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



Year Ended June 30, 2020

HOLMDEL TOWNSHIP SCHOOL DISTRICT



HOLMDEL TOWNSHIP BOARD OF EDUCATION

HOLMDEL TOWNSHIP, NEW JERSEY

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

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	5
Roster of Officials	6
Independent Auditors and Advisors	7
FINANCIAL SECTION	
Independent Auditors' Report	8
Required Supplementary Information – Part I	
Management's Discussion and Analysis	11
Basic Financial Statements	
Government-wide Financial Statements:	
A-1 Statement of Net Position	20
A-2 Statement of Activities	21
Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	22
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	23
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	24
Proprietary Funds:	
B-4 Statement of Net Position	25
B-5 Statement of Revenues, Expenses, and Changes in Net Position	26
B-6 Statement of Cash Flows	27
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	28
B-8 Statement of Changes in Fiduciary Net Position	29
Notes to the Basic Financial Statements	30

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 Employees’ Retirement System (PERS) And Notes to Required Supplementary Information	70
Schedule of District Contributions – Public Employees’ Retirement System (PERS)	71
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	72
OPEB Schedules:	
Schedule of State’s Proportionate Share of the OPEB Liability Associated with the District – State Health Benefit Local Education Retired Employees Plan	73
Required Supplementary Information – Part III	
Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule (Budgetary Basis) – General Fund	74
C-2 Budgetary Comparison Schedule (Budgetary Basis) – Special Revenue Fund	82
C-3 Note to Required Supplementary Information – Budget to GAAP Reconciliation	83
Supplementary Information	
Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis	84

Table of Contents
(continued)

Supplementary Information (continued)

	<u>Page</u>
Capital Projects Fund:	
F-1 Summary Schedule of Project Revenues, Expenditures, Project Balance and Project Status (Budgetary Basis)	87
F-1a to Schedule(s) of Project Revenues, Expenditures, and Changes in	
F-1i Fund Balance, and Project Status (Budgetary Basis)	88
F-2 Summary Schedule of Project Expenditures (Budgetary Basis)	97
Enterprise Funds:	
G-1 Combining Statement of Net Position	N/A
G-2 Combining Statement of Revenues, Expenses and Changes in Net Position	N/A
G-3 Combining Statement of Cash Flows	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	98
H-2 Combining Statement of Changes in Fiduciary Net Position	99
H-3 Statement of Cash Receipts and Cash Disbursements – Student Activity Agency Fund	100
H-4 Statement of Cash Receipts and Cash Disbursements – Payroll Agency Fund	101
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	102
I-2 Schedule of Obligations Under Capital Leases	103
I-3 Budgetary Comparison Schedule – Debt Service Fund	104

Table of Contents
(continued)

STATISTICAL SECTION (Unaudited) – Other Information	<u>Page</u>
Financial Trends:	
J-1 Net Position by Component	106
J-2 Changes in Net Position	107
J-3 Fund Balances– Governmental Funds	109
J-4 Changes in Fund Balances – Governmental Funds	110
J-5 General Fund – Other Local Revenue by Source	111
Revenue Capacity:	
J-6 Assessed Value and Actual Value of Taxable Property	112
J-7 Property Tax Rates – Direct and Overlapping Governments	113
J-8 Principal Property Tax Payers	114
J-9 Property Tax Levies and Collections	115
J-10 Ratios of Outstanding Debt by Type	116
J-11 Ratios of Net General Bonded Debt Outstanding	117
J-12 Direct and Overlapping Governmental Activities Debt	118
J-13 Legal Debt Margin Information	119
Demographic and Economic Information:	
J-14 Demographic and Economic Statistics	120
J-15 Principal Employers	121
Operating Information:	
J-16 Full-Time Equivalent District Employees by Function/Program	122
J-17 Operating Statistics	123
J-18 School Building Information	124
J-19 Schedule of Required Maintenance for School Facilities	125
J-20 Insurance Schedule	126

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>	127
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	129
K-3 Schedule A – Schedule of Expenditures of Federal Awards – Supplementary Information	132
K-4 Schedule B – Schedule of Expenditures of State Financial Assistance – Supplementary Information	133
K-5 Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance	134
K-6 Schedule of Findings and Questioned Costs	137
<ul style="list-style-type: none">• Section I – Summary of Auditors’ Results• Section II – Financial Statement Findings• Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs	
K-7 Summary Schedule of Prior Year Audit Findings	140

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 PUBLIC SCHOOLS

“A COMMITMENT TO EXCELLENCE”

February 2, 2021

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 Township Public Schools District (District) for the fiscal year ended June 30, 2020, 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 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 as of June 30, 2020, and the respective changes in financial position and cash flows, for the year then ended. 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 and is unaudited. The District is required to undergo an annual Single Audit in conformity with the provisions of the Single Audit Act Amendments of 1996, the Federal Uniform Guidance and the New Jersey OMB Circular 15-08, "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 recommendations, if any, are included in the Single Audit Section of this report.

REPORTING ENTITY AND ITS SERVICES

The District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standard Board (GASB) as established by GASB Statement No. 14. 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 full-time student enrollment as of October 15, 2019 was 2,987.

ECONOMIC CONDITION AND OUTLOOK

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

MAJOR INITIATIVES

The Holmdel Township community approved the District's Holmdel 2020 Initiative at the September 26, 2017 special election. This \$40.3 million school referendum project focused on academic, athletic and infrastructure improvements to all four schools, but the greatest enhancement was the expansion and renovation of the middle and high school into a state-of-the-art 7th-12th grade facility that supports the transformation of the adolescents who enter it as 7th graders into future-ready young adults. The Holmdel 2020 Initiative allowed 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. During the 2019-2020 school year, despite unprecedented challenges, the District continued implementation of the referendum projects. On October 1, 2020, the community celebrated the successful completion of the Holmdel 2020 Initiative, on time and on budget.

Due to the pandemic, the District was required to shut down in March 2020 with all students going to a full remote learning model for the remainder of the 2019-2020 school year. The District partnered with Spiezle Architectural Group, Inc. and Greyhawk Construction Management and Consulting to conduct a district wide re-occupancy assessment in response to the COVID-19 outbreak and reopening of the District schools in September 2020. As a result, the District implemented the following measures: UV-C lighting for disinfecting after hours; bipolar ionization filtration units in HVAC systems; site signage, parking limitations and signage at school entries; thermal temperature detection devices at entries; physical barriers (such as sneeze guards) at vestibules, main and nurse offices; antimicrobial coatings on commonly used surfaces (such as doorknobs, push bars, railings, bathroom fixtures and playground equipment); directional decals on floors to separate hallways and indicate directions of travel for students, teachers and visitors; hand sanitizer dispensers in each classroom and key locations; adjusting the spacing of classroom and nurse office furniture for physical distancing; maintaining new, enhanced cleaning procedures; urinal partitions in men's and boy's restrooms; automatic paper towel and soap dispensers; providing the necessary and appropriate PPE; Retro-commissioning the District HVAC systems.

INTERNAL ACCOUNTING CONTROLS

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the district are protected from loss, theft and misuse and to ensure that adequate accounting data are completed to allow for the preparation of financial statement in conformity with general accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be delivered; and (2) the valuation of costs and benefits require estimates and judgements by management.

As a recipient of federal awards 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 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 and the government-wide financial statements are explained in "Notes to Financial Statements", Note 1.

FINANCIAL POLICIES

The intent of the School Board is to ensure that the 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 are 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 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,

