. The District's agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations. The following is a description of the fiduciary funds of the School District.

Trust Funds: The unemployment compensation fund is used to account for contributions from the District and employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims. Although there is no formal trust agreement, the State of New Jersey requires school districts to include the unemployment compensation trust as a private-purpose trust fund in the fiduciary fund. The principal and income deposited into this fund are for the sole benefit of specific individuals, former employees, and cannot be used to support the government's own programs. The management of the District is not involved in determining the amounts current employees contribute to the fund or amounts paid out by the fund. That determination is made by the State of New Jersey. Additionally, the unemployment compensation trust fund does not meet the criteria required to be included as an enterprise fund. One of the following criteria would need to be met for inclusion as an enterprise fund: the activity is financed with debt that is secured by a pledge of the revenues charged; laws or regulations require that the activity's cost be recovered with fees and charges, rather than with taxes or similar revenues; the pricing policies of the activity establish fees and charges designed to recover its costs. These criteria are not met as follows and therefore the unemployment compensation fund is recorded as a trust fund: there is no debt issued related to unemployment compensation claims; laws and regulations do not require that the activity's exceed employee contributions and those employee contributions costs be recovered with fees and charges, in fact, employer contributions greatly are raised through taxation; and lastly pricing policies are not established by the District as employee contributions to the activity are regulated by the State of New Jersey and contributions are raised through payroll taxes. The private purpose scholarship fund is utilized to provide scholarships to students and to account for the related transactions.

Agency Funds (Payroll and Student Activity Funds): The agency funds are used to account for the assets that the District holds on behalf of others as their agent. These are custodial in nature and do not involve measurement of results of operations.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements, however, interfund services provided and used are not eliminated in the process of consolidation.

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

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District enterprise funds are charges for sales of food, and tuition for the summer and after-school programs. Operating expenses for proprietary funds include the cost of sales, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The County Board of Taxation is responsible for the assessment of properties and the Township Tax Collector is responsible for collection of taxes. Assessments are certified and taxes are levied on January 1; taxes are due February 1, May 1, August 1 and November 1. Unpaid taxes are considered delinquent the following January 1 and are then subject to lien.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the Monmouth County office of the DOE for approval. Budgets are prepared using the modified accrual basis of accounting and the special revenue fund uses a non-GAAP budget (budgetary basis). 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 referred in N.J.A.C. 6A:23. All budget amendments must be approved by School Board resolution.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

Budgetary transfers were made during the current year in accordance with statutory guidelines. The amendments made by the District were part of the normal course of operations. The over-expenditure in the General Fund is due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the last two state aid payments 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 report.

E. 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 District and that are due within one year.

F. Inventories

Food service fund inventories are the property of the food service management company. They are recorded at market value at the time of donation, which approximates current market value, using the first-in, first-out (FIFO) method.

G. Tuition

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined. Tuition charges for the 2018-19 fiscal year were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

H. Capital Assets

Capital assets, which include land, construction in progress, property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost through estimation procedures performed by an independent appraisal company. Land was valued at assessed value based upon information received from the Township of Holmdel. Donated capital assets are valued at their estimated fair market value on the date of donation.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized.

Property, plant and equipment of the District is depreciated using the straight line method. The following estimated useful lives are used to compute depreciation:

	<u>Years</u>
Land Improvements	10-20
Building and improvements	10-50
Furniture and equipment	5-20
Vehicles	5-10

I. Compensated Absences

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 employer and employee is accrued as employees earn the rights to the benefits. The District uses the “vesting method” for estimating its accrued sick and vacation leave liability.

District employees are granted vacation and sick leave in varying amounts under the District’s personnel policies and collective bargaining agreements. In the event of termination, an employee is reimbursed for accumulated vacation time. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after one year of service. Sick leave benefits are eligible for payment to employees upon retirement under the required terms of the NJ Division of Pension & Benefits as follows: the employee has reached age 55 and 25 years of service, or the employee has reached age 60 with no length of service requirement.

The liability for vested compensated absences of the district is recorded in the government-wide financial statements and includes salary related payments.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2019, a liability existed for compensated absences in the government-wide financial statements in the amount of \$699,216 and no liability existed for compensated absences in the enterprise funds.

J. Unearned Revenue

Unearned revenue in the general and special revenue fund represents cash which has been received but not yet earned, and outstanding encumbrances in the special revenue fund. Unearned revenue in the other enterprise funds represents cash received in advance of the related services being provided.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, 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. Currently, the District has two items that qualify for reporting in this category, including deferred amounts from the refunding of debt and deferred amounts related to pensions. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amounts related to pensions.

L. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

M. Deferred Loss on Refunding Debt

Deferred loss on refunding arising from the issuance of the refunding bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense. As of June 30, 2019 the District has recorded an unamortized balance of \$21,605 as a deferred outflow of resources and recognized amortization expense of \$28,945.

N. Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54") established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories:

- 1) Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
- 2) Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- 3) Committed - includes amounts that can be used only for the specific purposes imposed by a formal action of the government's highest level of decision-making authority. The District's highest level of decision-making authority is the Board of Education (the "Board") and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revises or changes the specified use by taking the same action (resolution) taken to originally commit these funds.
- 4) Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.
- 5) Unassigned - includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the District first spends committed funds, then assigned funds, and finally, unassigned funds.

Of the \$8,420,299 of fund balance in the General Fund, \$2,000,000 has been restricted in the capital reserve account, \$1,000,000 is designated for subsequent expenditures for capital reserve, \$1,950,968 has been restricted in the maintenance reserve account, \$1,982,174 is designated for future years expenditures, \$17,826 is restricted for prior year surplus, \$22,646 of encumbrances are assigned to other purposes and \$1,446,685 is unassigned.

O. Net Position and Fund Balance/Restricted Assets

GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* became effective for financial statements for periods beginning after December 15, 2011 and established standards for reporting deferred outflows of resources, deferred inflows of resources and net position. The adoption of this statement resulted in a change in the presentation of the statement of net position to what is now referred to as the statement of net position and the term "net assets" is changed to "net position" throughout the financial statements. Net Position represents the difference between assets, deferred outflows, deferred inflows, and liabilities in the government-wide financial statements. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets.

Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

P. Management Estimates

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

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

1 Summary of Significant Accounting Policies (continued)

Q. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey for social security contributions and pension contributions for certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the District's annual budget.

R. Calculation of Excess Surplus

The designation for restricted fund balance-excess surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended.

New Jersey school districts are required to reserve fund balance in the general fund at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The District's excess fund balance at June 30, 2019 was \$17,826. Of this amount, \$17,826 has been appropriated in the 2019-2020 budget.

S. Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, amounts on deposit and short-term investments with original maturities of three months or less.

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." The District classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments and are stated at cost. All other investments are stated at fair value.

T. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise school district is situated are authorized to enter into tax abatement agreements.

Furthermore 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.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

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. There have been no tax abatement agreements entered into by the Township that will affect the District.

U. Subsequent Events

Management has reviewed and evaluated all events and transactions from June 30, 2019 through December 23, 2019, the date that the financial statements were issued, for possible disclosure and recognition in the accompanying financial statements, and no items have come to the attention of the District which would require disclosure or recognition.

2. Reconciliation of Government-wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position.

One element of that reconciliation explains that long-term liabilities, including bonds payable, capital leases payable, unamortized premium on bonds, and compensated absences are not due and payable in the current period and therefore are not reported in the funds.

The details of this \$48,128,357 difference are as follows:

Bonds payable	\$ 44,833,000
Capital leases payable	2,244,600
Unamortized premium on bonds	351,541
Compensated absences	<u>699,216</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	<u><u>\$ 48,128,357</u></u>

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

3. Deposits and Investments

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

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

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at last 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.

Deposits

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey that are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories.

School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund (NJCMF) and New Jersey Asset and Rebate Management Fund (NJARM).

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

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

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

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

3. Deposits and Investments (continued)

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

The District's cash and cash equivalents are classified below to inform financial statement users about the extent to which the District's deposits and investments are exposed to custodial credit risk.

Operating cash accounts are held in the District's name by several commercial banking institutions. At June 30, 2019, the District's carrying amount of deposits was \$5,734,113 and the bank balance was \$6,766,373. Of the bank balance, \$295,931 was secured by federal depository insurance and \$3,745,869 was covered by the New Jersey Governmental Unit Deposit Protection Act (GUDPA). \$2,724,573 held in the District's agency accounts are not covered by GUDPA.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the District's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name.

The District does not have a policy for the management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA. At least five percent of the District's deposits were fully collateralized by funds held by the financial institution, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

Investments

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

- a. Bonds and other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank which have a maturity date not greater than twelve months from the date of purchase.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

3. Deposits and Investments (continued)

- c. State of New Jersey Cash Management Fund (NJCMF) and New Jersey Asset and Rebate Management Fund (NJARM).
- d. Bonds or other obligations of the School District.

New Jersey Cash Management Fund

In order to maximize liquidity, the District utilizes the New Jersey Cash Management Fund ("NJCMF"). The NJCMF is administered by the State of New Jersey, Department of the Treasury and issues a separate report that can be obtained directly from the Department of the Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments. The pooled shares are equal to the value of the District's shares. The investments include: U.S. Treasuries, short-term commercial paper, U.S. Agency Bonds, Corporate Bonds, and Certificates of Deposit.

Agencies that participate in the NJCMF typically earn returns that mirror short-term investment rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty. At June 30, 2019 the District's balance was \$849,197. All investments in the NJCMF are governed by the regulations of the Investment Council, which prescribes specific standards designed to ensure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is accumulating to as additional protection for the "Other-Than State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

Custodial Credit Risk: The District does not have a policy for custodial credit risk.

Credit Risk: The District does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government.

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer.

Interest Rate Risk: The District does not have a policy to limit interest rate risk.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

3. Deposits and Investments (continued)

New Jersey Asset & Rebate Management Program

The New Jersey Asset & Rebate Management Program (the “NJ/ARM Program” “NJ/ARM”) was created in 1989 as a joint investment trust under the Interlocal Services Act. NJ/ARM provides local governments in New Jersey with investment management services for capital, reserve, and general operating funds. In addition, the Program offers investment management and arbitrage rebate compliance services for tax-exempt bond and note proceeds.

NJ/ARM offers its Investors the benefit of a professionally managed investment program with multiple investment options. The NJ/ARM Joint Account provides a convenient vehicle for local governments to pool funds for short-term investment to meet daily liquidity needs. For longer-term investment strategies, the Individual Portfolio provides for customized investment portfolios of permitted securities pursuant to New Jersey statutes.

The primary goal of the NJ/ARM Program is safety and security of the local government funds entrusted to it. The Joint Account portfolio is rated AAA by the Standard & Poor’s (an independent rating company) which is the highest rating available. The Program is designed to comply with all New Jersey statutes and regulations for the permitted investment of public funds. At June 30, 2019, the District’s balance in the NJARM was \$33,685,318.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2019:

	Beginning Balance	Increases	Retirements/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,122,300			\$ 5,122,300
Construction in progress	30,751,446	\$ 9,271,345	\$ (799,223)	39,223,568
Total capital assets, not being depreciated	35,873,746	9,271,345	(799,223)	44,345,868
Capital assets, being depreciated:				
Buildings and building improvements	37,746,898	1,475,000		39,221,898
Machinery, equipment and vehicles	6,497,307	224,627	\$ 799,223	7,521,157
Total capital assets being depreciated	44,244,205	1,699,627	799,223	46,743,055
Less accumulated depreciation for:				
Buildings and building improvements	23,279,208	715,790		23,994,998
Machinery, equipment and vehicles	5,001,789	704,771		5,706,560
Total accumulated depreciation	28,280,997	1,420,561	-	29,701,558
Total capital assets, being depreciated, net	15,963,208	279,066	799,223	17,041,497
Governmental activities capital assets, net	<u>\$ 51,836,954</u>	<u>\$ 9,550,411</u>	<u>\$ -</u>	<u>\$ 61,387,365</u>

Depreciation expense was charged to functions/programs of the District for the year ended June 30, 2019 as follows:

Instruction	\$ 811,552
Speech, OT, PT, and related services	33,785
Health services	18,238
Other support services	127,395
Improvement of instruction	36,447
Education media library	28,707
Other support: instruction staff	3,416
General administration	19,620
School administration	48,636
Central services	27,986
Administration information technology	1,906
Required maintenance of plant services	38,753
Operation of plant	137,502
Student transportation	86,618
Total depreciation expense - governmental activities	<u>\$ 1,420,561</u>

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

4. Capital Assets (continued)

The following schedule is a summarization of business-type activities changes in capital assets for the year ended June 30, 2019:

	Beginning Balance	Increases	Ending Balance
Business-type activities			
Capital assets, being depreciated:			
Equipment	\$ 539,091	\$ 4,000	\$ 543,091
Less accumulated depreciation for:			
Equipment	484,280	10,252	494,532
Total business-type activities capital assets, net	\$ 54,811	\$ (6,252)	\$ 48,559

5. Long-Term Liabilities

During the year ended June 30, 2019, the following changes occurred in governmental activities long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Compensated absences payable	\$ 766,622	\$ 28,657	\$ 96,063	\$ 699,216	\$ 69,922
Bonds payable	46,518,000		1,685,000	44,833,000	2,415,000
Unamortized premium on bonds	496,569		145,028	351,541	145,028
Capital lease payable	2,851,000		606,400	2,244,600	369,100
Subtotal	50,632,191	28,657	2,532,491	48,128,357	2,999,050
Net pension liability	24,905,133		4,161,296	20,743,837	
Governmental activity long-term liabilities	\$ 75,537,324	\$ 28,657	\$ 6,693,787	\$ 68,872,194	\$ 2,999,050

The District expects to liquidate the compensated absences and net pension liabilities with payments made from the District's general fund and the bonds payable from the debt service fund. The accrued liability for insurance claims is paid with charges to other funds' budgets from the internal service fund.

Bonds Payable

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

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

5. Long-Term Liabilities (continued)

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

	Principal	Interest	Total
Year ending June 30:			
2020	\$ 2,415,000	\$ 1,510,434	\$ 3,925,434
2021	2,400,000	1,423,585	3,823,585
2022	2,455,000	1,337,335	3,792,335
2023	2,510,000	1,249,373	3,759,373
2024	1,938,000	1,158,723	3,096,723
2025-2029	10,480,000	4,817,313	15,297,313
2030-2034	12,235,000	3,005,275	15,240,275
Thereafter	10,400,000	900,251	11,300,251
	\$ 44,833,000	\$ 15,402,288	\$ 60,235,288

In October 2015, the District issued \$7,740,000 of Refunding School Bonds to provide resources to refund a portion of the District's outstanding debt. The bonds are due to mature annually through the 2023 fiscal year at an annual interest rates of 3.00%.

In April 2018, the District issued \$40,318,000 of School Bonds to complete an Educational, Athletic & Infrastructure Enhancement capital project. The bonds are due to mature annually through the 2038 fiscal year at annual interest rates ranging from 3.25% to 3.75%.

Capital Leases Payable

The School District has entered into capital lease agreements for equipment purchases and to fund Capital Projects. All capital leases are for terms of five to fifteen years. The following is a schedule of the remaining future minimum lease payments are June 30, 2019:

	Amount
Year:	
2020	\$ 508,877
2021	438,004
2022	272,587
2023	273,933
2024	107,360
2025-2029	576,348
2030-2033	512,538
Total minimum lease payments	2,689,647
Less amounts representing interest	(445,047)
Present value of net minimum lease payments	\$ 2,244,600

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

5. Long-Term Liabilities (continued)

Capital leases were acquired to purchase the following assets:

	<u>Governmental Activities</u>
Asset:	
Buildings and Building Improvements	\$ 1,475,000
Machinery, equipment and vehicles	2,217,000
Less: Accumulated depreciation	<u>(686,733)</u>
Total	<u>\$ 3,005,267</u>

6. Pension Plans

Description of Systems

Substantially all of the District's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Teachers' Pension and Annuity Fund Retirement System is considered a cost-sharing multiple-employer plan, with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The Public Employees' Retirement System is considered a cost-sharing multiple-employer plan.

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively, with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

6. Pension Plans (continued)

Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Public Employee's Retirement System

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school Board or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service.

Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey statute based upon their tier.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS increased from 5.5% to 6.5% of employees' annual compensation. An additional increase is to be phased in over the next seven years that will bring the total pension contribution rate to 7.5% of employees' annual compensation.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

6. Pension Plans (continued)

Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

During the year ended June 30, 2019, the State of New Jersey contributed \$6,909,420 to the TPAF for normal costs of pension, post-retirement medical and long-term disability insurance benefits on behalf of the District.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$1,842,705 during the year ended June 30, 2019 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included as both revenues and expenditures in the government-wide and fund financial statements.

The District's actuarially determined contributions to PERS for each of the years ended June 30, 2019, 2018, and 2017 were \$1,028,788, \$1,054,168, and \$1,009,523, respectively, equal to the required contributions for each year.

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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For the 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.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employee's Retirement System (PERS)

At June 30, 2019, the District reported a liability of \$20,743,837 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2017 which was rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2018, the District's proportion was 0.1053548100 percent, which was a decrease of 0.0016333457 from its proportion measured as of June 30, 2017.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

6. Pension Plans (continued)

For the year ended June 30, 2019, the District recognized full accrual pension expense of \$1,581,852 in the government-wide financial statements. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 395,588	\$ 106,962
Changes of assumptions	3,418,241	6,632,776
Net difference between projected and actual earnings on pension plan investments		194,578
Changes in proportion	1,339,819	302,960
District contributions subsequent to the measurement date	1,028,788	
	\$ 6,182,436	\$ 7,237,276

\$1,028,788 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 596,391
2021	69,085
2022	(1,188,870)
2023	(1,137,742)
2024	(422,492)
	\$ (2,083,628)

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

6. Pension Plans (continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.25%
Salary increases Through 2026	1.65 - 4.15% based on age
Thereafter	2.65- 5.15% based on age
Investment rate of return	7.00%

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is unlikely 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.

Mortality Rates

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For local employees, mortality rates 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 Conduent modified 2014 projection scale.

Post retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

6. Pension Plans (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) 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 rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk mitigation strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
	<u>100.00%</u>	

Discount rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

6. Pension Plans (continued)

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 50% 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 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability as of June 30, 2018 calculated using the discount rate as disclosed above as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	At 1% Decrease (4.66%)	At Current Discount Rate (5.66%)	At 1% Increase (6.66%)
District's proportionate share of the net pension liability	\$ 26,082,985	\$ 20,743,837	\$ 16,264,633

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

6. Pension Plans (continued)

Additional Information

Collective balances at June 30, 2018 and 2017 are as follows:

	<u>6/30/2018</u>	<u>6/30/2017</u>
Collective deferred outflows of resources \$	3,619,985,444	\$ 5,396,431,901
Collective deferred inflows of resources	6,581,869,368	4,672,602,040
Collective net pension liability	19,689,501,539	23,278,401,588
District's Proportion	0.1053548100%	0.1069881557%

Collective pension expense for the Local Group for the measurement period ended June 30, 2018 is \$1,099,708,157.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2018, 2017, 2016, 2015 and 2014 is 5.63, 5.48, 5.57, 5.72 and 6.44 years, respectively.

Teachers Pensions and Annuity Fund (TPAF)

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

The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2018 was \$152,096,376. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 01, 2017, which was rolled forward to June 30, 2018.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

6. Pension Plans (continued)

The State's proportionate share of the net pension liability associated with the District was based on a 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, 2018, the State's proportionate share of the TPAF net pension liability associated with the District was 0.2390781379 percent, which was an increase of 0.0009895722% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized on-behalf pension expense and revenue in the government wide financial statements of \$8,866,687 for contributions incurred by the State.

Actuarial assumptions

The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.25%
Salary increases	
2011-2026	1.55 - 4.55%
Thereafter	2.00 - 5.45%
Investment rate of return	7.00%

Mortality Rates

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

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

6. Pension Plans (continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) 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 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk mitigation strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 4.86% as of June 30, 2018. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

6. Pension Plans (continued)

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 50% 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the State's proportionate share of the net pension liability associated with the District to changes in the discount rate

The following presents the net pension liability of the State as of June 30, 2018 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	At 1% Decrease (3.86%)	At Current Discount Rate (4.86%)	At 1% Increase (5.86%)
State's proportionate share of the net pension liability associated with the District	\$ 179,775,028	\$ 152,096,376	\$ 129,151,448

Pension plan fiduciary net position

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

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

6. Pension Plans (continued)

Additional Information

Collective balances at June 30, 2018 and 2017 are as follows:

	<u>6/30/2018</u>	<u>6/30/2017</u>
Collective deferred outflows of resources	\$ 12,473,998,870	\$ 14,353,461,035
Collective deferred inflows of resources	16,180,773,643	11,992,821,439
Collective net pension liability	63,806,350,446	67,670,209,171
District's Proportion	0.2390781379%	0.2380885657%

Collective pension expense for the plan for the measurement period ended June 30, 2018 is \$3,720,032,991.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2018, 2017, 2016, 2015 and 2014 is 8.29, 8.30, 8.30, 8.30 and 8.50 years, respectively.

7. Post-retirement Benefits

Plan Description

The District contributes to the New Jersey State Health Benefits Program (the "SHBP"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program 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 Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

7. Post-retirement Benefits (continued)

Funding Policy

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. 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's contributions to the State Health Benefits Plan for post-retirement benefits for the years ended June 30, 2019, 2018, and 2017, respectively, were \$2,154,785, \$2,329,180, and \$2,231,406.

As the employer contributions for local government education employers are legally required to be funded by the State, this constitutes a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity.

The State is also responsible for the cost attributable 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 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 provides OPEB benefits through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Total OPEB Liability

The net OPEB liability from New Jersey's plan is \$46,110,832,982.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

7. Post-retirement Benefits (continued)

The following employees were covered by the benefit terms:

<u>Local Education</u>	<u>June 30, 2018</u>
Active Plan Members	217,131
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	145,050
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	<u>-</u>
Total Plan Members	362,181

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. The State's proportionate share of the net OPEB liability associated with the District as of June 30, 2018 was \$100,883,111, or 0.22%. Additional information can be obtained from the State of New Jersey's comprehensive annual financial report.

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The total nonemployer OPEB liability as of June 30, 2017 was determined by actuarial valuation as of June 30, 2017. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in.

Inflation rate	2.50%	
	<u>TPA/ABP</u>	<u>PERS</u>
Salary Increases:		
Through 2026	1.55 - 4.45%	2.15 - 4.15%
	based in years of service	based in age
Thereafter	2.00 - 5.45%	3.15 - 5.15%
	based on years of service	based in age

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

7. Post-retirement Benefits (continued)

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based in the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-20014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvements projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the actuarial experience studies for the periods July 1, 2012 – June 30, 2015 and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Healthcare Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 8.0% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2018 was 3.87%. This represents the municipal bond return rate as chosen by the Division. The source is Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

7. Post-retirement Benefits (continued)

Changes in the Total Nonemployer OPEB Liability

The following represents the change in the State's proportionate share of the OPEB liability associated with the District:

Balance at June 30, 2018		\$ 115,969,509
Increased by:		
Service cost		4,085,846
Interest cost		4,251,774
Member contributions		<u>93,233</u>
		124,400,362
Decreased by:		
Changes of assumptions	\$ 11,576,842	
Differences between expected and actual experience	9,242,831	
Gross benefit payments	<u>2,697,578</u>	
		<u>(23,517,251)</u>
Balance at June 30, 2019		<u>\$ 100,883,111</u>

The following represents sensitivity of the State's proportionate share of the net OPEB liability associated with the District to changes in the discount rate and healthcare cost trend rate.

	1% Decrease <u>(2.87%)</u>	At Current Discount Rate <u>(3.87%)</u>	1% Increase <u>(4.87%)</u>
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 119,264,374	\$ 100,883,111	\$ 86,271,905

The following presents the State's proportionate share of the net OPEB liability associated with the District calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	Healthcare Cost Trend Rates	<u>1% Increase</u>
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 83,385,767	\$ 100,883,111	\$ 124,024,018

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

7. Post-retirement Benefits (continued)

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

For the year ended June 30, 2018, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$4,572,676 for OPEB expenses incurred by the State.

Collective balances of the Education Group at June 30, 2019 are as follows:

Deferred outflows of resources	\$	1,377,313,892
Deferred inflows of resources	\$	16,189,378,926
Collective OPEB expense	\$	2,129,660,368

8. Interfund Receivables and Payables

The total interfund receivables and payables for the District at June 30, 2019 are as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 1,989,736	
Special Revenue Fund		\$ 272,748
Capital Projects Fund		738,544
Debt Service Fund	738,544	
Food Service Enterprise Fund		1,237,288
Primetime Enterprise Fund	34,734	86,903
Early Childhood Enterprise Fund		427,531
	\$ 2,763,014	\$ 2,763,014

The interfund receivable in the general fund was created for the following purposes: a transfer in the amount of \$1,500,000 was established from the food service (\$1,100,000) early childhood (\$350,000) and Primetime (\$50,000) enterprise funds. These transfers resulted from excess net position that accumulated in these funds. Consequently, these transfers moved funds to the general fund to be utilized as general tax relief. The remaining interfund amounts result from a cash loan to the Special Revenue Fund to clear a pooled cash deficit. The interfund receivable in the debt service fund represents interest income earned in the Capital Projects Fund that is owed to the Debt Service Fund to offset future debt service payments.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

9. Economic Dependency

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

10. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In addition, the District is receiving funding from the New Jersey Schools Development Authority (NJSDA), in connection with its approved referendum project. The costs associated with the funding received from the NJSDA are subject to a final review of eligible costs and compliance by the New Jersey Department of Education and the NJSDA. To the extent that the District has not complied with the rules and regulations governing the NJSDA funds or has not met the final eligible costs requirements, refunds of any money received may be required. If necessary, the District has made adequate provisions for any potential questioned costs related to its grant programs.

11. Risk Management

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

Property and Liability Insurance

The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds and does not retain risk of loss. A complete schedule of insurance coverage can be found in the Statistical Section of this report.

There have been no significant reductions in insurance coverage from the prior year and no settlements have exceeded insurance coverage over the past three years.

New Jersey Unemployment Compensation Insurance

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

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

11. Risk Management (continued)

The following is a summary of 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>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018-2019	\$ 75,854	\$ 69,094	\$ 225,348
2017-2018	90,838	81,859	218,588
2016-2017	133,711	74,983	209,609

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, boiler & machinery, School Board legal liability, general & automobile liability, workers' compensation, and comprehensive crime coverage.

12. Deferred Compensation

The School District offers its employees a choice of the following deferred compensation plans created in accordance with the 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, MetLife, Lincoln Investment Planning, Inc. Fidelity Investments, and Valic Investments.

13. Restricted Assets

Restricted assets consist of funds set-aside in a capital reserve fund, and maintenance reserve fund that are restricted pursuant to enabling legislation.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

14. Transfers – Reconciliation

The following presents a reconciliation of transfers during the fiscal year ended June 30, 2019:

	In	Out
General Fund	\$ 1,500,000	
Food Service Fund		\$ 1,100,000
Early Childhood Fund		350,000
Primetime Fund		50,000
	\$ 1,500,000	\$ 1,500,000

See Note 8 “Interfund Receivables and Payables” for detailed explanation of transfer.

15. Capital Reserve Account

A capital reserve account was established by the District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. Funds placed in the capital reserve account are restricted to capital projects in the District’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end (June 1 to June 30) of any unanticipated revenue or unexpended line – item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 01, 2018 to June 30, 2019 fiscal year is as follows:

Beginning balance, July 1, 2018	\$ 1,000,000
Increase:	
Deposit approved at the June 2019 Board meeting	2,000,000
Withdrawals:	
Budget withdrawal	(1,000,000)
Ending balance, June 30, 2019	\$ 2,000,000

The June 30, 2019 LRFP balance of local support costs of uncompleted capital projects exceeded the amount in the capital reserve.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2019

16. Maintenance Reserve Account

A maintenance reserve account was established by the District by way of a Board approved resolution for the accumulation of funds for use as maintenance expenditures in subsequent fiscal years. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget. Funds placed in the maintenance reserve account are restricted to maintenance projects in the District's approved Comprehensive Maintenance Plan (CMP).

The activity of the maintenance reserve for the July 01, 2018 to June 30, 2019 fiscal year is as follows:

Beginning balance, July 1, 2018	\$ 1,450,968
Increase:	
Deposit approved at the June 2019 Board meeting	<u>500,000</u>
Ending balance, June 30, 2019	<u><u>\$ 1,950,968</u></u>

Upon submission of the CMP to the New Jersey Department of Education, the District may increase the balance in the maintenance reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line - item appropriation amounts, or both. The District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2.

Pursuant to NJ.AC. 6A:23A-14.2(g), the balance in the account cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year. The balance in the maintenance reserve does not exceed four percent of the replacement cost of the school district's school facilities for the current year at June 30, 2019.

17. Commitments

There was \$25,769,741 of contractual commitments at June 30, 2019 to vendors related to ongoing construction projects which is reported as restricted for capital projects in the Capital Projects Fund. There were contractual commitments in the general fund in the amount of \$22,646 at June 30, 2019 which are reported as assigned to other purposes.

Required Supplementary Information – Part II

**Schedules Related to Accounting and Reporting for Pensions
and OPEBs
(GASB 68 and GASB 75)**

Holmdel Township School District
 Schedule of the District's Proportionate Share of the Net Pension Liability
 Public Employee's Retirement System

Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
District's proportion of the net pension liability (asset) - Local Group	0.10535%	0.10699%	0.10202%	0.96340%	0.95330%	0.93620%	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 20,743,837	\$ 24,905,133	\$ 30,214,761	\$ 21,626,749	\$ 17,847,912	\$ 17,893,541	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 7,342,601	\$ 7,816,493	\$ 7,843,575	\$ 7,535,615	\$ 7,072,860	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	282.51%	318.62%	385.22%	286.99%	252.34%	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability - Local Group	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%	N/A	N/A	N/A	N/A

The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

N/A - information not available

Note to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.00% as of June 30, 2017 to 5.66% as of June 30, 2018.

Holmdel Township School District
 Schedule of District Contributions
 Public Employee's Retirement System

Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 1,028,788	\$ 1,054,168	\$ 991,131	\$ 906,312	\$ 828,279	\$ 785,866	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(1,028,788)	(1,054,168)	(991,131)	(906,312)	(828,279)	(785,866)	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ 1,028,788	\$ 1,054,168	\$ 991,131	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 7,342,601	\$ 7,816,493	\$ 7,843,575	\$ 7,535,615	\$ 7,072,860	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	14.01%	13.49%	12.64%	12.03%	11.71%					

Holmdel Township School District
 Schedule of the State's Proportionate Share of the Net Pension Liability Associated With the District
 Teachers' Pension and Annuity Fund

Last Ten Fiscal Years*

	2019	2018	2017	2016	2015	2014
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	152,096,376	160,527,896	185,493,497	149,028,526	128,555,940	122,905,106
Total proportionate share of the net pension liability (asset) associated with the District	<u>\$ 152,096,376</u>	<u>\$ 160,527,896</u>	<u>185,493,497</u>	<u>149,028,526</u>	<u>128,555,940</u>	<u>122,905,106</u>
Plan fiduciary net position as a percentage of the total pension liability	28.22%	25.41%	22.33%	28.71%	33.64%	33.76%

The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

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

Covered payroll information is not presented since the Teachers' Pension and Annuity Fund is a special funding situation in which the District does not make contributions to this plan.

Notes to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.25% as of June 30, 2017 to 4.86% as of June 30, 2018.