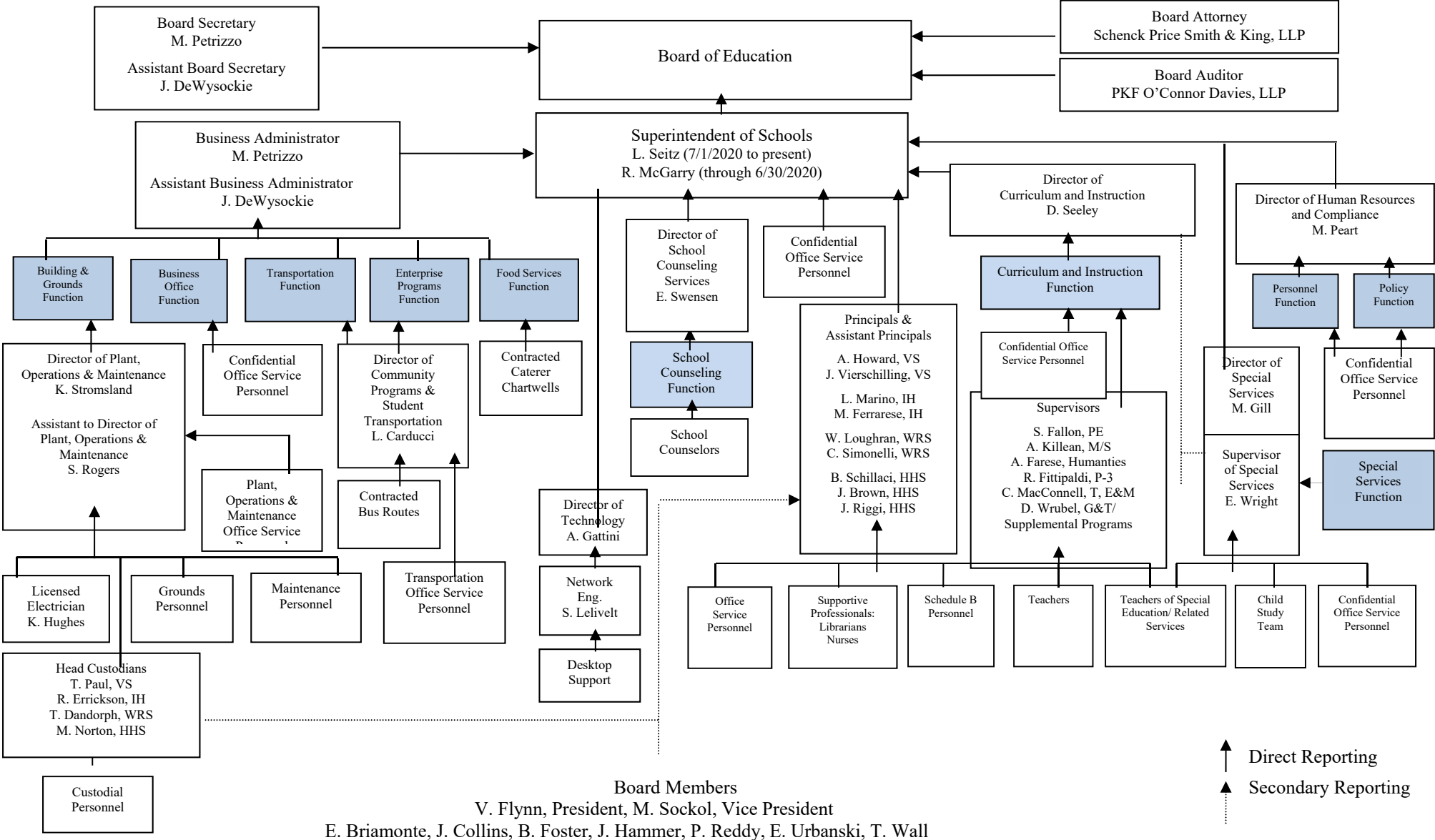


Dr. LeRoy Seitz
Interim Superintendent of Schools



Michael R. Petrizzo, CPA
Business Administrator/Board Secretary

HOLMDEL TOWNSHIP BOARD OF EDUCATION ORGANIZATIONAL CHART



↑ Direct Reporting
 ▲ Secondary Reporting

Holmdel Township School District
Holmdel, New Jersey

Roster of Officials

June 30, 2020

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Ms. Vicky Flynn, President	2021
Mr. Michael Sockol, Vice President	2022
Ms. Eileen Briamonte	2020
Ms. Jamie Collins	2020
Mr. Brian Foster	2021
Mr. Joseph Hammer	2022
Mr. Peter Reddy	2020
Ms. Elizabeth Urbanski	2022
Mr. Terence Wall	2021

Other Officials

Dr. LeRoy Seitz, Interim Superintendent of Schools (July 1, 2020 to present)

Dr. Robert McGarry, Superintendent of Schools (through June 30, 2020)

Mr. Michael R. Petrizzo, School Business Administrator/ Board Secretary

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

Holmdel Township School District

Holmdel, New Jersey
Consultants and Advisors
June 30, 2020

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

Architect of Record

Spiezle Architectural Group
1395 Yardville Hamilton Square Road
Hamilton Township, New Jersey 08691

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, 2020 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 and requirements 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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion.

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to 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, 2020, 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 Honorable President and Members
of the Board of Education
Holmdel Township School District**

Page 3

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, *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, 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 February 4, 2021 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

February 2, 2021
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, 2020

As management of the Holmdel Township Public Schools District (the "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, 2020. 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 (2019-2020) and the prior fiscal year (2018-2019) 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 20 - 21 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 balances 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 22 - 23 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 childcare programs both 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 25 - 27 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 28 - 29 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 30 - 69 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 74 – 101 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, 2020 and 2019:

	2020			2019		
	Governmental Activities	Business Type- Activities	Total	Governmental Activities	Business Type- Activities	Total
Current and other assets	\$ 26,278,797	\$ 606,809	\$ 26,885,606	\$ 40,590,559	\$ 695,434	\$ 41,285,993
Capital assets, net	78,072,203	89,693	78,161,896	61,387,365	48,559	61,435,924
Total assets	104,351,000	696,502	105,047,502	101,977,924	743,993	102,721,917
Deferred outflows	4,223,893		4,223,893	6,182,436		6,182,436
Deferred charge on refunding debt				21,605		21,605
	4,223,893		4,223,893	6,204,041		6,204,041
Liabilities						
Current liabilities	6,837,628	92,744	6,930,372	2,494,001	54,981	2,548,982
Net pension liability	18,958,369		18,958,369	20,743,837		20,743,837
Long-term liabilities	43,008,663		43,008,663	48,128,357		48,128,357
Total liabilities	68,804,660	92,744	68,897,404	71,366,195	54,981	71,421,176
Deferred inflows	7,226,296		7,226,296	7,237,276		7,237,276
Net position						
Net investment in capital assets	46,106,571	89,693	46,196,264	44,421,713	48,559	44,470,272
Restricted	6,232,782		6,232,782	5,231,957		5,231,957
Unrestricted (deficit)	(19,795,416)	514,065	(19,281,351)	(20,075,176)	640,453	(19,434,723)
Total net position	\$ 32,543,937	\$ 603,758	\$ 33,147,695	\$ 29,578,494	\$ 689,012	\$ 30,267,506

Key financial highlights for the 2019-2020 fiscal year include the following:

- Governmental net position increased \$2,965,443. A significant reason for the increase in net position was attributable to \$16,684,838 in capital asset additions for various projects, net of current year depreciation expense. Specifically, the District had \$815,476 in lease proceeds to fund equipment as well as 2018 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 \$1,785,468 and a decrease in long-term liabilities of \$5,119,694.
- Consistent with the prior year, the State withheld the school district's fiscal 2019-2020 last two state aid payments until July 2020.
- The increase in governmental assets in the amount of \$2,373,076 is primarily driven by net effect of the acquisition of capital assets in the amount of \$16,684,838, net of current year depreciation expense offset by a correlated decrease in full accrual unrestricted governmental cash from the prior year in the amount of \$14,050,553. Full accrual unrestricted governmental cash stated in the current year's statement of net position page (20) is \$16,616,796 compared to \$30,667,349 at June 30, 2019.

- 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, 2020 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, 2020 amounted to \$18,958,369, which decreased by \$1,785,468 from the prior year. Long-term liabilities mainly decreased by principal payments made in the amount of \$2,415,000 in bonds payable and \$425,000 in capital leases payable.

- The largest portion of the District's net position is net investment of capital assets of \$46,106,571 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 \$1,000,825 during the year ended June 30, 2020 mainly due to deposits into the maintenance and capital reserves totaling \$937,345. Additionally, there was an increase in restricted for debt service, which was offset by the prior year restricted amount of \$1,000,000 that was designated for expenditures during the 2019-2020 year.
- The deficit (negative) balance of governmental unrestricted net position in the amount of (\$19,795,416) 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, 2020 and 2019 are as follows:

	2020			2019		
	Governmental Activities	Business Type-Activities	Total	Governmental Activities	Business Type-Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 283,048	\$ 1,067,499	\$ 1,350,547	\$ 501,246	\$ 2,094,137	\$ 2,595,383
Operating grants and contributions	1,854,180		1,854,180	1,635,067		1,635,067
Capital grants and contributions				8,000		8,000
General revenues:						
Property taxes	58,583,272		58,583,272	56,897,162		56,897,162
State and federal aid not restricted to a specific purpose	12,869,261		12,869,261	18,467,401		18,467,401
Interest income	554,642		554,642	738,544		738,544
Miscellaneous	151,638	30,629	182,267	253,833	29,764	283,597
Total revenue	74,296,041	1,098,128	75,394,169	78,501,253	2,123,901	80,625,154
Expenses:						
Instructional services	41,543,568		41,543,568	45,123,562		45,123,562
Support services	28,376,664		28,376,664	30,229,330		30,229,330
Interest on long term debt	1,410,366		1,410,366	1,422,833		1,422,833
Business Type Activities		1,183,382	1,183,382		1,993,923	1,993,923
Total expenses	71,330,598	1,183,382	72,513,980	76,775,725	1,993,923	78,769,648
Increase (decrease) in net position	2,965,443	(85,254)	2,880,189	1,725,528	129,978	1,855,506
Transfers	-	-	-	1,500,000	(1,500,000)	-
Change in net position	2,965,443	(85,254)	2,880,189	4,596,619	22,202	1,855,506
Net position—beginning	29,578,494	689,012	30,267,506	26,352,966	2,059,034	28,412,000
Net position—ending	\$ 32,543,937	\$ 603,758	\$ 33,147,695	\$ 29,578,494	\$ 689,012	\$ 30,267,506

Governmental and business-type charges for services revenue decreased approximately \$1,200,000 in total compared to the prior year, due to tuition charges no longer owed to the District due to the COVID-19 pandemic. The COVID-19 pandemic also strongly impacted expenditures. Specifically, certain school wide projects that were scheduled to commence in the early spring of 2020 were delayed during the declared emergency. Although expenditures were quickly reallocated to technology and to support remote learning, many general school wide expenditures such as, repairs, professional services, etc. all came to an abrupt halt as a direct result of the impact of COVID-19.

Property tax revenue increased \$1,686,110 due to the Holmdel 2020 school wide initiative, which included a series of scheduled school improvements to buildings, athletic areas and technology in the classrooms. The overall total decrease from 2018-2019 to 2019-2020 in state and federal aid was \$5,598,140. This significant decrease was primarily driven by changes in assumptions and other variables including mortality rates and discount rates in the actuarial GASB 68 and 75 calculations.

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, 2020, and the increases in relation to the prior year:

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2019</u>	<u>Percent of Increase (Decrease)</u>
Local sources	\$ 59,261,877	80.00%	\$ 1,568,953	2.72%
State sources	13,827,398	18.66%	1,303,473	10.41%
Federal sources	995,598	1.34%	(8,109)	-0.81%
Total	<u>\$ 74,084,873</u>	<u>100%</u>	<u>\$ 2,864,317</u>	<u>4.02%</u>

The increase in local sources is primarily due to an increase in the tax levy of \$1,686,110. As mentioned above, the annual tax increase was predominately the result of the Holmdel 2020 initiative, which included a series of educational, athletic and infrastructure improvements. 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 social security, pension, medical and long-term disability contributions of \$296,758 as well as current year debt service aid in the amount of \$723,575.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2020 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 2019</u>	<u>Percent of Increase (Decrease)</u>
Current expenditures:				
Instruction	\$ 26,635,356	37.00%	\$ 1,044,176	4.08%
Support services	40,685,212	56.52%	(729,844)	-1.76%
Capital outlay	741,391	1.03%	92,642	14.28%
Debt service:				
Principal	2,415,000	3.35%	730,000	43.32%
Interest and Other Charges	1,510,435	2.10%	314,239	26.27%
Total	<u>\$ 71,987,394</u>	<u>100.00%</u>	<u>\$ 1,451,213</u>	<u>86.19%</u>

The increase in instruction 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, medical, long-term disability and pension contributions, which is also offset by a correlating revenue source.

The net increase in debt service principal and interest expenditures is related primarily to the 2018 bond issuance, as the first principal payment became due during this fiscal year, as well as two interest payments related to this issuance, whereas only one interest payment became due in the prior fiscal year.

General Fund

Fund balance in the General Fund increased by \$1,376,346. Of the \$9,796,645 fund balance in the General Fund, \$2,388,313 is restricted in the maintenance reserve, \$2,500,000 is restricted for capital reserve, \$1,399,573 is assigned for other purposes, \$2,110,861 is designated for subsequent year's expenditures and \$1,397,898 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 \$14,197,957 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, 2020, 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 2019</u>	<u>Percent of (Decrease) Increase</u>
Local Sources:				
Daily Sales	\$ 949,613	86.47%	\$ (487,345)	-33.92%
Tuition	117,886	10.74%	(539,293)	-82.06%
Other	30,629	2.79%	865	2.91%
Total	<u>\$ 1,098,128</u>	<u>100.00%</u>	<u>\$ (1,025,773)</u>	<u>-48.30%</u>

The following schedule presents a summary of the Enterprise fund operating expenses for the fiscal year ended June 30, 2020, and the increases and (decreases) in relation to the prior year:

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>(Decrease) Increase From 2019</u>	<u>Percent of (Decrease) Increase</u>
Salaries and benefits	\$ 192,696	16.28%	\$ (426,094)	-68.86%
Purchased professional services	904,919	76.47%	(381,049)	-29.63%
Other purchased service	12,999	1.10%	(3,230)	-19.90%
Supplies and materials	46,266	3.91%	30,704	197.30%
Depreciation	13,885	1.17%	3,633	35.44%
Utility expense	593	0.05%	(14,269)	-96.01%
Other	12,024	1.02%	(20,236)	-62.73%
	<u>\$ 1,183,382</u>	<u>100.00%</u>	<u>\$ (810,541)</u>	<u>-40.65%</u>

The decrease in salaries and benefits and professional services is mainly attributable to the COVID-19 pandemic school closures which resulted in reduced operations during the current year.

Food Service Fund

The food service enterprise fund realized operating revenues of \$980,242 and achieved a net profit this year of \$14,082. The District experienced a significant decrease in sales due to COVID-19 school shutdowns, but was able to avoid a deficit due to strong controls over expenditures.

Total operating expenses decreased from the prior year by \$447,656 or 31.66% due to the decrease in cost of sales and supplies realized from March to June 2020 when schools were closed. The net position of the food service fund, \$328,001 is comprised of net position - investment in capital assets of \$89,693 and unrestricted net position of \$238,308.

Childcare Programs Fund

The Childcare Programs fund realized operating revenue of \$117,886 for the year ended June 30, 2020. Current year tuition revenues decreased from the prior year by \$539,293 as a result of the reduction of childcare-school program revenue when school was closed due to COVID-19.

Meanwhile, operating expenses decreased from the prior year by \$362,885 as a result of cost savings that were realized due to the reduced operations. Overall, the fund generated a net operating deficit of \$99,336. The fund maintains sufficient cash on hand to ensure the operational requirements of running the program are met at any time.

Capital Assets and Debt Administration

Capital Assets. At June 30, 2020, the District's governmental activities had capital assets of \$78,072,203 (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, 2020 and 2019:

	June 30,	
	2020	2019
	<u> </u>	<u> </u>
Land	\$ 5,122,300	\$ 5,122,300
Construction in progress	56,536,820	39,223,568
Buildings and building improvements, net	14,511,110	15,226,900
Machinery, equipment, and vehicles, net	1,901,973	1,814,597
Total capital assets, net	<u>\$ 78,072,203</u>	<u>\$ 61,387,365</u>

The increase in total capital assets is a result of capital asset additions exceeding depreciation expense during the fiscal year. More detailed information about the District's capital assets can be found in Note 4 to the basic financial statements.

Debt Administration. As of June 30, 2020, the District had outstanding long-term liabilities of \$65,062,459 of which \$3,095,427 was classified as the current portion.

At June 30, 2020 and 2019, the District's long-term liabilities consisted of:

	June 30,	
	2020	2019
Bonds payable	\$ 42,418,000	\$ 44,833,000
Unamortized premium on bonds	252,872	351,541
Unamortized premium on leases	73,148	
Capital leases payable	2,574,600	2,244,600
Compensated absences payable	785,470	699,216
Net pension liability	18,958,369	20,743,837
Total long-term liabilities	\$ 65,062,459	\$ 68,872,194

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, medical, and long-term disability as well as 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 expenditures were \$905,927 less than budgeted, or 6.87% less, due primarily to savings realized on health insurance costs when the District joined the State Health Benefits insurance plan.

Requests for Information

This financial report is designed to provide a general overview of the 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, 2020.

Holmdel Township School District

Statement of Net Position

June 30, 2020

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 16,616,796	\$ 568,147	\$ 17,184,943
Accounts receivable	4,805,308	7,042	4,812,350
Internal balances	(31,620)	31,620	-
Restricted:			
Cash and cash equivalents	4,888,313		4,888,313
Capital assets, non-depreciable	61,659,120		61,659,120
Capital assets, depreciable, net	16,413,083	89,693	16,502,776
Total assets	<u>104,351,000</u>	<u>696,502</u>	<u>105,047,502</u>
Deferred Outflow Of Resources			
Pension deferrals	4,223,893		4,223,893
Total deferred outflows	<u>4,223,893</u>	-	<u>4,223,893</u>
Liabilities			
Accounts payable	2,102,777	10,183	2,112,960
Accrued interest payable	618,569		618,569
Intergovernmental payables - State	65,673		65,673
Unearned revenue	133,227	82,561	215,788
Accrued salaries and wages	821,955		821,955
Net pension liability	18,958,369		18,958,369
Current portion of long-term obligations	3,095,427		3,095,427
Noncurrent portion of long-term obligations	43,008,663		43,008,663
Total liabilities	<u>68,804,660</u>	<u>92,744</u>	<u>68,897,404</u>
Deferred Inflow Of Resources			
Pension deferrals	7,226,296		7,226,296
Net Position			
Net investment in capital assets	46,106,571	89,693	46,196,264
Restricted for:			
Debt service fund	499,500		499,500
Capital projects fund	844,969		844,969
Capital reserve	2,500,000		2,500,000
Maintenance reserve	2,388,313		2,388,313
Unrestricted (deficit)	<u>(19,795,416)</u>	<u>514,065</u>	<u>(19,281,351)</u>
Total net position	<u>\$ 32,543,937</u>	<u>\$ 603,758</u>	<u>\$ 33,147,695</u>

See accompanying notes to the basic financial statements.