Holmdel Township School District
Schedule of the State's Proportionate Share of the OPEB Liability Associated With the District
State Health Benefit Local Education Retired Employees Plan

Last Ten Fiscal Years*

	Year Ended June 30, 2018	Year Ended June 30, 2019
State's proportion of the OPEB Liability associated with the District -	0.22%	0.22%
District's proportionate share of the OPEB liability	\$ -	\$ -
State's proportionate share of the OPEB liability associated with the District	\$ 115,969,509	\$ 100,883,111
Total proportionate share of the OPEB liability associated with the District	\$ 115,969,509	\$ 100,883,111
Beginning Balance at July 1	\$ 124,961,251	\$ 115,969,509
Increased by:		
Service cost	\$ 4,919,251	\$ 4,085,846
Interest cost	3,664,986	4,251,774
Member contributions	98,909	93,233
	8,683,146	8,430,853
Decreased by:		
Diff. between expected and actual exp.	-	(11,576,842)
Changes of assumptions	(14,988,788)	(9,242,831)
Gross benefit payments	(2,686,100)	(2,697,578)
	\$ (17,674,888)	\$ (23,517,251)
Balance	\$ 115,969,509	\$ 100,883,111
Covered by employee payroll	\$ 35,055,197	\$ 33,303,773
Total OPEB liability as a percentage of covered employee payroll.	330.82%	302.92%

The amounts presented for each fiscal year were determined as of the previous fiscal

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

Notes to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

Required Supplementary Information – Part III

**Schedules of Revenues, Expenditures, and Changes in Fund
Balances – Budget and Actual (Budgetary Basis)**

Holmdel Township School District
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources:					
Local tax levy	\$ 53,906,806		\$ 53,906,806	\$ 53,906,806	
Tuition from individuals				28,363	\$ 28,363
Tuition from LEAs within state				472,883	472,883
Other restricted miscellaneous revenues	600,000		600,000	253,833	(346,167)
Total revenues - local sources	54,506,806	-	54,506,806	54,661,885	155,079
State sources:					
Categorical transportation aid	628,417		628,417	721,124	92,707
Extraordinary aid	269,058		269,058	821,954	552,896
Categorical special education aid	1,479,185		1,479,185	1,479,185	
Categorical security aid	139,118		139,118	139,118	
Other state aid				29,000	29,000
On-behalf TPAF pension contributions (non-budgeted)				4,750,425	4,750,425
On-behalf TPAF Post-Retirement Medical contributions (non-budgeted)				2,154,785	2,154,785
On-behalf TPAF Long- Term Disability Insurance contributions (non-budgeted)				4,210	4,210
Reimbursed TPAF social security contributions (non-budgeted)				1,842,705	1,842,705
Total - state sources	2,515,778	-	2,515,778	11,942,506	9,426,728
Federal sources:					
Medicaid reimbursement	23,992		23,992	24,107	115
Total federal sources	23,992	-	23,992	24,107	115
Total revenues	57,046,576	-	57,046,576	66,628,498	9,581,922
Expenditures					
Current expenditures:					
Instruction - regular programs:					
Salaries of teachers:					
Preschool/kindergarten	318,225	34,920	353,145	353,145	
Grades 1-5	5,894,683	76,909	5,971,592	5,968,073	3,519
Grades 6-8	4,040,082	140,047	4,180,129	4,178,579	1,550
Grades 9-12	5,879,687	(152,545)	5,727,142	5,725,105	2,037
Home instruction - regular programs:					
Salaries of teachers	25,683	5,468	31,151	31,151	
Purchased professional-educational services	8,000		8,000	2,983	5,017
Undistributed instruction - regular programs:					
Purchased professional-educational services	10,950	(5,500)	5,450	4,800	650
Other purchased services	1,061	500	1,561	847	714
General supplies	737,217	5,607	742,824	682,179	60,645
Textbooks	252,069	11,383	263,452	225,011	38,441
Other objects	136,850	3,489	140,339	111,573	28,766
Total instruction - regular programs	17,304,507	120,278	17,424,785	17,283,446	141,339

Holmdel Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2019

	Original	Budget	Final		Variance
	Budget	Transfers	Budget	Actual	Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Learning and/or language disabilities:					
Salaries of teachers	\$ 70,725	\$ 81,736	\$ 152,461	\$ 132,920	\$ 19,541
Other salaries for instruction	131,110	204,696	335,806	327,551	8,255
General supplies	1,000	840	1,840	1,795	45
Total learning and/or language disabilities	202,835	287,272	490,107	462,266	27,841
Visual impairments:					
Salaries of teachers	206,657		206,657	205,848	809
Purchased professional ed services	14,000		14,000		14,000
Total visual impairments:	220,657	-	220,657	205,848	14,809
Multiple disabilities:					
Salaries of teachers	323,029	34,965	357,994	357,994	
Other salaries for instruction	408,415	136,537	544,952	544,759	193
General supplies	4,000	(2,200)	1,800	783	1,017
Total multiple disabilities	735,444	169,302	904,746	903,536	1,210
Resource room/center:					
Salaries of teachers	3,712,843	88,949	3,801,792	3,801,791	1
General supplies	22,000	1,635	23,635	20,540	3,095
Textbooks	2,000	(1,635)	365	365	
Total resource room/center	3,736,843	88,949	3,825,792	3,822,696	3,096
Preschool disabilities - part time:					
Salaries of teachers	208,336	(66,290)	142,046	142,046	
Other salaries for instruction	129,950	(57,921)	72,029	72,029	
General supplies	500		500	345	155
Total preschool disabilities - part time	338,786	(124,211)	214,575	214,420	155
Home instruction:					
Salaries of teachers	72,500		72,500	66,046	6,454
Purchased professional-educational services	10,000	20,000	30,000	14,721	15,279
Total home instruction	82,500	20,000	102,500	80,767	21,733
Total special education	5,317,065	441,312	5,758,377	5,689,533	68,844

Holmdel Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Basic skills/remedial - instruction:					
Salaries of teachers	\$ 648,450	\$ (167,566)	\$ 480,884	\$ 477,443	\$ 3,441
Total basic skills/remedial - instruction	648,450	(167,566)	480,884	477,443	3,441
Bilingual education - instruction:					
Salaries of teachers	201,200	(90,357)	110,843	110,843	
General supplies	760		760	759	1
Total bilingual education - instruction	201,960	(90,357)	111,603	111,602	1
School - sponsored cocurricular activities:					
Salaries	205,411	(507)	204,904	200,794	4,110
Purchased services	11,877	(100)	11,777	7,307	4,470
Other objects	1,200	(1,200)			
Total school spn. cocurricular activities	218,488	(1,807)	216,681	208,101	8,580
School - sponsored athletics - instruction:					
Salaries	445,763		445,763	440,333	5,430
Supplies and materials	58,874		58,874	52,194	6,680
Other objects	103,329	8,000	111,329	107,651	3,678
Total school - sponsored athletics - instruction	607,966	8,000	615,966	600,178	15,788
Undistributed expenditures:					
Instruction:					
Tuition to county voc. School dist. - regular	681,150		681,150	625,590	55,560
Tuition to county voc. School dist. - special	13,530		13,530	13,530	
Tuition to private schools for the disabled - within state	559,864	(9,354)	550,510	523,758	26,752
Tuition to priv. sch. & other LEAs	96,365	(2,865)	93,500	93,500	
Total instruction	1,350,909	(12,219)	1,338,690	1,256,378	82,312

Holmdel Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Health services:					
Salaries	\$ 494,580	\$ (54,808)	\$ 439,772	\$ 439,772	
Purchased professional and technical services	66,580		66,580	66,580	
Supplies and materials	221,215	(89,729)	131,486	89,459	\$ 42,027
Other objects	8,461	250	8,711	7,550	1,161
Total health services	790,836	(144,287)	646,549	603,361	43,188
Speech, OT, PT, and related services related services:					
Salaries	918,090	6,734	924,824	914,991	9,833
Purchased professional educational services	7,275	9,183	16,458	13,502	2,956
Supplies and materials	24,270	160	24,430	23,649	781
Other objects	261,068	(66,189)	194,879	165,511	29,368
Total Speech, OT, PT, and related services	1,210,703	(50,112)	1,160,591	1,117,653	42,938
Other support services - students - extra services:					
Salaries	1,573,281	(197,305)	1,375,976	1,373,790	2,186
Purchased professional educational services	65,704	61,799	127,503	117,724	9,779
Supplies and materials	3,000		3,000	2,422	578
Total other support services - students - extra services	1,641,985	(135,506)	1,506,479	1,493,936	12,543
Guidance:					
Salaries of other professional staff	1,002,561		1,002,561	999,781	2,780
Salaries of secretarial and clerical assistants	151,126	47,410	198,536	191,423	7,113
Supplies and materials	14,815		14,815	9,190	5,625
Other objects	3,079		3,079	1,785	1,294
Total guidance	1,171,581	47,410	1,218,991	1,202,179	16,812
Child Study Team:					
Salaries of other professional staff	1,103,617	(88,494)	1,015,123	1,014,603	520
Salaries of secretarial and clerical assistants	125,018		125,018	124,364	654
Other purchased professional - technical services	37,901	(1,101)	36,800	36,300	500
Other purchased services (400-500 series)	3,000		3,000	846	2,154
Supplies and materials	9,000	(2,500)	6,500	5,148	1,352
Other objects	17,734		17,734	17,405	329
Total child study team	1,296,270	(92,095)	1,204,175	1,198,666	5,509

Holmdel Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Improvement of instructional services:					
Salaries of supervisors of instruction	\$ 563,171	\$ 7,091	\$ 570,262	\$ 570,262	
Salaries of other professional staff	197,845		197,845	194,034	\$ 3,811
Salaries of secretaries and clerical assistants	343,207	66,518	409,725	409,725	
Other purchased prof. and tech. services	20,000		20,000	19,500	500
Other purchased services	2,835		2,835	812	2,023
Supplies and materials	1,965		1,965	1,293	672
Other objects	16,690		16,690	10,092	6,598
Total improvement of instructional services	1,145,713	73,609	1,219,322	1,205,718	13,604
Educational media services/school library:					
Salaries	939,220	(8,841)	930,379	918,015	12,364
Supplies and materials	34,463	(1,370)	33,093	31,650	1,443
Total educational media services/school library	973,683	(10,211)	963,472	949,665	13,807
Instructional staff training services:					
Salaries of other professional staff		69,275	69,275	69,275	
Supplies and materials					
Other objects	64,870	(2,105)	62,765	43,722	19,043
Total instructional staff training services	64,870	67,170	132,040	112,997	19,043
Support services-general administration:					
Salaries	270,343	(5,937)	264,406	263,972	434
Legal services	125,000	62,428	187,428	184,443	2,985
Audit fees	35,000	10	35,010	34,895	115
Other purchased professional services	42,000	(15,629)	26,371	19,661	6,710
Communications/telephone	74,044	1,045	75,089	67,000	8,089
Miscellaneous expenditures	97,180	720	97,900	72,734	25,166
BOE membership dues and fees	9,350		9,350	6,347	3,003
Total support services-general administration	652,917	42,637	695,554	649,052	46,502

Holmdel Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Support services-school administration:					
Salaries of principals/asst.principals program directors	\$ 1,109,205	\$ 8,306	\$ 1,117,511	\$ 1,117,511	
Salaries of secretarial and clerical assistants	478,531	(8,306)	470,225	460,057	\$ 10,168
Supplies and materials	20,500	(1,284)	19,216	19,216	
Other objects	13,535	(400)	13,135	12,181	954
Total support services-school administration	1,621,771	(1,684)	1,620,087	1,608,965	11,122
Central services:					
Salaries	861,276	(285)	860,991	860,674	317
Purchased professional services	5,100		5,100	5,100	
Interest on current loans	55,740		55,740	55,650	90
Miscellaneous expenditures	5,000	364	5,364	4,414	950
Total central services	927,116	79	927,195	925,838	1,357
Administrative information technology:					
Salaries	61,845	286	62,131	62,131	
Other objects	3,000	(2,005)	995	933	62
Total administrative information technology	64,845	(1,719)	63,126	63,064	62
Required maintenance for school facilities:					
Salaries	581,585		581,585	548,038	33,547
Cleaning, repair and maintenance services	518,960	83,056	602,016	578,636	23,380
General supplies	217,300	(2,602)	214,698	155,335	59,363
Total required maintenance for school facilities	1,317,845	80,454	1,398,299	1,282,009	116,290
Custodial Services:					
Salaries	1,979,118		1,979,118	1,891,293	87,825
Salaries of Non-Instructional Aides	398,952		398,952	284,834	114,118
Purchased professional and technical services	10,400		10,400	1,300	9,100
Cleaning, repair and maintenance services	72,800		72,800	72,689	111
Other purchased property services	198,450		198,450	182,114	16,336
Insurance	536,900		536,900	511,655	25,245
General supplies	221,710	(36,276)	185,434	147,023	38,411
Energy - Natural gas	278,200		278,200	233,322	44,878
Energy - Electricity	404,466		404,466	325,085	79,381
Other Objects	28,300		28,300	13,198	15,102
Energy savings impr prog bonds - interest	47,834		47,834	44,696	3,138
Energy savings impr prog bonds - principal	172,900		172,900	168,400	4,500
Total custodial services	4,350,030	(36,276)	4,313,754	3,875,609	438,145
Care & upkeep of grounds:					
Salaries	318,594		318,594	266,608	51,986
Total care & upkeep of grounds	318,594	-	318,594	266,608	51,986

Holmdel Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Security					
Salaries	\$ 244,402	\$ (147,341)	\$ 97,061	\$ 97,061	
Purchased professional and technical services	55,000	341,131	396,131	309,525	\$ 86,606
Total Security	299,402	193,790	493,192	406,586	86,606
Student transportation services:					
Salaries for pupil transportation:					
Between home and school - regular	73,000		73,000	70,558	2,442
Other than between home & school	178,302	(2,645)	175,657	175,282	375
Other purchased prof. and tech. services	455	3,000	3,455	3,000	455
Contracted services:					
Vendors - special ed	400,288	182,435	582,723	582,723	
Vendors - between home & school	1,733,779	(113,372)	1,620,407	1,620,407	
Joint agreements - special ed	370,590	(2,920)	367,670	367,670	
Aid in lieu - nonpublic	43,000		43,000	39,216	3,784
Miscellaneous purchased services	4,759		4,759	4,018	741
General supplies	2,000		2,000	1,337	663
Transportation supplies	5,100		5,100		5,100
Other objects	2,550		2,550	1,274	1,276
Total student transportation services	2,813,823	66,498	2,880,321	2,865,485	14,836
Unallocated benefits:					
Social security contributions	829,460		829,460	788,246	41,214
Other retirement contributions - PERS	1,102,952		1,102,952	1,055,279	47,673
Unemployment compensation	25,000		25,000		25,000
Worker's compensation	474,980	13,211	488,191	488,191	
Health insurance	9,770,780	(298,847)	9,471,933	8,709,767	762,166
Tuition reimbursement	120,000		120,000	93,373	26,627
Other employee benefits	175,000		175,000	124,623	50,377
Total unallocated benefits	12,498,172	(285,636)	12,212,536	11,259,479	953,057
On-behalf TPAF pension contributions (non-budgeted)				4,750,425	(4,750,425)
On-behalf TPAF Post-Retirement Medical contributions (non-budgeted)				2,154,785	(2,154,785)
On-behalf TPAF Long- Term Disability Insurance contributions (non-budgeted)				4,210	(4,210)
Reimbursed TPAF social security contributions (non-budgeted)				1,842,705	(1,842,705)
Total personal services: benefits	12,498,172	(285,636)	12,212,536	20,011,604	(7,799,068)
Total undistributed expenditures	34,511,065	(198,098)	34,312,967	41,095,373	(6,782,406)
Total current expenditures	58,809,501	111,762	58,921,263	65,465,676	(6,544,413)