Holmdel Township School District

Statement of Activities

Year ended June 30, 2020

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	\$ 41,543,568	\$ 283,048	\$ 1,338,194		\$ (39,922,326)		\$ (39,922,326)
Support services:							
Speech, OT, PT, and related services	1,745,707				(1,745,707)		(1,745,707)
Health services	693,283				(693,283)		(693,283)
Other support services	6,213,672		237,862		(5,975,810)		(5,975,810)
Improvement of instruction	2,034,495				(2,034,495)		(2,034,495)
Other support: instructional staff	155,888				(155,888)		(155,888)
School library	1,384,809				(1,384,809)		(1,384,809)
General administration	834,730				(834,730)		(834,730)
School administration	2,646,776				(2,646,776)		(2,646,776)
Central services	1,425,438				(1,425,438)		(1,425,438)
Administrative information technology	107,918				(107,918)		(107,918)
Plant operation and maintenance	8,107,811		278,124		(7,829,687)		(7,829,687)
Student transportation	3,026,137				(3,026,137)		(3,026,137)
Interest on long-term debt	1,410,366				(1,410,366)		(1,410,366)
Total governmental activities	<u>71,330,598</u>	<u>283,048</u>	<u>1,854,180</u>	<u>-</u>	<u>(69,193,370)</u>		<u>(69,193,370)</u>
Business-type activities							
Food Service	966,160	949,613			\$ (16,547)		(16,547)
Prime Time	216,712	110,942			(105,770)		(105,770)
Early Childhood	510	6,944			6,434		6,434
Total business-type activities	<u>1,183,382</u>	<u>1,067,499</u>	<u>-</u>	<u>-</u>	<u>(115,883)</u>		<u>(115,883)</u>
Total primary government	<u>\$ 72,513,980</u>	<u>\$ 1,350,547</u>	<u>\$ 1,854,180</u>	<u>\$ -</u>	<u>(69,193,370)</u>	<u>(115,883)</u>	<u>(69,309,253)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					55,660,279		55,660,279
Property taxes, levied for debt service					2,922,993		2,922,993
State and federal sources—unrestricted					12,869,261		12,869,261
Interest Income					554,642		554,642
Miscellaneous					151,638	30,629	182,267
Total general revenues					<u>72,158,813</u>	<u>30,629</u>	<u>72,189,442</u>
Change in net position					2,965,443	(85,254)	2,880,189
Net Position—beginning					29,578,494	689,012	30,267,506
Net Position—ending					<u>\$ 32,543,937</u>	<u>\$ 603,758</u>	<u>\$ 33,147,695</u>

See accompanying notes to the basic financial statements.

Fund Financial Statements

Governmental Funds

Holmdel Township School District
Governmental Funds

Balance Sheet

June 30, 2020

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Assets					
Cash and cash equivalents	\$ 2,625,801		\$ 13,352,988	\$ 638,007	\$ 16,616,796
Accounts receivable:					
State	752,205	\$ 9,259	771,672		1,533,136
Federal		290,931			290,931
Other	2,279,403	94,955	606,883		2,981,241
Interfund	147,635			480,062	627,697
Restricted assets:					
Cash and cash equivalents	4,888,313				4,888,313
Total assets	<u>\$ 10,693,357</u>	<u>\$ 395,145</u>	<u>\$ 14,731,543</u>	<u>\$ 1,118,069</u>	<u>\$ 26,938,114</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 865,092	\$ 99,125	\$ 3,009		\$ 967,226
Intergovernmental payables:					
State		65,673			65,673
Interfunds payable	31,620	147,635	480,062		659,317
Unearned revenue		82,712	50,515		133,227
Total liabilities	<u>896,712</u>	<u>395,145</u>	<u>533,586</u>		<u>1,825,443</u>
Fund balances:					
Restricted for:					
Maintenance Reserve	2,388,313				2,388,313
Capital reserve account	2,500,000				2,500,000
Debt service				\$ 1,118,069	1,118,069
Capital projects			14,197,957		14,197,957
Assigned to:					
Other purposes	1,399,573				1,399,573
Designated for subsequent year's expenditures	2,110,861				2,110,861
Unassigned (deficit):	1,397,898				1,397,898
Total fund balances	<u>9,796,645</u>	<u>-</u>	<u>14,197,957</u>	<u>1,118,069</u>	<u>25,112,671</u>
Total liabilities and fund balances	<u>\$ 10,693,357</u>	<u>\$ 395,145</u>	<u>\$ 14,731,543</u>	<u>\$ 1,118,069</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 \$109,241,078 and the accumulated depreciation is \$31,168,875.	78,072,203
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.	(618,569)
Unamortized premium on bonds and lease	(326,020)
Accrued salaries and wages	(821,955)
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.	(45,778,070)
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	(3,002,403)
Accrued pension contributions for the June 30, 2020 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.	(1,135,551)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	<u>(18,958,369)</u>
Net position of governmental activities	<u>\$ 32,543,937</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, 2020

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Revenues					
Local sources:					
Local tax levy	\$ 55,660,279			\$ 2,922,993	\$ 58,583,272
Tuition	283,048				283,048
Interest Income	75,115		\$ 479,527		554,642
Miscellaneous	151,638	\$ 168,804			320,442
Total local sources	56,170,080	168,804	479,527	2,922,993	59,741,404
State sources	12,356,963	746,860		723,575	13,827,398
Federal sources	24,093	971,505			995,598
Total revenues	68,551,136	1,887,169	479,527	3,646,568	74,564,400
Expenditures					
Current:					
Instruction	24,211,112	1,338,194			25,549,306
Undistributed-current:					
Instruction	1,086,050				1,086,050
Speech, OT, PT, and related services	1,140,595				1,140,595
Health services	476,134				476,134
Other support services	3,703,564	270,851			3,974,415
Improvement of instruction	1,261,242				1,261,242
Education media library	855,111				855,111
Other support: instructional staff	110,148				110,148
General administration	649,959				649,959
School administration	1,620,296				1,620,296
Central services	885,962				885,962
Administrative information technology	66,118				66,118
Required maintenance of plant services	1,293,965				1,293,965
Operation of plant	4,538,474				4,538,474
Student transportation	2,831,811				2,831,811
Unallocated benefits	11,932,099				11,932,099
On-behalf TPAF social security and pension contributions	9,048,883				9,048,883
Capital outlay	463,267	278,124	18,059,403		18,800,794
Debt Service:					
Principal				2,415,000	2,415,000
Interest				1,510,435	1,510,435
Cost of lease issuance			25,581		25,581
Total expenditures	66,174,790	1,887,169	18,084,984	3,925,435	90,072,378
Excess (deficiency) of revenues over (under) expenditures	2,376,346		(17,605,457)	(278,867)	(15,507,978)
Other financing sources (uses)					
Capital lease (non-budgeted)			755,000		755,000
Premium on lease			86,057		86,057
Transfers in			1,000,000	479,527	1,479,527
Transfers out	(1,000,000)		(479,527)		(1,479,527)
Total other financing sources (uses)	(1,000,000)	-	1,361,530	479,527	841,057
Net change in fund balances	1,376,346		(16,243,927)	200,660	(14,666,921)
Fund balances, July 1	8,420,299		30,441,884	917,409	39,779,592
Fund balances, June 30	\$ 9,796,645	\$ -	\$ 14,197,957	\$ 1,118,069	\$ 25,112,671

The reconciliation of the fund balances of governmental funds to the net position 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, 2020

Total net change in fund balances - governmental funds (from B-2)		\$ (14,666,921)																
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>																		
<p>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.</p>																		
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"></td> <td style="width: 20%; text-align: right;">Depreciation expense</td> <td style="width: 10%; text-align: right;">\$ (1,467,317)</td> <td style="width: 15%;"></td> </tr> <tr> <td></td> <td style="text-align: right;">Capital outlays</td> <td style="text-align: right;"><u>18,152,155</u></td> <td style="text-align: right;">16,684,838</td> </tr> </table>		Depreciation expense	\$ (1,467,317)			Capital outlays	<u>18,152,155</u>	16,684,838									
	Depreciation expense	\$ (1,467,317)																
	Capital outlays	<u>18,152,155</u>	16,684,838															
<p>The issuance of long-term debt for general and refunding purposes provides current financial resources to governmental funds, however has no effect on net assets.</p>																		
	Capital lease issued		(755,000)															
<p>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.</p>																		
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"></td> <td style="width: 20%; text-align: right;">Serial bonds payable</td> <td style="width: 10%; text-align: right;">2,415,000</td> <td style="width: 15%;"></td> </tr> <tr> <td></td> <td style="text-align: right;">Obligations under capital leases</td> <td style="text-align: right;"><u>425,000</u></td> <td style="text-align: right;">2,840,000</td> </tr> </table>		Serial bonds payable	2,415,000			Obligations under capital leases	<u>425,000</u>	2,840,000									
	Serial bonds payable	2,415,000																
	Obligations under capital leases	<u>425,000</u>	2,840,000															
<p>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.</p>																		
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"></td> <td style="width: 20%; text-align: right;">Premium on lease issuance</td> <td style="width: 10%; text-align: right;">(86,057)</td> <td style="width: 15%;"></td> </tr> <tr> <td></td> <td style="text-align: right;">Amortization of premium on bonds</td> <td style="text-align: right;">98,669</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">Amortization of premium on leases</td> <td style="text-align: right;">12,909</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">Amortization of deferred accounting loss</td> <td style="text-align: right;"><u>(21,605)</u></td> <td style="text-align: right;">3,916</td> </tr> </table>		Premium on lease issuance	(86,057)			Amortization of premium on bonds	98,669			Amortization of premium on leases	12,909			Amortization of deferred accounting loss	<u>(21,605)</u>	3,916	
	Premium on lease issuance	(86,057)																
	Amortization of premium on bonds	98,669																
	Amortization of premium on leases	12,909																
	Amortization of deferred accounting loss	<u>(21,605)</u>	3,916															
<p>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.</p>																		
			35,677															
<p>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).</p>																		
			(86,254)															
<p>On the modified accrual basis of accounting, accrued salaries for future retroactive payments that are not paid with current financial resources are not reported. These expenditures are, however, reported in the statement of activities under the full accrual basis of accounting.</p>																		
			(821,955)															
<p>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.</p>																		
	Pension expense and changes in pension deferrals		(268,858)															
Change in net position of governmental activities (A-2)			<u><u>\$ 2,965,443</u></u>															

See accompanying notes to the basic financial statements.

Proprietary Funds

Holmdel Township School District
Proprietary Funds

Statement of Net Position

Year ended June 30, 2020

	Business-Type Activities Major Funds		
	Food Service	Childcare Programs	Total
Assets:			
Current Assets:			
Cash and Cash Equivalents	\$ 323,958	\$ 244,189	\$ 568,147
Accounts Receivables	7,042		7,042
Interfund Receivable		31,620	31,620
Total - Current Assets	331,000	275,809	606,809
Noncurrent Assets:			
Furniture, Machinery and Equipment	572,272	25,840	598,112
Less:			
Accumulated Depreciation	(482,579)	(25,840)	(508,419)
Total - Noncurrent Assets	89,693	-	89,693
Total Assets	420,693	275,809	696,502
Liabilities and Net Position:			
Liabilities:			
Current Liabilities:			
Accounts Payable	10,131	52	10,183
Unearned Revenue	82,561		82,561
Total Liabilities	92,692	52	92,744
Net Position:			
Investment in Capital Assets	89,693		89,693
Unrestricted	238,308	275,757	514,065
Total Net Position	\$ 328,001	\$ 275,757	\$ 603,758

See accompanying notes to the basic financial statements.

Holmdel Township School District
Proprietary Funds

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2020

	Business-Type Activities Major Funds		Total
	Food Service	Childcare Programs	
Operating Revenues:			
Charges for Services:			
Daily Sales - Non-Reimbursable Programs	\$ 949,613		\$ 949,613
Tuition		\$ 117,886	117,886
Miscellaneous Revenue	30,629		30,629
Total Operating Revenues	<u>980,242</u>	<u>117,886</u>	<u>1,098,128</u>
Operating Expenses:			
Salaries		192,696	192,696
Purchased Professional/Technical Services	882,399	22,520	904,919
Other Purchased Service	12,999		12,999
Repairs and Maintenance	12,024		12,024
Supplies and Materials	44,853	1,413	46,266
Depreciation	13,885		13,885
Utilities Expense		593	593
Total Operating Expenses	<u>966,160</u>	<u>217,222</u>	<u>1,183,382</u>
Operating Income (Loss)	14,082	(99,336)	(85,254)
Total Net Position - Beginning	<u>313,919</u>	<u>375,093</u>	<u>689,012</u>
Total Net Position - Ending	<u>\$ 328,001</u>	<u>\$ 275,757</u>	<u>\$ 603,758</u>

See accompanying notes to the basic financial statements.

Holmdel Township School District
Proprietary Funds

Statement of Cash Flows

Year ended June 30, 2020

	Business-Type Activities Major Funds		
	Food	Childcare	Total
	Service	Programs	
Cash Flows From Operating Activities:			
Receipts From Customers	\$ 977,526	\$ 117,886	\$ 1,095,412
Payments To Employees		(192,696)	(192,696)
Payments To Suppliers	(914,095)	(24,943)	(939,038)
	<hr/>		
Net Cash Provided By/(Used For)			
Operating Activities	63,431	(99,753)	(36,322)
	<hr/>		
Cash Flows From Capital and Related Financing Activities:			
Purchases of Capital Assets	(55,021)		(55,021)
	<hr/>		
Net Cash (Used For) Capital and Related Financing Activities	(55,021)		(55,021)
	<hr/>		
Cash Flows From Noncapital Financing Activities:			
Interfund transfers, net	(1,237,288)	(511,320)	(1,748,608)
	<hr/>		
Net Cash (Used For) Noncapital Financing Activities	(1,237,288)	(511,320)	(1,748,608)
	<hr/>		
Net (Decrease) in Cash and Cash Equivalents	(1,228,878)	(611,073)	(1,839,951)
	<hr/>		
Balance - Beginning of Year	1,552,836	855,262	2,408,098
	<hr/>		
Balance - End of Year	\$ 323,958	\$ 244,189	\$ 568,147
	<hr/>		
Reconciliation of Operating Income To Net Cash Provided By (Used For) Operating Activities:			
Operating Income/(Loss)	\$ 14,082		\$ (85,254)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided By/(Used For) Operating Activities:			
Depreciation	13,885		13,885
(Increase) in Accounts Receivable	(2,716)		(2,716)
Increase/(Decrease) in Accounts Payable	10,131		9,714
Increase in Unearned Revenue	28,049		28,049
	<hr/>		
Total Adjustments	49,349		48,932
	<hr/>		
Net Cash Provided By/(Used For) Operating Activities	\$ 63,431		\$ (36,322)
	<hr/>		

See accompanying notes to the basic financial statements.

Fiduciary Funds

Holmdel Township School District
Fiduciary Funds

Statement of Fiduciary Net Position

Year Ended June 30, 2020

	<u>Private-Purpose Scholarship Funds</u>	<u>Unemployment Compensation Trust</u>	<u>Agency Funds</u>
Assets			
Cash and cash equivalents	\$ 35,666	\$ 38,617	\$ 2,882,282
Accounts receivable		164,883	25,000
Total assets	<u>\$ 35,666</u>	<u>\$ 203,500</u>	<u>\$ 2,907,282</u>
Liabilities			
Payroll deductions payable			303,949
Accounts payable		76,059	2,381,405
Due to student groups			221,928
Total liabilities		<u>\$ 76,059</u>	<u>\$ 2,907,282</u>
Net position			
Held in trust for unemployment claims		<u>\$ 127,441</u>	
Held in trust for scholarships	<u>\$ 35,666</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, 2020

	Private-Purpose Scholarship Funds	Unemployment Compensation Trust
Additions		
Contributions:		
Employee		\$ 74,497
Donations	\$ 300	
Total additions	<u>300</u>	<u>74,497</u>
Deductions		
Unemployment claims paid		<u>172,404</u>
Total deductions	<u>-</u>	<u>172,404</u>
Change in net position	300	(97,907)
Net position-beginning of the year	35,366	225,348
Net position-end of the year	<u>\$ 35,666</u>	<u>\$ 127,441</u>

See accompanying notes to the basic financial statements.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2020

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, 2020

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, 2020

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.

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, and Childcare Programs): 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.

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.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

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.

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.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

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.

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.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

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 current 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, 2020

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 acquisition value on the date of acquisition.

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 amethod. 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, 2020

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, 2020, a liability existed for compensated absences in the government-wide financial statements in the amount of \$785,470 and no liability existed for compensated absences in the enterprise funds.

J. Accrued Salaries and Wages

The District has accrued, in the government-wide financial statements, for retroactive payments due to be paid to employees that had unsettled prior year expired contracts as of June 30, 2020. As of June 30, 2020 the District has accrued \$821,955 for collective bargaining agreements that have not been settled through current year-end.

K. 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.

L. 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. 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.

M. 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 and lease premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond and lease premiums and discounts, as well as bond and lease 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.

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. In the other governmental funds, if expenditures incurred for specific

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

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 \$9,796,645 of fund balance in the General Fund, \$2,500,000 has been restricted in the capital reserve account, \$2,388,313 has been restricted in the maintenance reserve account, \$2,110,861 is designated for future years expenditures, \$1,399,573 of encumbrances are assigned to other purposes and \$1,397,898 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. Actual results could differ from those estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 ("Coronavirus") pandemic and the mitigation responses, and such differences may be material. (See Note 10)

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2020

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, 2020 was \$0.

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, 2020

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, 2020 through February 2, 2021, 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 \$46,104,090 difference are as follows:

Bonds payable	\$ 42,418,000
Capital leases payable	2,574,600
Unamortized premium on bonds	252,872
Unamortized premium on leases	73,148
Compensated absences	785,470
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	<u>\$ 46,104,090</u>

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2020

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, 2020

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, 2020, the District's carrying amount of deposits was \$8,925,764 and the bank balance was \$9,932,986.

Of the bank balance, \$296,000 was secured by federal depository insurance and \$6,579,738 was covered by the New Jersey Governmental Unit Deposit Protection Act (GUDPA). \$3,057,248 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, 2020

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, 2020 the District’s balance was \$862,189. 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.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2020

3. Deposits and Investments (continued)

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

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, 2020, the District's balance in the NJARM was \$15,241,868.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2020

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2020:

	Beginning Balance	Increases	Ending Balance
Governmental activities:			
Capital assets, not being depreciated:			
Land	\$ 5,122,300		\$ 5,122,300
Construction in progress	39,223,568	\$ 17,313,252	56,536,820
Total capital assets, not being depreciated	44,345,868	17,313,252	61,659,120
Capital assets, being depreciated:			
Buildings and building improvements	39,221,898		39,221,898
Machinery, equipment and vehicles	7,521,157	838,903	8,360,060
Total capital assets being depreciated	46,743,055	838,903	47,581,958
Less accumulated depreciation for:			
Buildings and building improvements	23,994,998	715,790	24,710,788
Machinery, equipment and vehicles	5,706,560	751,527	6,458,087
Total accumulated depreciation	29,701,558	1,467,317	31,168,875
Total capital assets, being depreciated, net	17,041,497	(628,414)	16,413,083
Governmental activities capital assets, net	\$ 61,387,365	\$ 16,684,838	\$ 78,072,203

Depreciation expense was charged to functions/programs of the District for the year ended June 30, 2020 as follows:

Instruction	\$ 842,307
Speech, OT, PT, and related services	36,240
Health services	15,128
Other support services	125,230
Improvement of instruction	40,073
Education media library	27,169
Other support: instruction staff	3,500
General administration	20,651
School administration	51,481
Central services	28,149
Administration information technology	2,101
Required maintenance of plant services	41,113
Operation of plant	144,200
Student transportation	89,975
Total depreciation expense - governmental activities	\$ 1,467,317

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2020

4. Capital Assets (continued)

The following schedule is a summarization of business-type activities changes in capital assets for the year ended June 30, 2020:

	Beginning Balance	Increases	Ending Balance
Business-type activities			
Capital assets, being depreciated:			
Equipment	\$ 543,091	\$ 55,021	\$ 598,112
Less accumulated depreciation for:			
Equipment	494,532	13,887	508,419
Total business-type activities capital assets, net	\$ 48,559	\$ 68,908	\$ 89,693

5. Long-Term Liabilities

During the year ended June 30, 2020, 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	\$ 699,216	\$ 263,584	\$ 177,330	\$ 785,470	\$ 78,547
Bonds payable	44,833,000		2,415,000	42,418,000	2,400,000
Unamortized premium on bonds	351,541		98,669	252,872	98,669
Unamortized premium on leases		86,057	12,909	73,148	17,211
Capital lease payable	2,244,600	755,000	425,000	2,574,600	501,000
Subtotal	48,128,357	1,104,641	3,128,908	46,104,090	3,095,427
Net pension liability	20,743,837		1,785,468	18,958,369	
Governmental activity long-term liabilities	\$ 68,872,194	\$ 1,104,641	\$ 4,914,376	\$ 65,062,459	\$ 3,095,427

The District expects to liquidate the compensated absences, capital lease payments, and net pension liabilities with payments made from the District's general fund and the bonds payable from the debt 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, 2020

5. Long-Term Liabilities (continued)

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

	Principal	Interest	Total
Year ending June 30:			
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	1,975,000	1,063,644	3,038,644
2026-2030	10,800,000	4,301,213	15,101,213
2031-2035	12,540,000	1,798,713	14,338,713
Thereafter	7,800,000	407,875	8,207,875
	\$ 42,418,000	\$ 12,740,459	\$ 55,158,459

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 in installments ranging from \$1,080,000 to \$1,210,00 at an annual interest rate of 4.00%.

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 in installments ranging from \$1,300,000 to \$2,600,000 at annual interest rates ranging from 3.25% to 3.50%.

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 as of June 30, 2020:

	Amount
Year:	
2021	\$ 616,388
2022	446,288
2023	447,158
2024	279,761
2025	282,133
2026-2030	590,046
2031-2033	388,907
Total minimum lease payments	3,050,681
Less amounts representing interest	(476,081)
Present value of net minimum lease payments	\$ 2,574,600

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2020

5. Long-Term Liabilities (continued)

Capital leases were acquired to purchase the following assets:

	Governmental Activities
Asset:	
Buildings and Building Improvements	\$ 1,475,000
Machinery, equipment and vehicles	2,963,151
Less: Accumulated depreciation	<u>(1,237,958)</u>
Total	<u>\$ 3,200,193</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, 2020

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 have increased to the final phase in rate of 7.5% of employees' annual compensation, effective July 1, 2018.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2020

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, 2020, the State of New Jersey contributed \$7,188,644 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 \$1,860,239 during the year ended June 30, 2020 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, 2020, 2019, and 2018 were \$1,135,551, \$1,028,788, and \$1,054,168, 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, 2020, the District reported a liability of \$18,958,369 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2018 which was rolled forward to June 30, 2019. 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, 2019, the District's proportion was 0.1052162312 percent, which was a decrease of 0.0001385788 from its proportion measured as of June 30, 2018.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2020

6. Pension Plans (continued)

For the year ended June 30, 2020, the District recognized full accrual pension expense of \$1,346,380 in the government-wide financial statements. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 340,278	\$ 83,750
Changes of assumptions	1,893,063	6,580,390
Net difference between projected and actual earnings on pension plan investments		299,265
Changes in proportion	855,001	262,891
District contributions subsequent to the measurement date	1,135,551	
	<u>\$ 4,223,893</u>	<u>\$ 7,226,296</u>

\$1,135,551 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:	
2021	\$ (277,856)
2022	(1,535,811)
2023	(1,484,683)
2024	(769,434)
2025	(70,170)
	<u>\$ (4,137,954)</u>

Actuarial Assumptions

The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019.

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

	<u>June 30, 2019</u>
Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases	
Through 2026	2.00 - 6.00%
	based on years of service
Thereafter	3.00 - 7.00%
	based on years of service

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2020

6. Pension Plans (continued)

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. 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

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries.

The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2020

6. Pension Plans (continued)

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	June 30, 2019	
	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-US developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%
	100.00%	

Discount rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019 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. 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 based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. 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 2057.

Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2020

6. Pension Plans (continued)

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, 2019 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 (5.28%)	At Current Discount Rate (6.28%)	At 1% Increase (7.28%)
District's proportionate share of the net pension liability	\$ 23,947,501	\$ 18,958,369	\$ 14,754,319

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.

Additional Information

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

	<u>6/30/2019</u>
Collective deferred outflows of resources	\$ 3,149,522,616
Collective deferred inflows of resources	7,645,087,574
Collective net pension liability	18,143,832,135
District's Proportion	0.1052162312%

Collective pension expense for the Local Group for the measurement period ended June 30, 2019 is \$974,471,686.

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, 2019, 2018, 2017, 2016, 2015 and 2014 is 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years, respectively.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2020

6. Pension Plans (continued)

Teachers Pensions and Annuity Fund (TPAF) – Special Funding Situation

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

The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2019 was \$145,193,512. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 01, 2018, which was rolled forward to June 30, 2019.

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, 2019, the State's proportionate share of the TPAF net pension liability associated with the District was 0.2365834761 percent, which was a decrease of 0.0024946618% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized on-behalf pension expense and revenue in the government wide financial statements of \$6,704,815 for contributions incurred by the State.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2020

6. Pension Plans (continued)

Actuarial assumptions

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

	<u>June 30, 2019</u>
Inflation rate	2.75%
Salary increases	
2011-2026	1.55 - 4.45%
	based on years of service
Thereafter	2.75% - 5.65%
	based on years of service
Investment rate of return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2020

6. Pension Plans (continued)

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, 2019 are summarized in the following table:

Asset Class	June 30, 2019	
	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. 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 3.50% as of June 30, 2019 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. 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 based on 70% of the actuarially determined contributions for the State.

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 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2020

6. Pension Plans (continued)

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, 2019 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:

	<u>At 1% Decrease (4.60%)</u>	<u>At Current Discount Rate (5.60%)</u>	<u>At 1% Increase (6.60%)</u>
State's proportionate share of the net pension liability associated with the District	\$ 171,215,287	\$ 145,193,512	\$ 123,603,656

Pension plan fiduciary net position

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

Additional Information

Collective balances at June 30, 2019 are as follows:

	<u>6/30/2019</u>
Collective deferred outflows of resources	\$ 10,127,162,237
Collective deferred inflows of resources	17,525,379,167
Collective net pension liability	61,370,943,870
District's Proportion	0.2365834761%

Collective pension expense for the plan for the measurement period ended June 30, 2019 is \$3,619,822,314.

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, 2019, 2018, 2017, 2016, 2015 and 2014 is 8.04, 8.29, 8.30, 8.30, 8.30 and 8.50 years, respectively.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2020

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.

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, 2020, 2019, 2018, and 2017, respectively, were \$2,192,650, \$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.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2020

7. Post-retirement Benefits (continued)

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 \$41,729,081,045.

The following employees were covered by the benefit terms:

<u>Local Education</u>	<u>June 30, 2019</u>
Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	<u>-</u>
Total Plan Members	364,943

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, 2019 was \$91,014,921, 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, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The total nonemployer OPEB liability as of June 30, 2018 was determined by actuarial valuation as of June 30, 2018.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2020

7. Post-retirement Benefits (continued)

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 - 3.05% based in years of service	2.00 - 6.00% based in age
Thereafter	1.55 - 3.05% based on years of service	3.00 - 7.00% based in age

Preretirement mortality rates were based on the Pub-2010 Health “Teachers” (TPAF/ABP) and, “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018, for TPAF and PERS, respectively.

Healthcare Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2002 are reflected. The assumed post-65 medical trend is 4.5% for all future years.

For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For Medicare Part B reimbursement, the trend rate is 5.0%.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2020

7. Post-retirement Benefits (continued)

Discount Rate

The discount rate for June 30, 2019 was 3.50%. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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, 2019		\$ 100,883,111
Increased by:		
Service cost	\$ 3,634,991	
Interest cost	3,992,889	
Changes of assumptions	1,357,040	
Member contributions	<u>82,819</u>	
		9,067,739
Decreased by:		
Differences between expected and actual experience	16,142,042	
Gross benefit payments	<u>2,793,887</u>	
		<u>18,935,929</u>
Balance at June 30, 2020		<u>\$ 91,014,921</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 (2.50%)	At Current Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 107,524,588	\$ 91,014,921	\$ 77,900,546

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2020

7. Post-retirement Benefits (continued)

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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 74,992,238	\$ 91,014,921	\$ 112,225,663

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

For the year ended June 30, 2019, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$2,192,650 for OPEB expenses incurred by the State.