Holmdel Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Capital outlay:					
Equipment:					
Undistributed expenditures:					
Instruction	\$ 6,710	\$ (3,625)	\$ 3,085	\$ 3,085	
Non-instructional		4,000	4,000	4,000	
Required maint for school fac	22,850		22,850	2,792	\$ 20,058
Total equipment	29,560	375	29,935	9,877	20,058
Facilities acquisition and construction services:					
Lease purchase agreements - principal	438,000		438,000	438,000	
Assessment for debt service of SDA funding	69,515		69,515	69,515	
Construction services		36,851	36,851	36,850	1
Total facilities acquisition and construction services	507,515	36,851	544,366	544,365	1
Total expenditures - capital outlay	537,075	37,226	574,301	554,242	20,059
Total expenditures	59,346,576	148,988	59,495,564	66,019,918	(6,524,354)
(Deficiency) excess of revenues (under) over expenditures	(2,300,000)	(148,988)	(2,448,988)	608,580	3,057,568
Other financing (uses):					
Transfers in (enterprise funds)				1,500,000	1,500,000
Total other financing (uses)	-	-	-	1,500,000	1,500,000
(Deficiency) excess of revenues (under) over expenditures and other financing sources (uses)	(2,300,000)	(148,988)	(2,448,988)	2,108,580	4,557,568
Fund balances, July 1	6,532,798		6,532,798	6,532,798	
Fund balances, June 30	\$ 4,232,798	\$ (148,988)	\$ 4,083,810	\$ 8,641,378	\$ 4,557,568
Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing sources (uses)					
Budgeted fund balance	\$ (2,300,000)		\$ (2,300,000)	\$ 2,257,568	\$ 4,557,568
Adjustment for prior year encumbrances		\$ (148,988)	(148,988)	(148,988)	
Total	\$ (2,300,000)	\$ (148,988)	\$ (2,448,988)	\$ 2,108,580	\$ 4,557,568
Recapitulation of fund balance:					
Restricted for:					
Maintenance reserve				\$ 1,950,968	
Capital reserve				2,000,000	
Designated for subsequent years expenditures - capital reserve				1,000,000	
Designated for subsequent years expenditures - prior year excess surplus				17,826	
Assigned to:					
Year end encumbrances				22,646	
Designated for subsequent year's expenditures				1,982,174	
Unassigned fund balance				1,667,764	
				8,641,378	
Reconciliation to Government Funds Statements GAAP:					
Last two state aid payments not recognized on GAAP basis				(221,079)	
Fund balance per Government Funds (GAAP) (B-1)				\$ 8,420,299	

Holmdel Township School District
Special Revenue Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
State sources	\$ 616,784	\$ 131,234	\$ 748,018	\$ 728,012	\$ (20,006)
Federal sources	950,826	152,643	1,103,469	979,600	(123,869)
Other sources		191,979	191,979	165,683	(26,296)
Total revenues	<u>1,567,610</u>	<u>475,856</u>	<u>2,043,466</u>	<u>1,873,295</u>	<u>(170,171)</u>
Expenditures:					
Current expenditures:					
Instruction:					
Salaries of teachers	127,379	47,964	175,343	157,010	18,333
Purchased professional educational services	526,056	(35,648)	490,408	470,422	19,986
Tuition	543,850	37,493	581,343	549,381	31,962
Supplies and materials	2,459	179,610	182,069	165,854	16,215
Other Objects		5,743	5,743	3,210	2,533
Total instruction	<u>1,199,744</u>	<u>235,162</u>	<u>1,434,906</u>	<u>1,345,877</u>	<u>89,029</u>
Support services:					
Salaries of teachers	33,776	2,317	36,093	25,279	10,814
Personal services—employee benefits	22,859	11,189	34,048	34,048	
Purchased professional technical services	54,353	(4,493)	49,860	49,855	5
Purchased professional educational services	193,923	18,714	212,637	186,264	26,373
Other purchased professional services	14,803	12,031	26,834	18,310	8,524
Supplies and materials	2,456	31,625	34,081	4,842	29,239
Other Objects	9,321	(2,064)	7,257	1,085	6,172
Total support services	<u>331,491</u>	<u>69,319</u>	<u>400,810</u>	<u>319,683</u>	<u>81,127</u>
Capital outlay:					
Facilities acquisition and construction services:					
Construction services	3,450	119,091	122,541	122,541	
Instructional equipment	32,925	52,284	85,209	85,194	15
Total facilities acquisition and construction services	<u>36,375</u>	<u>171,375</u>	<u>207,750</u>	<u>207,735</u>	<u>15</u>
Total expenditures	<u>1,567,610</u>	<u>475,856</u>	<u>2,043,466</u>	<u>1,873,295</u>	<u>170,171</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Holmdel Township School District
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2019

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-1, C-2)	\$ 66,628,498	\$ 1,873,295
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior year		-
Current year		(238,228)
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.		
Prior year	187,714	
Current year	(221,079)	
<hr/>		
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2)	<u>\$ 66,595,133</u>	<u>\$ 1,635,067</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 66,019,918	\$ 1,873,295
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Prior year		-
Current year		(238,228)
<hr/>		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 66,019,918</u>	<u>\$ 1,635,067</u>

Supplementary Information

Special Revenue Fund

Holmdel Township School District
Special Revenue Fund

Combining Schedule of Revenues and Expenditures

Budgetary Basis

Year ended June 30, 2019

	Title I		I.D.E.A.		Title II		Title III	Title IV
	Regular	Part B	Part B	Part A	Regular	Immigrant	Drug Free	Regular
	Part A	Regular	Preschool	Regular			Regular	
Revenues:								
State sources								
Federal sources	\$ 172,650	\$ 719,750	\$ 31,506	\$ 41,952	\$ 2,897		\$ 10,845	
Other sources								
Total revenues	\$ 172,650	\$ 719,750	\$ 31,506	\$ 41,952	\$ 2,897		\$ 10,845	
Expenditures:								
Current expenditures:								
Instruction:								
Salaries of teachers	\$ 113,534		\$ 29,320				\$ 4,317	
Tuition		\$ 549,381						
Purchased professional technical services								
Supplies and materials	4,961			\$ 1,058	\$ 2,897		3,202	
Other objects							3,210	
Total instruction	118,495	549,381	29,320	1,058	2,897		10,729	
Support services:								
Salaries of other professional staff	22,293			2,986				
Personal services—employee benefits	31,862		2,186					
Purchased professional technical services								
Purchased professional educational services		168,645		17,619				
Other purchased professional services		1,724		16,486			100	
Supplies and materials				2,718			16	
Other objects				1,085				
Total support services	54,155	170,369	2,186	40,894			116	
Capital outlay:								
Facilities acquisition and construction services:								
Construction services								
Total facilities acquisition and construction services								
Equipment:								
Instructional equipment								
Total equipment								
Total capital outlay								
Total expenditures	\$ 172,650	\$ 719,750	\$ 31,506	\$ 41,952	\$ 2,897		\$ 10,845	

Holmdel Township School District
Special Revenue Fund

Combining Schedule of Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2019

	New Jersey Non-Public Aid									
	Comp Ed	ESL	Exam & Class	Corrective Speech	Supple - mentary Instruction	Nursing	Technology Initiative	Home Instruction	Text - books	Security
	Regular Program	Regular Program	Regular Program	Regular Program	Regular Program	Regular Program	Regular Program	Regular Program	Regular Program	Regular Program
Revenues:										
State sources	\$ 79,694	\$ 345	\$ 89,739	\$ 12,141	\$ 78,548	\$ 134,188	\$ 49,855	\$ 1,945	\$ 73,822	\$ 207,735
Federal sources										
Other sources										
Total revenues	<u>\$ 79,694</u>	<u>\$ 345</u>	<u>\$ 89,739</u>	<u>\$ 12,141</u>	<u>\$ 78,548</u>	<u>\$ 134,188</u>	<u>\$ 49,855</u>	<u>\$ 1,945</u>	<u>\$ 73,822</u>	<u>\$ 207,735</u>
Expenditures:										
Current expenditures:										
Instruction:										
Salaries of teachers										
Tuition										
Purchased professional technical services	\$ 79,694	\$ 345	\$ 89,739	\$ 12,141	\$ 78,548	\$ 134,188		\$ 1,945	\$ 73,822	
Supplies and materials										
Other objects										
Total instruction	<u>79,694</u>	<u>345</u>	<u>89,739</u>	<u>12,141</u>	<u>78,548</u>	<u>134,188</u>		<u>1,945</u>	<u>73,822</u>	
Support services:										
Salaries of other professional staff										
Personal services—employee benefits										
Purchased professional technical services							\$ 49,855			
Purchased professional educational services										
Other purchased professional services										
Supplies and materials										
Other objects										
Total support services							<u>49,855</u>			
Capital outlay:										
Facilities acquisition and construction services:										
Construction services										\$ 122,541
Total facilities acquisition and construction services										<u>122,541</u>
Equipment:										
Instructional equipment										85,194
Total equipment										<u>85,194</u>
Total capital outlay										<u>207,735</u>
Total expenditures	<u>\$ 79,694</u>	<u>\$ 345</u>	<u>\$ 89,739</u>	<u>\$ 12,141</u>	<u>\$ 78,548</u>	<u>\$ 134,188</u>	<u>\$ 49,855</u>	<u>\$ 1,945</u>	<u>\$ 73,822</u>	<u>\$ 207,735</u>

Holmdel Township School District
Special Revenue Fund

Combining Schedule of Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2019

	<u>Local Programs</u>	<u>Totals</u>
Revenues:		
State sources		\$ 728,012
Federal sources		979,600
Other sources	\$ 165,683	165,683
Total revenues	<u>\$ 165,683</u>	<u>\$ 1,873,295</u>
Expenditures:		
Current expenditures:		
Instruction:		
Salaries of teachers	\$ 9,839	\$ 157,010
Tuition		549,381
Purchased professional technical services		470,422
Supplies and materials	153,736	165,854
Other objects		3,210
Total instruction	<u>163,575</u>	<u>1,345,877</u>
Support services:		
Salaries of other professional staff		25,279
Personal services—employee benefits		34,048
Purchased professional technical services		49,855
Purchased professional educational services		186,264
Other purchased professional services		18,310
Supplies and materials	2,108	4,842
Other objects		1,085
Total support services	<u>2,108</u>	<u>319,683</u>
Capital outlay:		
Facilities acquisition and construction services:		
Construction services		122,541
Total facilities acquisition and construction services		<u>122,541</u>
Equipment:		
Instructional equipment		85,194
Total equipment		<u>85,194</u>
Total capital outlay		<u>207,735</u>
Total expenditures	<u>\$ 165,683</u>	<u>\$ 1,873,295</u>

Capital Projects Fund

Holmdel Township School District
 Capital Projects Fund
 Summary Schedule of Project Revenues, Expenditures,
 Project Balance and Project Status
 (Budgetary Basis)
 Year ended June 30, 2019

Revenues and other financing sources	
State Sources - SDA Grants	\$ -
Total revenues	<u>-</u>
Expenditures and Other Financing Uses	
Construction and professional technical services	10,746,347
Equipment	<u>120,243</u>
Total expenditures	10,866,590
(Deficiency) of revenues (under) expenditures	<u>(10,866,590)</u>
Other Financing sources	
Transfers in	-
Total other financing sources	<u>-</u>
(Deficiency) of revenues (under) expenditures and other financing sources	(10,866,590)
Fund Balance, July 1	<u>41,418,802</u>
Fund Balance, June 30	<u><u>\$ 30,552,212</u></u>
Fund balance, budgetary-basis	\$ 30,552,212
Less difference in grant revenue recognized	<u>(110,328)</u>
Fund balance, GAAP-basis	<u><u>\$ 30,441,884</u></u>

Holmdel Township School District
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status
 (Budgetary Basis)

From Inception and for the year ended June 30, 2019

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant	\$ 8,888,137		\$ 8,888,137	\$ 8,888,137
Bond Proceeds	59,194,242		59,194,242	59,194,242
Contribution from Private sources	2,274,733		2,274,733	2,274,733
Transfer from capital reserve	<u>1,323,000</u>		<u>1,323,000</u>	<u>1,323,000</u>
Total revenues	71,680,112		71,680,112	<u><u>\$ 71,680,112</u></u>
Expenditures and Other Financing Uses				
Purchased professional/tech services	3,424,508	2,257,838	5,682,346	
Land and improvements		1,091,550	1,091,550	
Construction services	25,969,179	7,396,959	33,366,138	
Equipment	<u>867,623</u>	<u>120,243</u>	<u>987,866</u>	
Total expenditures	30,261,310	10,866,590	41,127,900	
Excess (deficiency) of revenues over (under) expenditures	<u><u>\$ 41,418,802</u></u>	<u><u>\$ (10,866,590)</u></u>	<u><u>\$ 30,552,212</u></u>	

Holmdel Township School District
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status
 (Budgetary Basis)
 Renovations and Additions to Schools, Various Capital Prijects & Purchase of Furniture and Equipment
 From Inception and for the year ended June 30, 2019

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant	\$ 8,006,137		\$ 8,006,137	\$ 8,006,137
Bond Proceeds	18,876,242		18,876,242	18,876,242
Contribution from Private sources				
Transfer from capital reserve				-
Total revenues	<u>26,882,379</u>	<u>-</u>	<u>26,882,379</u>	<u>\$ 26,882,379</u>
Expenditures and Other Financing Uses				
Purchased professional/tech services	2,721,206		2,721,206	
Land and improvements				
Construction services	23,926,327		23,926,327	
Equipment	<u>188,133</u>		<u>188,133</u>	
Total expenditures	26,835,666	-	26,835,666	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 46,713</u>	<u>\$ -</u>	<u>\$ 46,713</u>	

Additional project information

Project number	N/A
Grant date	10/31/2001
Bond authorization date	12/11/2001
Bonds Authorized	\$ 18,876,242
Bonds Issued	18,876,000
Original Authorized Cost	27,010,520
Additional Authorized Cost	(174,612)
Revised Authorized Cost	26,882,379
Percentage Decrease over Original Authorized Cost	-0.47%
Percentage completion	99.83%
Original target completion date	9/2005
Revised target completion date	N/A

Holmdel Township School District
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

MCIA Capital Equipment Lease - 2017

From Inception and for the year ended June 30, 2019

	<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				
Bond Proceeds				
Lease Proceeds	799,733		\$ 799,733	\$ 799,733
Transfer from capital reserve				
Total revenues	<u>799,733</u>	<u>-</u>	<u>799,733</u>	<u>\$ 799,733</u>
Expenditures and Other Financing Uses				
Purchased professional/tech services				
Land and improvements				
Construction services				
Equipment	679,490	120,243	799,733	
Total expenditures	679,490	120,243	799,733	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 120,243</u>	<u>\$ (120,243)</u>	<u>\$ -</u>	

Additional project information

Project number	N/A
Grant date	N/A
Bond authorization date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 799,733
Additional Authorized Cost	N/A
Revised Authorized Cost	N/A
Percentage Increase over Original Authorized Cost	N/A
Percentage completion	100%
Original target completion date	N/A
Revised target completion date	6/2019

Holmdel Township School District
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status
 (Budgetary Basis)

Window Replacements - Various Schools
 From Inception and for the year ended June 30, 2019

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant	\$ 882,000		\$ 882,000	\$ 882,000
Bond Proceeds				
Lease Proceeds				
Transfer from capital reserve	1,323,000		1,323,000	1,323,000
Total revenues	<u>2,205,000</u>	<u>-</u>	<u>2,205,000</u>	<u>\$ 2,205,000</u>
Expenditures and Other Financing Uses				
Purchased professional/tech services				
Land and improvements				
Construction services	1,909,171	20,000	1,929,171	
Equipment				
Total expenditures	<u>1,909,171</u>	<u>20,000</u>	<u>1,929,171</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 295,829</u>	<u>\$ (20,000)</u>	<u>\$ 275,829</u>	

Additional project information

Project numbers:	2230-020-14-1003 2230-030-14-1003 2230-050-14-1005 2230-020-14-1002
Grant date	12/28/2018
Bond authorization date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 2,205,000
Additional Authorized Cost	-
Revised Authorized Cost	\$ 2,205,000
Percentage Increase over Original Authorized Cost	0.00%
Percentage completion	98.18%
Original target completion date	N/A
Revised target completion date	N/A

Holmdel Township School District
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

Educational, Athletic & Infrastructure Enhancements - Various Schools

From Inception and for the year ended June 30, 2019

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant				
Bond Proceeds	\$ 40,318,000		\$ 40,318,000	\$ 40,318,000
Lease Proceeds				
Transfer from capital reserve			-	-
Total revenues	<u>40,318,000</u>	<u>-</u>	<u>40,318,000</u>	<u>\$ 40,318,000</u>
Expenditures and Other Financing Uses				
Purchased professional/tech services	703,060	1,919,448	2,622,508	
Land and improvements				
Construction services	133,681	7,376,959	7,510,640	
Equipment				
Total expenditures	<u>836,741</u>	<u>9,296,407</u>	<u>10,133,148</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 39,481,259</u>	<u>\$ (9,296,407)</u>	<u>\$ 30,184,852</u>	

Additional project information

Project number	N/A
Grant date	5/27/2014
Bond authorization date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 40,318,000
Additional Authorized Cost	-
Revised Authorized Cost	\$ 40,318,000
Percentage Increase over Original Authorized Cost	0.00%
Percentage completion	74.87%
Original target completion date	5/27/2014
Revised target completion date	N/A

Holmdel Township School District
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
(Budgetary Basis)

ESIP Lighting and Other Various Upgrades - Various Schools

From Inception and for the year ended June 30, 2019

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant				
Bond Proceeds				
Lease Proceeds	\$ 1,475,000		\$ 1,475,000	\$ 1,475,000
Transfer from capital reserve			-	-
Total revenues	<u>1,475,000</u>	<u>-</u>	<u>1,475,000</u>	<u>\$ 1,475,000</u>
Expenditures and Other Financing Uses				
Purchased professional/tech services		338,390	338,390	
Land and improvements		1,091,550	1,091,550	
Construction services				
Equipment				
Total expenditures	<u>-</u>	<u>1,429,940</u>	<u>1,429,940</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,475,000</u>	<u>\$ (1,429,940)</u>	<u>\$ 45,060</u>	

Additional project information

Project number	N/A
Grant date	
Bond authorization date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,475,000
Additional Authorized Cost	-
Revised Authorized Cost	\$ 1,475,000
Percentage Increase over Original Authorized Cost	0.00%
Percentage completion	96.95%
Original target completion date	12/31/2019
Revised target completion date	N/A

Holmdel Township School District
 Capital Projects Fund
 Summary Schedule of Project Expenditures
 (Budgetary Basis)

June 30, 2019

<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Renovations of and Additions to Schools, Various Capital Projects & Purchase of Furniture and Equipment	\$ 26,882,379	\$ 26,835,908		\$ 46,471
MCIA Capital Equipment Lease - 2017	799,733	679,490	\$ 120,243	
Windows - Various Schools	2,205,000	1,909,171	20,000	275,829
Educational, Athletic & Infrastructure Enhancements - Various Schools	40,318,000	836,741	9,296,407	30,184,852
ESIP Lighting and Various Upgrades - Various Schools	1,475,000		1,429,940	45,060
	<u>\$ 71,680,112</u>	<u>\$ 30,261,310</u>	<u>\$ 10,866,590</u>	<u>\$ 30,552,212</u>

Fiduciary Funds

Holmdel Township School District
Trust and Agency Funds

Combining Statement of Fiduciary Net Position

Year ended June 30, 2019

	<u>Trust</u>			<u>Agency</u>		
	<u>Private- Purpose Scholarship Funds</u>	<u>Unemployment Compensation</u>	<u>Total Trust</u>	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency</u>
Assets						
Cash and cash equivalents	\$ 35,366	\$ 38,617	\$ 73,983	\$ 161,400	\$ 2,694,170	\$2,855,570
Accounts receivable		192,860	192,860			
Total assets	<u>\$ 35,366</u>	<u>\$ 231,477</u>	<u>\$ 266,843</u>	<u>\$ 161,400</u>	<u>\$ 2,694,170</u>	<u>\$2,855,570</u>
Liabilities						
Payroll deductions payable					\$ 22,182	\$ 22,182
Accounts payable		\$ 6,129	\$ 6,129		2,671,988	2,671,988
Due to student groups				\$ 161,400		161,400
Total liabilities	<u>\$ -</u>	<u>\$ 6,129</u>	<u>\$ 6,129</u>	<u>\$ 161,400</u>	<u>\$ 2,694,170</u>	<u>\$2,855,570</u>
Net position						
Held in trust for unemployment claims		\$ 225,348	\$ 225,348			
Held in trust for scholarships	\$ 35,366		35,366			
Total net position	<u>\$ 35,366</u>	<u>\$ 225,348</u>	<u>\$ 260,714</u>			

Holmdel Township School District
Trust Funds

Combining Statement of Changes in Fiduciary Net Position

Year ended June 30, 2019

	Private- Purpose Scholarship Funds	Unemployment Compensation	Totals
Additions:			
Interest income	\$ 5		\$ 5
Contributions	5,300	\$ 75,854	81,154
Total additions	<u>5,305</u>	<u>75,854</u>	<u>81,159</u>
Deductions:			
Scholarship payments	14,800		14,800
Unemployment claims paid		69,094	69,094
Total deductions	<u>14,800</u>	<u>69,094</u>	<u>83,894</u>
Change in net position	(9,495)	6,760	(2,735)
Net position, beginning	44,861	218,588	263,449
Net position, ending	<u>\$ 35,366</u>	<u>\$ 225,348</u>	<u>\$ 260,714</u>

Holmdel Township School District
Student Activity Agency Fund

Statement of Cash Receipts and Cash Disbursements

Year ended June 30, 2019

	Balance July 1, 2018	Cash Receipts	Cash Disbursements	Balance June 30, 2019
Assets:				
Cash and cash equivalents				
Schools:				
Holmdel High School Athletic Fund	\$ 727	\$ 110,437	\$ 107,218	\$ 3,946
Holmdel High School Student Activity Account	66,804	271,451	244,680	93,575
Indian Hill School Student Activity Fund	32,529	72,681	71,042	34,168
Village School Student Activity Account	22,009	17,152	22,131	17,030
W.R. Satz School Student Activity Fund	23,174	188,347	210,362	1,159
W.R. Satz School Athletic Fund	35	13,285	13,263	57
Total Student Activity Fund	145,278	673,353	668,696	149,935
Activities:				
Summer Camp	14,893	5,375	8,803	11,465
Total assets	\$ 160,171	\$ 678,728	\$ 677,499	\$ 161,400

Holmdel Township School District
Payroll Agency Fund

Statement of Cash Receipts and Cash Disbursements

Year ended June 30, 2019

	Balance July 1, 2017	Cash Receipts	Cash Disbursements	Balance June 30, 2018
Assets				
Cash and cash equivalents	\$ 2,545,557	\$ 52,403,190	\$ 52,254,577	\$ 2,694,170
Total assets	<u>\$ 2,545,557</u>	<u>\$ 52,403,190</u>	<u>\$ 52,254,577</u>	<u>\$ 2,694,170</u>
Liabilities				
Payroll deductions payable	\$ 80,460	\$ 52,403,190	\$ 52,461,468	\$ 22,182
Accounts payable	2,465,097	2,671,988	2,465,097	2,671,988
Total liabilities	<u>\$ 2,545,557</u>	<u>\$ 52,403,190</u>	<u>\$ 52,461,468</u>	<u>\$ 2,694,170</u>

Fiduciary Funds

Holmdel Township School District
Long-Term Debt

Schedule of Serial Bonds Payable

June 30, 2019

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2018	Retired	Balance June 30, 2019
			Date	Amount				
Refunding of 2013 Bonds	7/25/2013	\$ 5,415,000				\$ 545,000	\$ 545,000	
Refunding of 2015 Bonds	10/28/2015	7,740,000	3/15/2020	\$ 1,115,000	4.000%	5,655,000	1,140,000	\$ 4,515,000
			3/15/2021	1,100,000	4.000%			
			3/15/2022	1,090,000	4.000%			
			3/15/2023	1,210,000	4.000%			
General Obligation Bonds Series 2018	4/24/2018	40,318,000	2/1/2020	1,300,000	3.250%	40,318,000		40,318,000
			2/1/2021	1,300,000	3.250			
			2/1/2022	1,365,000	3.250			
			2/1/2023	1,300,000	3.250			
			2/1/2024	1,938,000	3.250			
			2/1/2025	1,975,000	3.250			
			2/1/2026	2,035,000	3.250			
			2/1/2027	2,095,000	3.250			
			2/1/2028	2,155,000	3.250			
			2/1/2029	2,220,000	3.250			
			2/1/2030	2,295,000	3.250			
			2/1/2031	2,370,000	3.250			
			2/1/2032	2,445,000	3.250			
			2/1/2033	2,525,000	3.250			
			2/1/2034	2,600,000	3.250			
			2/1/2035	2,600,000	3.375			
2/1/2036	2,600,000	3.375						
2/1/2037	2,600,000	3.500						
2/1/2038	2,600,000	3.500						
						<u>\$ 46,518,000</u>	<u>\$ 1,685,000</u>	<u>\$ 44,833,000</u>

Holmdel Township School District
Long-Term Debt

Schedule of Obligations Under Capital Leases

June 30, 2019

Issue	Date of Lease	Term of Lease	Amount of Original Lease		Interest Rate	Balance July 1, 2018	Retired	Balance June 30, 2019
			Principal	Interest				
2013 MCIA Equipment	9/24/2013	5 years	\$ 726,000	\$ 103,273	1.000-5.000 %	\$ 159,000	\$ 159,000	
2013 MCIA Equipment	10/8/2015	5 years	744,000	106,510	2.000-5.000 %	470,000	149,000	\$ 321,000
2013 MCIA Equipment	10/11/2017	5 years	747,000	109,666	4.000-5.000 %	747,000	130,000	617,000
2018 Energy Savings Improvement Program	4/27/2018	15 years	1,475,000	410,763	3.545 %	1,475,000	168,400	1,306,600
						<u>\$ 2,851,000</u>	<u>\$ 606,400</u>	<u>\$ 2,244,600</u>

Holmdel Township School District
Debt Service Fund

Budgetary Comparison Schedule

Year ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local sources:					
Local tax levy	\$ 2,990,356		\$ 2,990,356	\$ 2,990,356	
Total revenues	<u>2,990,356</u>		<u>2,990,356</u>	<u>2,990,356</u>	
Expenditures:					
Principal on bonds	1,685,000		1,685,000	1,685,000	
Interest on bonds	1,305,356		1,305,356	1,196,196	\$ 109,160
Total expenditures	<u>2,990,356</u>		<u>2,990,356</u>	<u>2,881,196</u>	<u>109,160</u>
Excess of revenues over expenditures				109,160	109,160
Other financing sources (uses)					
Transfers in				738,544	738,544
Fund balance, July 1	69,705		69,705	69,705	
Fund balance, June 30	<u>\$ 69,705</u>	<u>\$ -</u>	<u>\$ 69,705</u>	<u>\$ 917,409</u>	<u>\$ 847,704</u>

Statistical Section (Unaudited)

Other Information

**Statistical Section
Unaudited**

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year.*

Holmdel Township School District
Net Position by Component
Last Ten Fiscal Years

(accrual basis of accounting)
Unaudited

	June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 27,893,766	\$ 29,461,141	\$ 30,706,272	\$ 32,468,038	\$ 32,022,178	\$ 36,136,561	\$ 41,411,753	\$ 39,981,673	\$ 2,021,935	\$ 44,421,713
Restricted	3,529,843	3,741,642	3,861,568	3,178,902	3,229,987	4,024,437	3,918,554	1,314,521	44,332,739	5,231,957
Unrestricted (deficit)	(253,793)	193,857	110,832	536,516	2,231,548	(18,185,134)	(21,737,003)	(19,924,435)	(20,001,708)	(20,075,176)
Total governmental activities net position	<u>\$ 31,169,816</u>	<u>\$ 33,396,640</u>	<u>\$ 34,678,672</u>	<u>\$ 36,183,456</u>	<u>\$ 37,483,713</u>	<u>\$ 21,975,864</u>	<u>\$ 23,593,304</u>	<u>\$ 21,371,759</u>	<u>\$ 26,352,966</u>	<u>\$ 29,578,494</u>
Business-type activities										
Investment in capital assets	\$ 50,771	\$ 25,096	\$ 18,272	\$ 12,816	\$ 8,283	\$ 5,014	\$ 45,077	\$ 41,296	\$ 54,810	\$ 48,559
Unrestricted	597,878	842,809	926,343	1,005,613	1,104,679	234,175	1,353,994	1,661,476	2,004,224	640,453
Total business-type activities net position	<u>\$ 648,649</u>	<u>\$ 867,905</u>	<u>\$ 944,615</u>	<u>\$ 1,018,429</u>	<u>\$ 1,112,962</u>	<u>\$ 239,189</u>	<u>\$ 1,399,071</u>	<u>\$ 1,702,772</u>	<u>\$ 2,059,034</u>	<u>\$ 689,012</u>
District-wide										
Net investment in capital assets	\$ 27,944,537	\$ 29,486,237	\$ 30,724,544	\$ 32,480,854	\$ 32,030,461	\$ 36,141,575	\$ 41,456,830	\$ 40,022,969	\$ 2,076,745	\$ 44,470,272
Restricted	3,529,843	3,741,642	3,861,568	3,178,902	3,229,987	4,024,437	3,918,554	1,314,521	44,332,739	5,231,957
Unrestricted (deficit)	344,085	1,036,666	1,037,175	1,542,129	3,336,227	(17,950,959)	(20,383,009)	(18,262,959)	(17,997,484)	(19,434,723)
Total district net position	<u>\$ 31,818,465</u>	<u>\$ 34,264,545</u>	<u>\$ 35,623,287</u>	<u>\$ 37,201,885</u>	<u>\$ 38,596,675</u>	<u>\$ 22,215,053</u>	<u>\$ 24,992,375</u>	<u>\$ 23,074,531</u>	<u>\$ 28,412,000</u>	<u>\$ 30,267,506</u>

Source: CAFR Schedule A-1 and District records.

Notes: GASB 63 was implemented in the 2013 fiscal year, which required the reclassification of balances previously reported as net assets to net position.

GASB 68 was implemented during the 2015 fiscal year, which required the restatement of beginning net position in the amount of \$31,810,285. This amount is not reflected in the June 30, 2014 Net Position, above.