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

Deferred outflows of resources	\$ 1,921,145,183
Deferred inflows of resources	\$(20,887,639,826)
Collective OPEB expense	\$ 1,015,664,874
District's Proportion	0.022%

8. Interfund Receivables and Payables

The total interfund receivables and payables for the District at June 30, 2020 are as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 147,635	\$ 31,620
Special Revenue Fund		147,635
Capital Projects Fund		480,062
Debt Service Fund	480,062	
Childcare Programs Enterprise Fund	31,620	
	\$ 659,317	\$ 659,317

The interfund receivable in the general fund results from a cash loan to the Special Revenue fund to clear a pooled cash deficit.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2020

8. Interfund Receivables and Payables (continued)

The interfund payable in the general fund results from a cash loan made to the Childcare Program Enterprise Fund. The interfund between the Capital Projects Fund and Debt Service Fund was established to remit interest earned in the Capital Projects Fund to the Debt Service fund for future debt service payments.

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.

Infectious Disease Outbreak – COVID-19

COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "*Pandemic*") by the World Health Organization and is currently affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Department of Health and Human Services declared a public health emergency for the United States and, on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

In New Jersey, Governor Murphy declared a state of emergency on March 9, 2020, and has since issued multiple Executive Orders regarding the Pandemic.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2020

10. Contingent Liabilities (continued)

The District expects ongoing actions will be taken by State, federal and local governments and private entities to mitigate the spread and impacts of the Pandemic. The Pandemic has negatively affected travel, commerce and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide.

The District cannot reasonably predict how long the Pandemic in New Jersey is expected to last, how the outbreak may impact the financial condition or operations of the District, any unexpected deferrals of tax payments, and/or state or federal aid to the District or the costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs of the District.

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.

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:

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2020

11. Risk Management (continued)

Fiscal Year	Employee Contributions	Amount Reimbursed	Ending Balance
2019-2020	\$ 74,497	\$ 172,404	\$ 127,441
2018-2019	75,854	69,094	225,348
2017-2018	90,838	81,859	218,588

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.

14. Transfers – Reconciliation

The following presents a reconciliation of transfers during the fiscal year ended June 30, 2020:

	In	Out
General Fund		\$ 1,000,000
Capital Projects Fund	\$ 1,000,000	479,527
Debt Service Fund	479,527	
	\$ 1,479,527	\$ 1,479,527

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2020

14. Transfers – Reconciliation (continued)

The \$1,000,000 transfer between the General Fund and the Capital Projects fund was a budgeted withdrawal from capital reserves. The \$479,527 transfer represents interest earned in the Capital Projects Fund remitted to the Debt Service fund for future debt service payments

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, 2019 to June 30, 2020 fiscal year is as follows:

Beginning balance, July 1, 2019	\$ 2,000,000
Increase:	
Deposit approved at the June 2020 Board meeting	<u>500,000</u>
Ending balance, June 30, 2020	<u>\$ 2,500,000</u>

The June 30, 2020 LRFP balance of local support costs of uncompleted capital projects exceeded the amount in the capital reserve.

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.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2020

16. Maintenance Reserve Account (continued)

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 fiscal year ended June 30, 2020 is as follows:

Beginning balance, July 1, 2019	\$ 1,950,968
Increase:	
Deposit approved at the June 2020 Board meeting	<u>437,345</u>
Ending balance, June 30, 2020	<u>\$ 2,388,313</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, 2020.

17. Commitments

There was \$9,486,465 of contractual commitments at June 30, 2020 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 \$1,399,573 and in the special revenue fund in the amount of \$37,345 at June 30, 2020 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 Employees' Retirement System
 Required Supplementary Information

Last Ten Fiscal Years

	2020	2019	2018	2017	June 30, 2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset) - Local Group	0.10522%	0.10535%	0.10699%	0.10202%	0.96340%	0.95330%	0.93620%	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 18,958,369	\$ 20,743,837	\$ 24,905,133	\$ 30,214,761	\$ 21,626,749	\$ 17,847,912	\$ 17,893,541	N/A	N/A	N/A
District's covered-employee payroll	\$ 7,219,278	\$ 7,342,601	\$ 7,816,493	\$ 7,843,575	\$ 7,535,615	\$ 7,072,860	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	262.61%	282.51%	318.62%	385.22%	286.99%	252.34%	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability - Local Group	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%	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 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019.

Holmdel Township School District
 Schedule of District Contributions
 Public Employees' Retirement System
 Required Supplementary Information

Last Ten Fiscal Years

	June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 1,023,450	\$ 1,028,788	\$ 1,054,168	\$ 991,131	\$ 906,312	\$ 828,279	\$ 785,866	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(1,023,450)	(1,028,788)	(1,054,168)	(991,131)	(906,312)	(828,279)	(785,866)	N/A	N/A	N/A
Contribution deficiency (excess)	\$ 1,023,450	\$ 1,028,788	\$ 1,054,168	\$ 991,131	\$ -	\$ -	\$ -	N/A	\$ -	\$ -
District's covered-employee payroll	\$ 7,219,278	\$ 7,342,601	\$ 7,816,493	\$ 7,843,575	\$ 7,535,615	\$ 7,072,860	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	14.18%	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
Required Supplementary Information

Last Ten Fiscal Years*

	2020	2019	2018	June 30, 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%	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	145,193,512	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>\$ 145,193,512</u>	<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	26.95%	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 4.68% as of June 30, 2018 to 5.60% as of June 30, 2019.

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
Required Supplementary Information

Last Ten Fiscal Years*

	Year Ended June 30, 2018	Year Ended June 30, 2019	Year Ended June 30, 2020
State's proportion of the OPEB Liability associated with the District -	0.22%	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	91,014,921
Total proportionate share of the OPEB liability associated with the District	<u>\$ 115,969,509</u>	<u>\$ 100,883,111</u>	<u>\$ 91,014,921</u>
Beginning Balance at July 1	\$ 124,961,251	\$ 115,969,509	\$ 100,883,111
Increased by:			
Service cost	4,919,251	4,085,846	3,634,991
Interest cost	3,664,986	4,251,774	3,992,889
Changes of assumptions			1,357,040
Member contributions	<u>98,909</u>	<u>93,233</u>	<u>82,819</u>
	8,683,146	8,430,853	9,067,739
Decreased by:			
Diff. between expected and actual exp.	-	(11,576,842)	(16,142,042)
Changes of assumptions	(14,988,788)	(9,242,831)	
Gross benefit payments	<u>(2,686,100)</u>	<u>(2,697,578)</u>	<u>(2,793,887)</u>
	(17,674,888)	(23,517,251)	(18,935,929)
Balance	<u>\$ 115,969,509</u>	<u>\$ 100,883,111</u>	<u>\$ 91,014,921</u>
Covered by employee payroll	\$ 35,055,197	\$ 33,303,773	\$ 33,336,235
Total OPEB liability as a percentage of covered employee payroll.	330.82%	302.92%	273.02%

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.

Notes to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate was 3.58% as of June 30, 2017, 3.87% as of June 30, 2018 and 3.50% as of June 30, 2019.

Required Supplementary Information – Part III
Budgetary Comparison Schedules

Holmdel Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources:					
Local tax levy	\$ 55,660,279		\$ 55,660,279	\$ 55,660,279	
Tuition from individuals				41,912	\$ 41,912
Tuition from LEAs within state				241,136	241,136
Interest on investments				75,115	75,115
Other miscellaneous revenues	600,000		600,000	151,638	(448,362)
Total revenues - local sources	<u>56,260,279</u>		<u>56,260,279</u>	56,170,080	(90,199)
State sources:					
Categorical transportation aid	721,124		721,124	721,124	
Extraordinary aid	269,058		269,058	725,149	456,091
Categorical special education aid	1,722,321		1,722,321	1,722,321	
Categorical security aid	139,118		139,118	139,118	
Other state aid				27,056	27,056
On-behalf TPAF pension contributions (non-budgeted)				5,240,677	5,240,677
On-behalf TPAF Post-Retirement Medical contributions (non-budgeted)				1,944,195	1,944,195
On-behalf TPAF Long- Term Disability Insurance contributions (non-budgeted)				3,772	3,772
Reimbursed TPAF social security contributions (non-budgeted)				1,860,239	1,860,239
Total - state sources	<u>2,851,621</u>		<u>2,851,621</u>	12,383,651	9,532,030
Federal sources:					
Medical reimbursement	20,357		20,357	24,093	3,736
Total federal sources	<u>20,357</u>		<u>20,357</u>	24,093	3,736
Total revenues	<u>59,132,257</u>		<u>59,132,257</u>	68,577,824	9,445,567
Expenditures					
Current expenditures:					
Instruction - regular programs:					
Salaries of teachers:					
Preschool/kindergarten	575,184	\$ 73,449	648,633	632,808	15,825
Grades 1-5	6,090,972	(69,585)	6,021,387	5,795,014	226,373
Grades 6-8	4,240,727	(87,326)	4,153,401	4,002,581	150,820
Grades 9-12	5,882,593	(192,604)	5,689,989	5,454,534	235,455
Home instruction - regular programs:					
Salaries of teachers	26,629		26,629	22,526	4,103
Purchased professional-educational services	8,000		8,000	6,901	1,099
Undistributed instruction - regular programs:					
Purchased professional-educational services	9,500	(9,000)	500	350	150
Other purchased services	1,115	99	1,214	279	935
General supplies	723,226	25,481	748,707	650,054	98,653
Textbooks	245,941	(20,136)	225,805	160,676	65,129
Other objects	143,250	76	143,326	143,326	
Total instruction - regular programs	<u>17,947,137</u>	<u>(279,546)</u>	<u>17,667,591</u>	16,869,049	798,542