Holmdel Township School District
Changes in Net Position
Last Ten Fiscal Years

(accrual basis of accounting)
Unaudited

	2010		2011		2012		2013		2014		2015		2016		2017		2018		2019	
Expenses																				
Governmental activities																				
Instruction	\$	(30,284,789)	\$	(29,598,124)	\$	(30,701,743)	\$	(23,069,139)	\$	(23,223,017)	\$	(23,546,118)	\$	(23,999,528)	\$	(24,207,792)	\$	(47,707,941)	\$	(45,123,562)
Support services:																				
Tuition		(1,064,117)		(1,112,963)		(976,976)		(944,986)		(1,086,353)		(1,091,888)		(1,210,030)		(1,302,565)		(2,110,183)		(1,806,541)
Student & Instruction Related Services		(8,637,241)		(8,862,150)		(9,162,159)		(7,897,495)		(7,602,496)		(7,722,598)		(7,982,066)		(8,071,936)		(12,259,534)		(11,814,609)
School Administrative Services		(1,821,855)		(1,781,416)		(1,825,571)		(1,424,352)		(1,462,340)		(1,508,715)		(1,517,276)		(1,517,821)		(859,615)		(857,666)
General administration		(868,622)		(886,157)		(826,526)		(567,061)		(595,703)		(640,945)		(589,819)		(633,485)		(1,275,574)		(2,787,087)
Central Services		(1,175,857)		(1,120,560)		(1,086,021)		(1,159,659)		(761,297)		(827,851)		(804,968)		(848,939)		(88,017)		(1,570,038)
Administrative Information Technology		(38,603)		(51,265)		(54,285)		(53,921)		(55,400)		(57,001)		(58,874)		(59,686)		(2,228,569)		(109,453)
Plant operations & maintenance		(8,227,159)		(7,574,763)		(9,243,614)		(6,629,954)		(6,466,333)		(5,812,803)		(5,935,866)		(5,959,314)		(8,754,012)		(8,155,816)
Pupil transportation		(3,240,832)		(3,008,797)		(2,293,063)		(2,234,729)		(2,473,004)		(2,529,060)		(2,739,126)		(2,743,808)		(3,967,280)		(3,128,120)
Employee benefits								(14,171,537)		(13,845,065)		(20,306,796)		(23,803,361)		(18,852,441)				
Interest on long-term debt		(1,047,959)		(860,350)		(873,936)		(755,989)		(785,967)		(596,009)		(647,845)		(397,033)		(443,500)		(1,422,833)
Unallocated depreciation and amortization		(885,403)		(782,663)		(778,845)		(948,409)		(1,333,877)		(881,860)		(730,814)		(845,072)				
Total governmental activities		<u>(57,292,437)</u>		<u>(55,639,208)</u>		<u>(57,822,739)</u>		<u>(59,857,231)</u>		<u>(59,690,852)</u>		<u>(65,521,644)</u>		<u>(70,019,573)</u>		<u>(65,439,892)</u>		<u>(79,694,225)</u>		<u>(76,775,725)</u>
Business-type activities:																				
Food service		(1,211,316)		(1,244,817)		(1,303,735)		(1,295,986)		(1,297,381)		(1,372,242)		(1,363,947)		(1,270,466)		(1,235,326)		(1,413,816)
PrimeTime		(181,612)		(181,113)		(172,133)		(156,389)		(150,383)		(141,422)		(141,413)		(151,244)		(201,089)		(206,045)
Summer Enrichment		(97,732)		(26,664)		(36,386)		(33,724)		(30,283)		(31,777)		(16,219)		(6,731)		(1,050)		(27,750)
Early Childhood						(5,736)				(14,405)		(252,415)		(255,419)		(248,477)		(274,429)		(346,312)
Total business-type activities expense		<u>(1,490,660)</u>		<u>(1,452,594)</u>		<u>(1,517,990)</u>		<u>(1,486,099)</u>		<u>(1,492,452)</u>		<u>(1,797,856)</u>		<u>(1,776,998)</u>		<u>(1,676,918)</u>		<u>(1,711,894)</u>		<u>(1,993,923)</u>
Total district expenses		<u>\$ (58,783,097)</u>		<u>\$ (57,091,802)</u>		<u>\$ (59,340,729)</u>		<u>\$ (61,343,330)</u>		<u>\$ (61,183,304)</u>		<u>\$ (67,319,500)</u>		<u>\$ (71,796,571)</u>		<u>\$ (67,116,810)</u>		<u>\$ (81,406,119)</u>		<u>\$ (78,769,648)</u>
Program Revenues																				
Governmental activities:																				
Charges for services - Instruction (tuition)	\$	217,385	\$	238,270	\$	368,221		\$ 436,062	\$	389,993	\$	407,835	\$	481,597	\$	575,567			\$	501,246
Charges for services - support services - tuition																				
Operating grants and contributions		1,247,409		14,743		26,309		1,495,762		1,316,644		12,274,445		14,545,145		1,641,813		21,419,236		1,635,067
Capital grants and contributions																				8,000
Total governmental activities program revenues		<u>1,464,794</u>		<u>253,013</u>		<u>394,530</u>		<u>1,931,824</u>		<u>1,706,637</u>		<u>12,682,280</u>		<u>15,026,742</u>		<u>2,217,380</u>		<u>21,419,236</u>		<u>2,144,313</u>
Business-type activities:																				
Charges for services:																				
Food service		1,336,188		1,450,535		1,393,294		1,360,620		1,305,863		1,325,674		1,305,801		1,388,441		1,478,602		1,436,958
PrimeTime		184,573		194,343		153,029		163,524		187,334		181,479		171,339		180,151		193,156		208,447
Summer Enrichment		104,307		26,945		48,376		35,772		43,288		23,282		15,931		976		1,300		27,525
Early Childhood										347,961		389,314		372,595		395,098				421,207
Total business type activities program revenues		<u>1,625,068</u>		<u>1,671,823</u>		<u>1,594,699</u>		<u>1,559,916</u>		<u>1,536,485</u>		<u>1,878,396</u>		<u>1,882,385</u>		<u>1,942,163</u>		<u>2,068,156</u>		<u>2,094,137</u>
Total district program revenues		<u>\$ 3,089,862</u>		<u>\$ 1,924,836</u>		<u>\$ 1,989,229</u>		<u>\$ 3,491,740</u>		<u>\$ 3,243,122</u>		<u>\$ 14,560,676</u>		<u>\$ 16,909,127</u>		<u>\$ 4,159,543</u>		<u>\$ 23,487,392</u>		<u>\$ 4,238,450</u>
Net (Expense)/Revenue																				
Governmental activities	\$	(55,827,643)	\$	(55,386,195)	\$	(57,428,209)	\$	(57,925,407)	\$	(57,984,215)	\$	(52,839,364)	\$	(54,992,831)	\$	(63,222,512)	\$	(58,274,989)	\$	(74,631,412)
Business-type activities		134,408		219,229		76,709		73,817		44,033		80,540		105,387		265,245		356,262		100,214
Total district-wide net expense		<u>\$ (55,693,235)</u>		<u>\$ (55,166,966)</u>		<u>\$ (57,351,500)</u>		<u>\$ (57,851,590)</u>		<u>\$ (57,940,182)</u>		<u>\$ (52,758,824)</u>		<u>\$ (54,887,444)</u>		<u>\$ (62,957,267)</u>		<u>\$ (57,918,727)</u>		<u>\$ (74,531,198)</u>

Holmdel Township School District
Changes in Net Position
Last Ten Fiscal Years

(accrual basis of accounting)
Unaudited

	Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes	\$ 46,564,487	\$ 47,180,371	\$ 47,180,371	\$ 47,770,126	\$ 48,450,529	\$ 49,414,695	\$ 50,648,047	\$ 52,197,343	\$ 53,241,290	\$ 53,906,806
Taxes levied for debt service	3,221,163	3,160,520	3,113,858	3,051,483	2,971,232	2,800,957	2,794,727	2,494,218	2,483,081	2,990,356
Unrestricted grants and contributions	7,729,658	6,965,580	7,474,329	8,353,200	7,563,872	2,714,555	2,627,277	9,334,333	3,424,423	18,467,401
Investment earnings	7,867	4,973								738,544
Miscellaneous income	1,010,211	301,574	541,681	255,383	430,375	207,141	320,155	151,597	305,506	253,833
Restricted grants and entitlements						105,698	220,075	28,455	596,917	
Transfers										1,500,000
Total governmental activities	<u>58,533,386</u>	<u>57,613,018</u>	<u>58,310,239</u>	<u>59,430,192</u>	<u>59,416,008</u>	<u>55,243,046</u>	<u>56,610,281</u>	<u>64,205,946</u>	<u>60,051,217</u>	<u>77,856,940</u>
Business-type activities:										
Investment earnings	15	28								
Miscellaneous income										29,764
Transfers					50,499	45,687	54,495	38,456		(1,500,000)
Total business-type activities	<u>15</u>	<u>28</u>	<u>-</u>	<u>-</u>	<u>50,499</u>	<u>45,687</u>	<u>54,495</u>	<u>38,456</u>	<u>-</u>	<u>(1,470,236)</u>
Total district-wide	<u>\$ 58,533,401</u>	<u>\$ 57,613,046</u>	<u>\$ 58,310,239</u>	<u>\$ 59,430,192</u>	<u>\$ 59,466,507</u>	<u>\$ 55,288,733</u>	<u>\$ 56,664,776</u>	<u>\$ 64,244,402</u>	<u>\$ 60,051,217</u>	<u>\$ 76,386,704</u>
Change in Net Position										
Governmental activities	\$ 2,705,743	\$ 2,226,823	\$ 882,030	\$ 1,504,785	\$ 1,431,793	\$ 2,403,682	\$ 1,617,450	\$ 983,434	\$ 1,776,228	\$ 3,225,528
Business-type activities	134,423	219,257	76,709	73,817	94,532	126,227	159,882	303,701	356,262	(1,370,022)
Total district	<u>\$ 2,840,166</u>	<u>\$ 2,446,080</u>	<u>\$ 958,739</u>	<u>\$ 1,578,602</u>	<u>\$ 1,526,325</u>	<u>\$ 2,529,909</u>	<u>\$ 1,777,332</u>	<u>\$ 1,287,135</u>	<u>\$ 2,132,490</u>	<u>\$ 1,855,506</u>

Source: CAFR Schedule A-2 and District records.

Note: GASB 63 was implemented in the 2013 fiscal year, which required the reclassification of balances previously reported as net assets to net position.

Holmdel Township School District
Fund Balances - Governmental Funds
Last Ten Fiscal Years

(modified accrual basis of accounting)
Unaudited

	June, 30									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved			\$ 1,358,880	\$ 2,340,278	\$ 3,099,131	\$ 2,981,372	\$ 2,967,645			
Unreserved			1,119,138	831,399	240,949	415,315	816,304			
Restricted			251,916	180,145	103,549			\$ 1,504,979	\$ 2,962,560	\$ 4,968,794
Assigned	\$ 4,168,924	\$ 2,053,284						1,524,075	1,955,222	2,004,820
Unassigned	320,200	582,764						1,885,784	1,427,302	1,446,685
Total general fund	<u>\$ 4,489,124</u>	<u>\$ 2,636,048</u>	<u>\$ 2,729,934</u>	<u>\$ 3,351,822</u>	<u>\$ 3,443,629</u>	<u>\$ 3,396,687</u>	<u>\$ 3,783,949</u>	<u>\$ 4,914,838</u>	<u>\$ 6,345,084</u>	<u>\$ 8,420,299</u>
All Other Governmental Funds										
Reserved reported in:										
Capital projects fund	\$ 15,206									
Debt service fund	3,817									
Restricted reported in:										
Capital projects fund		\$ 31,266	\$ 48,114	\$ 31,266	\$ 125,289	\$ 46,471	\$ 1,040,135	\$ 996,679	\$ 41,300,474	\$ 30,441,884
Debt service fund			1	1					69,705	917,409
Unreserved (deficit), reported in:										
Capital projects fund		15,206	18,122	15,206						
Assigned, reported in:										
Debt service fund					62,470	1	100,765	1		
Total all other governmental funds	<u>\$ 19,023</u>	<u>\$ 46,472</u>	<u>\$ 66,237</u>	<u>\$ 46,473</u>	<u>\$ 187,759</u>	<u>\$ 46,472</u>	<u>\$ 1,140,900</u>	<u>\$ 996,680</u>	<u>\$ 41,370,179</u>	<u>\$ 31,359,293</u>

Source: CAFR Schedule B-1 and District records.

Note 1: GASB #54 was implemented in the 2011 fiscal year, which required the presentations of fund balances to be reported in different classifications from those presented in prior years. Prior years have not been restated above and are not required to be.

Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years

(modified accrual basis of accounting)
Unaudited

	Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Local sources:										
Local tax levy	\$ 49,785,650	\$ 50,340,891	\$ 50,294,229	\$ 50,821,609	\$ 51,421,761	\$ 52,215,652	\$ 53,442,774	\$ 54,691,561	\$ 55,724,371	\$ 56,897,162
Tuition charges	217,385	238,270	368,221	436,062	389,993	407,835	481,597	575,567	596,917	501,246
Interest earnings		4,973								738,544
Miscellaneous	220,078	301,574	541,681	295,592	451,751	246,629	294,350	186,602	344,244	294,516
Total local sources	50,223,113	50,885,708	51,204,131	51,553,263	52,263,505	52,870,116	54,218,721	55,453,730	56,665,532	58,431,468
State sources	7,549,327	5,696,654	6,801,622	8,832,495	8,045,997	8,475,459	9,313,976	9,926,261	11,676,116	12,531,925
Federal sources	1,427,739	1,283,573	1,099,016	976,258	806,917	936,994	854,791	1,043,335	949,602	1,003,707
Total revenue	59,200,179	57,865,935	59,104,769	61,362,016	61,116,419	62,282,569	64,387,488	66,423,326	69,291,250	71,967,100
Expenditures										
Instruction:										
Regular instruction	15,969,314	15,728,483	15,893,613	17,241,917	17,205,888	17,264,938	17,567,455	17,657,280	17,528,145	25,591,180
Special education instruction	4,119,680	4,185,660	4,198,398	4,505,111	4,619,880	4,931,631	5,123,476	5,187,350	5,266,072	
Other special instruction	587,808	495,565	547,908	621,996	698,285	626,652	555,063	587,638		
School-Sponsored/Other Instruction	742,163	753,124	689,942	700,115	698,964	740,897	767,862	775,524	1,446,345	
Undistributed:										
Tuition	1,064,117	1,112,963	976,976	944,986	1,086,353	1,091,888	1,210,030	1,302,565	1,470,147	1,256,378
Student and instruction related services				7,897,495	7,602,496	7,722,598	7,982,066	8,071,936	7,886,554	1,117,653
Health services	598,549	635,324							654,564	603,361
Support services - students	5,145,944	5,071,430	642,581						598,887	6,369,847
Support services - instructional staff	851,824	873,116	5,361,581						888,682	112,997
General administration	511,329	492,514	887,646	567,061	595,703	640,945	589,819	633,485		649,052
School administrative services	1,476,994	1,442,768	440,816	1,424,352	1,462,340	1,508,715	1,517,276	1,517,821	61,321	1,608,965
Central services	1,175,857	1,126,613	1,455,006	1,159,659	761,297	827,851	804,968	848,939	1,552,626	925,838
Admin. Information technology	21,463	51,265	1,086,021	53,921	55,400	57,001	58,874	59,686	6,079,111	63,064
Plant operations and maintenance	5,884,296	5,974,533	54,285	6,550,875	6,466,333	5,812,803	5,935,866	5,959,314		5,830,812
Pupil transportation	2,696,853	2,452,411	7,220,703	2,234,729	2,473,004	2,529,060	2,739,126	2,743,808	2,763,972	2,865,485
Employee benefits	14,367,404	11,470,208	2,204,895	14,186,141	13,858,310	14,458,376	15,916,589	16,660,955	18,518,582	20,011,604
Capital outlay	827,929	494,228	12,333,765	523,377	1,083,549	874,714	1,709,503	92,291	2,959,667	11,515,339
Special revenue	2,015,118	1,825,701	857,430							
Debt Service:			1,555,252							
Principal	2,155,000	2,170,000	2,200,000	2,230,000	2,300,000	2,285,000	2,300,000	2,624,000	2,494,000	1,685,000
Interest and other charges	1,066,164	990,520	913,858	821,483	682,530	578,426	486,083	419,497	352,596	1,196,196
Total expenditures	61,277,806	57,346,426	59,520,676	61,663,218	61,650,332	61,951,495	65,264,056	65,142,089	70,521,271	81,402,771
(Deficiency) excess of revenues (under) over expenditures	(2,077,627)	519,509	(415,907)	(301,202)	(533,913)	331,074	(876,568)	1,281,237	(1,230,021)	(9,435,671)
Other Financing sources (uses)										
Proceeds from bond issuance					5,699,361		8,430,680		41,793,000	
Cancellation of prior year accounts payable							37,890			
Payment to escrow agent					(5,625,594)		(8,338,560)			
Transfers in						158,549	1,323,000			2,238,544
Transfers out						(158,549)	(1,323,000)			(738,544)
Proceeds from MCIA bonds			500,000		726,000		744,000		747,000	
Total other financing sources (uses)	-	-	500,000	-	799,767	-	874,010	-	42,540,000	1,500,000
Net change in fund balances	(2,077,627)	519,509	84,093	(301,202)	265,854	331,074	(2,558)	1,281,237	41,309,979	(7,935,671)
Fund balance, July 1, as restated	-	(2,077,627)	(1,558,118)	(1,474,025)	(1,775,227)	(1,509,373)	5,126,605	5,124,047	6,405,284	47,715,263
Fund balance, June 30	<u>\$ (2,077,627)</u>	<u>\$ (1,558,118)</u>	<u>\$ (1,474,025)</u>	<u>\$ (1,775,227)</u>	<u>\$ (1,509,373)</u>	<u>\$ (1,178,299)</u>	<u>\$ 5,124,047</u>	<u>\$ 6,405,284</u>	<u>\$ 47,715,263</u>	<u>\$ 39,779,592</u>
Debt service as a percentage of noncapital expenditures	5.55%	5.83%	5.52%	5.21%	5.08%	4.85%	8.46%	4.90%	4.21%	4.12%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

The beginning fiscal year 2016 fund balance was restated as a direct result of the implementation of Governmental Accounting Standards Board Statement No.72, Fair Measurement and Application.

Holmdel Township School District
General Fund - Other Local Revenue by Source
Last Ten Fiscal Years

(modified accrual basis of accounting)
Unaudited

<u>Year Ended June 30,</u>	<u>Tuition from Individuals</u>	<u>Tuition from Other LEAs</u>	<u>Miscellaneous</u>	<u>Interest on Investments</u>	<u>Prior Years' Refunds</u>	<u>Rental Income</u>	<u>Annual Totals</u>
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
2018		523,660	5,839	67,418	87,175	95,894	779,986
2019	28,363	472,883	185,359		10,074	58,400	755,079

Source: District records

Holmdel Township School District
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Unaudited

Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value*	Tax Exempt Property	Public Utilities ^a	Net Valuation Taxable*	Total Direct School Tax Rate ^b
2010	\$ 39,934,900	\$ 3,348,716,600	\$ 17,413,800	\$ 1,161,500	\$ 360,379,100	\$ 56,906,900	\$ 8,955,700	\$ 2,191,473,000	\$ 387,393,500	\$ 8,963,595	\$ 3,455,038,595	\$ 1.310
2011	39,307,000	3,357,071,100	16,884,500	1,153,900	351,317,300	56,906,900	8,955,700	2,222,071,000	387,393,500	7,757,167	3,451,960,067	1.310
2012	37,997,200	3,364,124,999	17,876,500	1,121,700	349,171,600	54,984,000	7,715,300	2,192,735,250	388,531,100	6,793,745	3,451,253,944	1.325
2013	40,447,700	3,358,515,299	18,887,700	1,039,200	340,138,200	62,643,700	7,715,300	3,829,387,099	388,449,600	6,481,288	3,447,418,787	1.341
2014	42,676,700	3,352,543,699	15,544,000	1,008,100	339,525,100	62,643,700	7,715,300	3,821,656,599	389,407,700	6,481,288	3,441,733,187	1.363
2015	67,212,400	3,575,479,300	17,828,300	988,100	357,433,400	48,932,400	8,450,000	4,076,323,900	-	6,690,727	4,083,014,627	1.309
2016	73,610,200	3,597,054,500	17,216,200	912,000	378,721,400	50,838,200	8,975,000	4,127,327,500	-	6,679,675	4,134,007,175	1.323
2017	82,545,200	3,591,420,200	17,301,400	885,200	382,805,000	37,361,900	9,510,600	4,121,829,500	-	6,703,393	4,128,532,893	1.350
2018	87,003,500	3,661,677,300	17,745,700	864,300	399,092,000	37,933,600	9,651,800	4,213,968,200	-	6,830,315	4,220,798,515	1.348
2019	67,554,600	3,723,175,100	19,175,800	890,300	405,760,500	38,334,500	9,755,300	4,264,646,100	-	6,934,879	4,271,580,979	1.372

Source: District records, Tax list summary & Municipal Tax Assessor & Collector, abstract of ratables, County Board of Taxation.

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 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 Township School District
 Property Tax Rates-Direct and Overlapping Governments
 Last Ten Fiscal Years
 (rate per \$100 of assessed value)

Unaudited

Year Ended June 30,	Holmdel Township School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	(From J-6) Total Direct School Tax Rate	Holmdel Township	Monmouth County	
2010	N/A	N/A	\$ 1.31	\$ 0.38	\$ 0.31	\$ 1.99
2011	N/A	N/A	1.31	0.38	0.31	2.00
2012	N/A	N/A	1.33	0.40	0.33	2.05
2013	N/A	N/A	1.34	0.39	0.33	2.06
2014	N/A	N/A	1.36	0.37	0.32	2.06
2015	N/A	N/A	1.31	0.34	0.32	1.96
2016	N/A	N/A	1.32	0.32	0.32	1.96
2017	N/A	N/A	1.35	0.25	0.26	1.87
2018	N/A	N/A	1.35	0.37	0.30	2.02
2019	N/A	N/A	1.37	0.37	0.29	2.03

Source: District Records and Municipal Tax Collector.

^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.

Holmdel Township School District
Principal Property Tax Payers
Current Year and Nine Years Ago

Unaudited

	2019*		2010	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Kimco Realty Corp	\$ 67,839,000	1.59%	\$ 53,500,000	1.40%
Holmdel Commons, LLC C/O Kimco Realty	55,930,700	1.31%	47,000,000	1.20%
Mack-Cali Holmdel LLC-D Danscuk	40,398,100	0.95%	33,000,000	0.90%
Hlm Plzlp/Gbr Hlmllc C/O Natl Rity	28,620,800	0.67%	20,000,000	0.50%
Holmdel Realty Development LLC	25,077,500	0.59%		
Lowe's Home Ctr/Tax Dept	19,634,000	0.46%	17,545,400	0.45%
Holmdel Investments, LLC	10,749,500	0.25%	11,701,200	0.31%
Eighteen Realty Company	10,626,200	0.25%	8,612,700	0.22%
Holmdel Venture/Bergman Realty	8,670,400	0.20%		
Safeguard Properties, LLC	7,569,600	0.18%		
LTI-NJ Finance			26,651,500	0.70%
Croddick Real Estate Holdings, LLC			18,665,200	0.49%
Holmdel Venture			8,774,700	0.23%
Total	<u>\$ 275,115,800</u>	<u>6.44%</u>	<u>\$ 245,450,700</u>	<u>6.40%</u>

Source: District CAFR & Holmdel Municipal Tax Assessor.

*Data as of June 30, 2018. June 30, 2019 data was not available as of the issuance of this report.

Holmdel Township School District
Property Tax Levies and Collections
Last Ten Fiscal Years

Unaudited

Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 49,785,650	\$ 49,785,650	100.00%		\$ 49,785,650	100.00%
2011	50,340,891	50,340,891	100.00%		50,340,891	100.00%
2012	50,294,229	50,294,229	100.00%		50,294,229	100.00%
2013	50,821,609	50,821,609	100.00%		50,821,609	100.00%
2014	51,421,761	51,421,761	100.00%		51,421,761	100.00%
2015	52,215,652	52,215,652	100.00%		52,215,652	100.00%
2016	53,442,774	53,442,774	100.00%		53,442,774	100.00%
2017	54,691,561	54,691,561	100.00%		54,691,561	100.00%
2018	55,724,371	55,724,371	100.00%		55,724,371	100.00%
2019	56,897,162	56,897,162	100.00%		56,897,162	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 prior to the end of the school year.

Holmdel Township School District
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years

Unaudited

Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases			
2010	\$ 24,655,000		\$ 1,383,800	\$ 26,038,800	NA	\$ 1,489.38
2011	22,485,000		981,900	23,466,900	2.06%	1,399.09
2012	20,285,000		1,140,800	21,425,800	1.71%	1,276.10
2013	18,055,000		723,000	18,778,000	1.50%	716.00
2014	15,660,000		1,195,000	16,855,000	1.62%	1,008.38
2015	10,645,000		1,302,000	11,947,000	1.14%	715.65
2016	10,645,000		1,302,000	11,947,000	1.09%	716.63
2017	8,400,000		923,000	9,323,000	0.81%	561.49
2018	46,518,000		2,851,000	49,369,000	4.16%	2,966.89
2019	44,833,000		2,244,600	47,077,600	4.01%	2,827.82

Source: District CAFR Schedules I-1, I-2 and District records.

Note: Details regarding the District's outstanding debt can be found in Note 5 to the basic financial statements.

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

Holmdel Township School District
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years

Unaudited

General Bonded Debt Outstanding						
Year Ended June 30,	General Obligation Bonds	Net Unamortized Premium and Deferred Interest Costs	Resources Restricted for Repayment of Debt	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property ^a	Per Capita ^b
2010	\$ 24,655,000			\$ 24,655,000	1.13%	\$ 1,410
2011	34,152,000			34,152,000	1.54%	2036
2012	20,285,000			20,285,000	0.93%	1208
2013	18,055,000			18,055,000	0.47%	1082
2014	15,660,000			15,660,000	0.41%	937
2015	10,645,000			10,645,000	0.26%	638
2016	10,645,000			10,645,000	0.26%	639
2017	8,400,000			8,400,000	0.20%	506
2018	46,518,000			46,518,000	1.10%	2796
2019	44,833,000			44,833,000	1.05%	2693

Source:

a See J-6 for property tax data.

b Population data can be found in J-14.

Note: Details regarding the District's outstanding debt can be found in note 5 to the basic financial statements.

Holmdel Township School District
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2019

Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of Holmdel	\$ 15,504,000	100.000%	\$ 15,504,000
Monmouth County General Obligation Debt - Township's share	33,768,873	3.360%	<u>1,134,634</u>
Subtotal, overlapping debt			16,638,634
Holmdel School District Direct Debt			<u>44,833,000</u>
Total direct and overlapping debt			<u><u>\$ 61,471,634</u></u>

Sources: 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 Township School District
 Legal Debt Margin Information
 Last Ten Fiscal Years

Unaudited

Legal Debt Margin Calculation for Fiscal Year 2019

Equalized valuation basis

2017	\$	4,128,532,893
2018		4,220,798,515
2019		4,271,580,979
[A]	\$	12,620,912,387

Average equalized valuation of taxable property

[A/3]	\$	4,206,970,796
--------------	-----------	---------------

Debt limit (4 % of average equalization value)

[B]		168,278,832	a
------------	--	-------------	---

Total Net Debt Applicable to Limit

[C]		44,833,000
------------	--	------------

Legal debt margin

[B-C]	\$	123,445,832
--------------	-----------	--------------------

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 182,793,750	\$ 178,548,846	\$ 172,423,442	\$ 168,559,253	\$ 163,973,953	\$ 162,676,626	\$ 163,785,344	\$ 165,668,654	\$ 167,450,770	\$ 168,278,832
Total net debt applicable to limit	24,655,000	22,485,000	20,285,000	18,055,000	15,660,000	13,375,000	10,645,000	8,400,000	46,518,000	44,833,000
Legal debt margin	<u>\$ 158,138,750</u>	<u>\$ 156,063,846</u>	<u>\$ 152,138,442</u>	<u>\$ 150,504,253</u>	<u>\$ 148,313,953</u>	<u>\$ 149,301,626</u>	<u>\$ 153,140,344</u>	<u>\$ 157,268,654</u>	<u>\$ 120,932,770</u>	<u>\$ 123,445,832</u>
Total net debt applicable to the limit as a percentage of debt limit	13.49%	12.59%	11.76%	10.71%	9.55%	8.22%	6.50%	5.07%	27.78%	26.64%

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

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

Holmdel Township School District
Demographic and Economic Statistics
Last Ten Fiscal Years

Unaudited

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
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%
2018	16,640	1,185,383,680	71,237	3.60%
2019	16,648	1,174,616,288	70,556	3.70%

Source:

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

^b Personal income has been estimated based upon the municipal population and per capita personal income presented.

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

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development.

Holmdel Township School District
Principal Employers
Current Year and Nine Years Ago

Unaudited

<u>Employer</u>	<u>2019</u>			<u>2010</u>		
	<u># of Employees/ Employee Size Range</u>	<u>Rank [Optional]</u>	<u>Percentage of Total Municipal Employment</u>	<u># of Employees/ Employee Size Range</u>	<u>Rank [Optional]</u>	<u>Percentage of Total Municipal Employment</u>
Bell Works	1001-5000					
Vonage	1800-2200					
iCIMS	800-1000					
Bayshore Medical Center	501-1000				Not Available	
PNC Bank Arts Center	200-500					
Workwave	225					
Intuitive Technology Partners	50-200					
Pierce Professional Resources	50-200					
Holmdel School District	478					
Holmdel Township	136					

Source: Township of Holmdel

Holmdel Township School District
Full-Time Equivalent District Employees by Function/Program
Last Ten Fiscal Years

Unaudited

<u>Function/Program</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>2018</u>	<u>2019</u>
Instruction:										
Regular	205.00	195.00	196.10	197.20	196.50	197.70	205.00	204.50	205.40	219.10
Special Education	72.00	69.00	68.50	68.10	70.00	79.30	80.00	80.00	80.00	91.00
Support Services:										
Tuition										
Student and Instruction Related Services	90.00	93.50	92.90	99.30	105.00	109.00	111.50	99.00	97.00	91.00
General Administrative Services	6.00	6.00	6.00	7.00	7.00	5.00	5.00	5.00	5.00	5.00
School Administrative Services	17.00	17.00	17.00	16.50	17.00	17.00	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	6.00	6.00	6.00
Information Technology	2.00	2.50	5.50	5.50	5.50	5.50	5.00	6.00	6.00	6.00
Plant Operations and Maintenance	48.50	48.50	48.50	48.50	48.50	48.50	48.50	48.50	48.50	42.00
Pupil Transportation	25.00	23.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.00
Total	471.50	461.00	442.00	449.60	457.00	469.50	479.50	467.50	466.40	478.10

Holmdel Township School District
Operating Statistics
Last Ten Fiscal Years

Unaudited

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^d	Percentage Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2010	3,290	\$ 53,884,683	\$ 16,760	3.70%	277	N/A	N/A	3,213	3,110	-2.34%	96.80%
2011	3,215	53,691,582	17,023	1.57%	264	N/A	N/A	3,151	3,068	-1.93%	97.38%
2012	3,156	55,601,183	18,000	5.74%	265	N/A	N/A	3,089	3,013	-1.97%	97.54%
2013	3,089	58,213,355	18,781	4.34%	265	N/A	N/A	3,091	3,011	0.06%	97.41%
2014	3,092	57,584,253	19,074	1.56%	267	N/A	N/A	3,019	2,944	-2.33%	97.52%
2015	3,021	58,213,355	19,270	1.03%	277	N/A	N/A	3,027	2,883	0.26%	95.24%
2016	2,975	60,768,470	20,426	6.00%	283	N/A	N/A	2,973	2,850	-1.78%	95.86%
2017	3,002	62,006,301	20,655	1.12%	284	N/A	N/A	3,002	2,857	0.97%	95.17%
2018	3,004	70,521,271	23,476	13.66%	285	N/A	N/A	3,004	2,840	0.07%	94.55%
2019	2,986	67,006,236	22,440	-4.41%	307	N/A	N/A	2,996	2,851	-0.27%	95.15%

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 Township School District
School Building Information
Last Ten Fiscal Years

Unaudited

	<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>2018</u>	<u>2019</u>
<u>District Building</u>										
<u>Elementary</u>										
Village School (1952)										
Square Feet	122,104	122,104	122,104	122,104	122,104	122,104	122,104	122,104	122,104	122,104
Capacity (students)	1,032	1,032	1,032	1,032	1,032	1,032	1,032	1,032	1,032	1,032
Enrollment	910	841	835	831	835	821	805	824	796	751
Indian Hill (1961)										
Square Feet	120,733	120,733	120,733	120,733	120,733	120,733	120,733	120,733	120,733	120,733
Capacity (students)	940	940	940	940	940	940	940	940	940	940
Enrollment	773	767	732	733	711	707	713	735	757	752
<u>Junior High School</u>										
WR Satz Jr. High (1962)										
Square Feet	86,537	86,537	86,537	86,537	86,537	86,537	86,537	86,537	86,537	86,537
Capacity (students)	669	669	669	669	669	669	669	669	669	669
Enrollment	544	557	541	504	538	531	513	522	514	521
<u>High School</u>										
Holmdel High School (1958)										
Square Feet	193,021	193,021	193,021	193,021	193,021	193,021	193,021	193,021	193,021	193,021
Capacity (students)	1,173	1,173	1,173	1,173	1,173	1,173	1,173	1,173	1,173	1,173
Enrollment	1,063	1,050	1,048	1,021	1,008	962	944	921	937	962

Other

Number of Schools at June 30, 2019:

Elementary = 2

Middle School = 1

High School = 1

Holmdel Township School District
 Schedule of Required Maintenance
 Last Ten Fiscal Years

Unaudited

UNDISTRIBUTED EXPENDITURES - REQUIRED
 MAINTENANCE FOR SCHOOL FACILITIES

<u>*School Facilities</u>						
	<u>Project # (s)</u>	<u>Holmdel High School</u>	<u>William R. Satz</u>	<u>Indian Hill</u>	<u>Village</u>	<u>Total</u>
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
2018	N/A	484,936	286,201	303,856	345,137	1,420,130
2019	N/A	452,450	205,939	276,120	347,500	1,282,009
Total School Facilities		<u>\$ 7,107,246</u>	<u>\$ 2,896,133</u>	<u>\$ 3,740,592</u>	<u>\$ 4,576,115</u>	<u>\$ 18,320,086</u>

* 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 Township School District
Insurance Schedule
as of June 30, 2019

Unaudited

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1):		
Building and Contents (All Locations)	\$ 156,387,487	\$ 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	1,219,747	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	
Assistant Board Secretary/Assistant 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.
Environmental Liability	1,000,000	10,000

Source: District records

Single Audit Section

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*

Independent Auditors' Report

**The Honorable President and Members
of the Board of Education
Holmdel Township 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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Holmdel Township School District's, in the County of Monmouth, New Jersey (the "District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 23, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be

**The Honorable President and Members
of the Board of Education
Holmdel Township School District**

K-1
Page 2

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

Purpose of this Report

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

PKF O'Connor Davies, LLP

December 23, 2019
Cranford, New Jersey



Michael Andriola, CPA
Licensed Public School Accountant
No. 2429

**Report on Compliance For Each Major Federal and State Program and
on Internal Control Over Compliance Required by the
Uniform Guidance and New Jersey OMB Circular 15-08**

Independent Auditors' Report

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

Report on Compliance for Each Major Program Federal and State Program

We have audited the Holmdel Township School District's, in the County of Monmouth, New Jersey (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2019. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of 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*. Those standards, the Uniform Guidance and New Jersey OMB 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

and state program occurred. An audit includes examining, on a test basis, evidence about the 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 unmodified opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the District's compliance.

Unmodified Opinion on Major Federal and State Programs

In our opinion, the 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 identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the 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 District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and 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 and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 weakness. However, material weaknesses may exist that have not been weaknesses may exist that have not been identified.

Purpose of this Report

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

PKF O'Connor Davies, LLP

December 23, 2019
Cranford, New Jersey



Michael Andriola, CPA
Licensed Public School Accountant
No. 2429

Holmdel Township School District
Schedule of Expenditures of Federal Awards
Year ended June 30, 2019

Federal Grantor/Pass-Through	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at 6/30/18			Balance June 30, 2019				
					Unearned Revenue (Accounts Receivable)	Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	(Accounts Receivable)	Due to Grantor
U.S. Department of Agriculture—Passed- Department of Education												
General Fund:												
Medicaid Assistance Program-SEMI/MAC	93.778	100-054-7540-211	7/1/18-6/30/19	\$ 24,107				\$ 24,107	\$ (24,107)			
Total U.S. Department of Agriculture					-	-	-	24,107	(24,107)	-	-	-
U.S. Department of Education—Passed- Department of Education												
Special Revenue Fund:												
I.D.E.A. Part B - Basic Flow-Through	84.027	100-034-5065-016	7/1/18-6/30/19	728,847				398,444	(683,517)			\$ (285,073)
I.D.E.A. Part B - Basic Flow-Through	84.027	100-034-5065-016	7/1/17-6/30/18	729,223	\$ (173,173)			209,406	(36,233)			
I.D.E.A. Part B, Preschool	84.173	100-034-5065-020	7/1/18-6/30/19	29,320				11,474	(29,320)			(17,846)
I.D.E.A. Part B, Preschool	84.173	100-034-5065-020	7/1/17-6/30/18	28,578	(10,351)			12,537	(2,186)			
Title I, Part A	84.010	100-034-5064-194	7/1/18-6/30/19	170,645				29,283	(135,017)			(105,734)
Title I, Part A	84.010	100-034-5064-194	7/1/17-6/30/18	169,289	(50,797)			88,430	(37,633)			
Title I, Part A	84.010	100-034-5064-194	7/1/16-6/30/17	170,630	(18,019)			18,019				
Title II, Part A	84.367	100-034-5063-290	7/1/18-6/30/19	41,637				14,347	(25,719)			(11,372)
Title II, Part A	84.367	100-034-5063-290	7/1/17-6/30/18	44,024	(12,601)			12,601	(16,233)			(16,233)
Title II, Part A	84.367	100-034-5063-290	7/1/16-6/30/17	57,103	(5,239)			1,474		\$ 3,765		
Title III - Immigrant	84.365	100-034-5064-187	7/1/17-6/30/18	5,034	(323)			321	(2,897)			(2,899)
Title III - Immigrant	84.365	100-034-5064-187	7/1/16-6/30/17	4,373	(1,400)			1,400				
Title IV	93.658	100-034-5064-187	7/1/18-6/30/19	10,248				3,369	(7,577)			(4,208)
Title IV	93.658	100-034-5064-187	7/1/17-6/30/18	10,000	(2,032)			2,032	(3,268)			(3,268)
Total Special Revenue Fund					(273,935)	-	-	803,137	(979,600)	3,765		(446,633)
Total Federal Awards					(273,935)	\$ -	\$ -	\$ 827,244	\$ (1,003,707)	3,765		\$ (446,633)

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

Holmdel Township School District
Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at 6/30/18			Repayment of Prior Years' Balances	Balance June 30, 2019		Memo		
				Unearned Revenue (Accounts Receivable)	Due to Grantor	Cash Received		Budgetary Expenditures	(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Expenditures
State Department of Education												
General Fund:												
Reimbursed Non-Public Transportation Aid	495-034-5120-014	7/1/18-6/30/19	\$ 29,000								\$ 29,000	
Reimbursed Non-Public Transportation Aid	495-034-5120-014	7/1/17-6/30/18	17,811	(17,811)	\$ 17,811			\$ (29,000)				
Transportation Categorial Aid	495-034-5120-014	7/1/18-6/30/19	721,124		649,012	(721,124)				\$ (72,112)	721,124	
Transportation Categorial Aid	495-034-5120-014	7/1/17-6/30/18	311,207	(28,967)	28,967							
Special Education Categorial Aid	495-034-5120-089	7/1/18-6/30/19	1,479,185		1,344,130	(1,479,185)				(135,055)	1,479,185	
Special Education Categorial Aid	495-034-5120-089	7/1/17-6/30/18	1,479,185	(137,682)	137,682							
Security Categorial Aid	495-034-5120-084	7/1/18-6/30/19	139,118		125,206	(139,118)				(13,912)	139,118	
Security Categorial Aid	495-034-5120-084	7/1/17-6/30/18	139,118	(12,949)	12,949							
PARCC Readiness Aid	495-034-5120-098	7/1/18-6/30/19	29,345		2,731							
PARCC Readiness Aid	495-034-5120-098	7/1/17-6/30/18	29,345	(2,731)	2,731							
Per Pupil Growth Aid	495-034-5120-097	7/1/18-6/30/19	29,345		2,731							
Per Pupil Growth Aid	495-034-5120-097	7/1/17-6/30/18	29,345	(2,731)	2,731							
Professional Learning Community Aid	495-034-5120-101	7/1/18-6/30/19	28,505		2,653							
Professional Learning Community Aid	495-034-5120-101	7/1/17-6/30/18	28,505	(2,653)	2,653							
Extraordinary Special Education Aid	495-034-5120-044	7/1/18-6/30/19	819,046			(819,046)		(819,046)			819,046	
Extraordinary Special Education Aid	495-034-5120-044	7/1/17-6/30/18	748,421	(748,421)	748,421							
Extraordinary Special Education Aid	495-034-5120-044	7/1/17-6/30/18	2,908		2,908	(2,908)						
Reimbursed TPAF Social Security Contributions	495-034-5094-003	7/1/18-6/30/19	1,842,705		1,842,705	(1,842,705)					1,842,705	
TPAF-Post Retirement Medical (Noncash Assistance)	495-034-5094-001	7/1/18-6/30/19	2,154,785		2,154,785	(2,154,785)					2,154,785	
TPAF-Pension Contributions (Noncash Assistance)	495-034-5094-002	7/1/18-6/30/19	4,750,425		4,750,425	(4,750,425)					4,750,425	
TPAF-Long-Term Disability Ins (Noncash Assistance)	495-034-5094-004	7/1/18-6/30/19	4,210		4,210	(4,210)					4,210	
Total General Fund				(953,945)	11,827,326	(11,942,506)		(848,046)		(221,079)	11,939,598	
Soecial Revenue Fund:												
Non Public Auxiliary Services (Ch. 192):												
Compensatory Education	100-034-5120-067	7/1/18-6/30/19	79,694		79,694	(79,694)					79,694	
Compensatory Education	100-034-5120-067	7/1/17-6/30/18	81,497		\$ 40,749			\$ (40,749)				
Transportation	100-034-5120-067	7/1/18-6/30/19	5,950		5,950				\$ 5,950			
Transportation	100-034-5120-067	7/1/17-6/30/18	12,460		6,230			(6,230)				
ESL	100-034-5120-067	7/1/18-6/30/19	345		345	(345)					345	
Home Instruction	100-034-5120-067	7/1/18-6/30/19	1,945			(1,945)		(1,945)			1,945	
Home Instruction	100-034-5120-067	7/1/17-6/30/18	4,223	(4,223)	4,223							
Non Public Handicapped Services (Ch. 193):												
Examination and Classification	100-034-5120-066	7/1/18-6/30/19	104,678		104,678	(89,739)			14,939		89,739	
Examination and Classification	100-034-5120-066	7/1/17-6/30/18	118,681		4,013			(4,013)				
Corrective Speech	100-034-5120-066	7/1/18-6/30/19	12,141		12,141	(12,141)					12,141	
Corrective Speech	100-034-5120-066	7/1/17-6/30/18	16,070		893			(893)				
Supplemental Instruction	100-034-5120-066	7/1/18-6/30/19	79,296		79,296	(78,548)			748		78,548	
Supplemental Instruction	100-034-5120-066	7/1/17-6/30/18	80,566		1,492			(1,492)				
Non Public Nursing Services	100-034-5120-070	7/1/18-6/30/19	134,345		134,345	(134,188)			157		134,188	
Non Public Nursing Services	100-034-5120-070	7/1/17-6/30/18	142,493		286			(286)				
Non Public Textbooks Aid	100-034-5120-064	7/1/18-6/30/19	73,959		73,959	(73,822)			137		73,822	
Non Public Textbooks Aid	100-034-5120-064	7/1/17-6/30/18	80,472		1,251			(1,251)				
Non Public Technology Aid	100-034-5120-373	7/1/18-6/30/19	49,860		49,860	(49,855)			5		49,855	
Non Public Technology Aid	100-034-5120-373	7/1/17-6/30/18	54,353		23			(23)				
Non Public Security Aid	100-034-5120-509	7/1/18-6/30/19	207,750		207,750	(207,735)			15		207,735	
Non Public Security Aid	100-034-5120-509	7/1/17-6/30/18	110,175		10			(10)				
Total Special Revenue Fund				(4,223)	54,947	(728,012)		(54,947)	(1,945)	21,951	728,012	
New Jersey Schools Development Authority												
Capital Projects Fund:												
SDA ROD Grant	2230-020-14-1002	7/1/15-6/30/19	882,000	(763,670)		(8,000)		(771,670)			771,670	
Total Capital Projects Fund				(763,670)		(8,000)		(771,670)			771,670	
Total State Awards				(1,721,838)	54,947	(12,678,518)	(54,947)	(1,621,661)	21,951	(221,079)	13,439,311	
State Financial Assistance Not Subject to Single Audit Determination:												
TPAF-Post Retirement Medical (Noncash Assistance)	495-034-5094-001	7/1/18-6/30/19	2,154,785		\$ 2,154,785	(2,154,785)						
TPAF-Pension Contributions (Noncash Assistance)	495-034-5094-002	7/1/18-6/30/19	4,750,425		4,750,425	(4,750,425)						
TPAF-Long-Term Disability Ins (Noncash Assistance)	495-034-5094-004	7/1/18-6/30/19	4,210		4,210	(4,210)						
Total State Financial Assistance Subject to Single Audit Determination				(1,721,838)	54,947	(5,670,147)	(5,769,098)	(54,947)	(1,621,661)	21,951	(221,079)	13,439,311

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

Holmdel Township School District

Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance

Year ended June 30, 2019

1. General

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all of all federal awards and state financial assistance programs of the District. The Board of Education is defined in Note 1 to the board's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

2. Basis of Accounting

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise funds, which are presented using the accrual basis of accounting and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. These basis of accounting are described in Note 1 to the District's basic financial statements. The information in these schedules are presented in accordance with the requirements of 2 CFR 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB 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, or used in the preparation of, the basic financial statements.

3. Relationship to Basic Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the District's 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 fiscal year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

Holmdel Township School District
Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance
Year ended June 30, 2019

3. Relationship to Basic Financial Statements (Continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$33,365) for the general fund and (\$113,228) for the special revenue fund. See note to required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds (C-3). Federal and State award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 24,107	\$ 11,909,141	\$ 11,933,248
Special Revenue Fund	979,600	614,784	1,594,384
Capital Projects Fund		8,000	8,000
Total financial award revenues	<u>\$ 1,003,707</u>	<u>\$ 12,531,925</u>	<u>\$ 13,535,632</u>

Holmdel Township School District

Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance

Year ended June 30, 2019

4. Relationship to Federal and State Financial Reports

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

5. Other

TPAF Social Security Contributions represent the amount reimbursed by the State for the employer's share of Social Security for TPAF members for the year ended June 30, 2019.

The post-retirement pension, medical and disability insurance benefits received on behalf of the District for the year ended June 30, 2019 amounted to \$6,909,420. Since on-behalf post retirement pension, medical and disability insurance benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey OMB Circular 15-08, however they are reported on the Schedule of Expenditures of State Financial Assistance, as directed by the funding agency.

6. Indirect Costs

The District did not use the 10% de minimis indirect cost rate.

Holmdel Township School District

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2019

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

Financial Statements Section

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Are any material weaknesses identified? Yes X No

Are any significant deficiencies identified? Yes X None Reported

Is any noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major federal programs:

Are any material weaknesses identified? Yes X No

Are any significant deficiencies identified? Yes X None Reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of major programs:

CFDA Number(s)	FAIN Number	Name of Federal Program or Cluster
84.027	100-034-5065-016	IDEA Part B - Basic
84.173	100-034-5065-020	IDEA Preschool

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

Holmdel Township School District

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2019

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

Auditee qualified as low-risk auditee? X Yes No

State Awards Section

Internal control over major state programs:

Are any material weaknesses identified? Yes X No

Are any significant deficiencies identified? Yes X None reported

Type of auditors' report issued on compliance for major state programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular 15-08? Yes X No

Identification of major state programs:

GMIS/Program Number	Name of State Program or Cluster
100-034-5120-473	Extraordinary Aid
495-034-5120-014	Transportation Aid

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

Auditee qualified as low-risk auditee? X Yes No

Holmdel Township School District

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2019

**Part III - Schedule of Federal and State Award Findings
and Questioned Costs**

No financial statement findings noted that are required to be reported under *Government Auditing Standard*

Holmdel Township School District

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2019

None.