Holmdel Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Learning and/or language disabilities:					
Salaries of teachers	\$ 140,469	\$ 15,454	\$ 155,923	\$ 152,041	\$ 3,882
Other salaries for instruction	328,098	44,060	372,158	363,083	9,075
General supplies	1,000		1,000	862	138
Total learning and/or language disabilities	469,567	59,514	529,081	515,986	13,095
Visual impairments:					
Salaries of teachers	210,830		210,830	205,729	5,101
Purchased professional ed services	7,600		7,600		7,600
Total visual impairments:	218,430	-	218,430	205,729	12,701
Multiple disabilities:					
Salaries of teachers	392,683		392,683	382,619	10,064
Other salaries for instruction	509,008	(97,547)	411,461	401,423	10,038
General supplies	4,500		4,500	1,716	2,784
Total multiple disabilities	906,191	(97,547)	808,644	785,758	22,886
Resource room/center:					
Salaries of teachers	3,819,762	103,668	3,923,430	3,827,731	95,699
General supplies	22,000	1,351	23,351	18,371	4,980
Textbooks	1,500		1,500		1,500
Total resource room/center	3,843,262	105,019	3,948,281	3,846,102	102,179
Preschool disabilities - part time:					
Salaries of teachers	144,451	12,694	157,145	153,307	3,838
Other salaries for instruction	94,303	160,754	255,057	248,831	6,226
General supplies	500		500	297	203
Total preschool disabilities - part time	239,254	173,448	412,702	402,435	10,267
Home instruction:					
Salaries of teachers	52,500		52,500	38,304	14,196
Purchased professional-educational services	15,000	13,000	28,000	10,677	17,323
Total home instruction	67,500	13,000	80,500	48,981	31,519
Total special education	5,744,204	253,434	5,997,638	5,804,991	192,647

Holmdel Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Basic skills/remedial - instruction:					
Salaries of teachers	\$ 545,390	\$ 87,326	\$ 632,716	\$ 617,278	\$ 15,438
Total basic skills/remedial - instruction	545,390	87,326	632,716	617,278	15,438
Bilingual education - instruction:					
Salaries of teachers	115,819	14,066	129,885	126,715	3,170
General supplies	760		760	337	423
Total bilingual education - instruction	116,579	14,066	130,645	127,052	3,593
School - sponsored cocurricular activities:					
Salaries	202,771	2,878	205,649	197,113	8,536
Purchased services	9,468	395	9,863	7,506	2,357
Total school spn. cocurricular activities	212,239	3,273	215,512	204,619	10,893
School - sponsored athletics - instruction:					
Salaries	454,879	(1,850)	453,029	438,663	14,366
Supplies and materials	57,274	8,641	65,915	51,869	14,046
Other objects	104,724	2,642	107,366	97,591	9,775
Total school - sponsored athletics - instruction	616,877	9,433	626,310	588,123	38,187
Total instruction	25,182,426	87,986	25,270,412	24,211,112	1,059,300
Undistributed expenditures:					
Instruction:					
Tuition to county voc. School dist. - regular	648,695	80,312	729,007	729,007	
Tuition to county voc. School dist. - special	4,500		4,500	2,700	1,800
Tuition to CSSD and regional day schools					
Tuition to private schools for the disabled - within state	643,854	(183,445)	460,409	354,343	106,066
Tuition to private schools disabled & other LEAs-Spl, O/S St	16,103		16,103		16,103
Total instruction	1,313,152	(103,133)	1,210,019	1,086,050	123,969

Holmdel Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Health services:					
Salaries	\$ 448,360		\$ 448,360	\$ 331,308	\$ 117,052
Purchased professional and technical services	74,830	\$ 57,384	132,214	95,339	36,875
Supplies and materials	9,161	500	9,661	7,779	1,882
Other objects	243,735	(95,029)	148,706	41,708	106,998
Total health services	776,086	(37,145)	738,941	476,134	262,807
Speech, OT, PT, and related services related services:					
Salaries	950,671	5,600	956,271	932,907	23,364
Purchased professional educational services	-	8,844	8,844	8,844	
Supplies and materials	23,530	17,900	41,430	33,839	7,591
Other objects	209,480	(8,844)	200,636	165,005	35,631
Total Speech, OT, PT, and related services	1,183,681	23,500	1,207,181	1,140,595	66,586
Other support services - students - extra services:					
Salaries	1,418,322	(154,739)	1,263,583	1,207,275	56,308
Purchased professional educational services	55,200		55,200	28,973	26,227
Supplies and materials	3,800		3,800	826	2,974
Total other support services - students - extra services	1,477,322	(154,739)	1,322,583	1,237,074	85,509
Guidance:					
Salaries of other professional staff	995,014		995,014	969,780	25,234
Salaries of secretarial and clerical assistants	151,126		151,126	134,423	16,703
Purchased professional educational services	85,000	32,334	117,334	117,334	
Supplies and materials	15,055		15,055	10,262	4,793
Other objects	3,229		3,229	1,390	1,839
Total guidance	1,249,424	32,334	1,281,758	1,233,189	48,569
Child Study Team:					
Salaries of other professional staff	1,214,696		1,214,696	1,082,402	132,294
Salaries of secretarial and clerical assistants	64,640	62,705	127,345	127,014	331
Other purchased professional - technical services	8,732		8,732	6,532	2,200
Supplies and materials	13,500	(125)	13,375	11,556	1,819
Other objects	18,034	(2,220)	15,814	5,797	10,017
Total child study team	1,319,602	60,360	1,379,962	1,233,301	146,661

Holmdel Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2020

	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	\$ 675,419		\$ 675,419	\$ 656,624	\$ 18,795
Salaries of other professional staff	221,598	\$ (9,281)	212,317	175,919	36,398
Salaries of secretaries and clerical assistants	370,670	9,281	379,951	369,789	10,162
Other purchased prof. and tech. services	20,000	41,350	61,350	47,832	13,518
Other purchased services	2,835		2,835	321	2,514
Supplies and materials	1,780		1,780	1,288	492
Other objects	17,203	298	17,501	9,469	8,032
Total improvement of instructional services	1,309,505	41,648	1,351,153	1,261,242	89,911
Educational media services/school library:					
Salaries	854,727	(310)	854,417	824,089	30,328
Supplies and materials	34,152	(28)	34,124	31,022	3,102
Total educational media services/school library	888,879	(338)	888,541	855,111	33,430
Instructional staff training services:					
Salaries of other professional staff	70,661		70,661	69,275	1,386
Other objects	66,925	5,830	72,755	40,873	31,882
Total instructional staff training services	137,586	5,830	143,416	110,148	33,268
Support services-general administration:					
Salaries	269,520		269,520	269,189	331
Legal services	140,000	35,323	175,323	171,844	3,479
Audit fees	35,000		35,000	35,000	
Other purchased professional services	42,000	3,508	45,508	43,352	2,156
Travel	1,000		1,000	256	744
Communications/telephone	71,745	310	72,055	64,801	7,254
Miscellaneous purchased professional services	67,680		67,680	46,760	20,920
General supplies	33,500	(1,878)	31,622	11,827	19,795
BOE membership dues and fees	14,350		14,350	6,930	7,420
Total support services-general administration	674,795	37,263	712,058	649,959	62,099

Holmdel Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2020

	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	\$ 1,153,221		\$ 1,153,221	\$ 1,130,622	\$ 22,599
Salaries of secretarial and clerical assistants	479,459		479,459	468,257	11,202
Supplies and materials	17,000	\$ 220	17,220	9,970	7,250
Other objects	16,385		16,385	11,447	4,938
Total support services-school administration	1,666,065	220	1,666,285	1,620,296	45,989
Central services:					
Salaries	878,635		878,635	838,519	40,116
Purchased professional services	5,100		5,100	5,100	
Interest on current loans	54,655		54,655	39,221	15,434
Miscellaneous expenditures	5,000		5,000	3,122	1,878
Total central services	943,390	-	943,390	885,962	57,428
Administrative information technology:					
Salaries	63,480	1,623	65,103	65,103	
Other objects	3,000		3,000	1,015	1,985
Total administrative information technology	66,480	1,623	68,103	66,118	1,985
Required maintenance for school facilities:					
Salaries	603,174		603,174	540,971	62,203
Cleaning, repair and maintenance services	585,653	19,388	605,041	558,575	46,466
General supplies	241,300	3,698	244,998	194,419	50,579
Total required maintenance for school facilities	1,430,127	23,086	1,453,213	1,293,965	159,248
Custodial Services:					
Salaries	1,981,225		1,981,225	1,823,209	158,016
Salaries of Non-Instructional Aides	418,994	47,471	466,465	448,764	17,701
Purchased professional and technical services	14,950		14,950	3,342	11,608
Cleaning, repair and maintenance services	42,000		42,000	41,753	247
Other purchased property services	202,300		202,300	195,045	7,255
Insurance	546,471	5,093	551,564	551,282	282
General supplies	132,400		132,400	107,429	24,971
Energy - Natural gas	283,800		283,800	218,370	65,430
Energy - Electricity	412,500		412,500	412,500	
Other Objects	17,500		17,500	5,616	11,884
Energy savings impr prog bonds - interest	45,222		45,222	45,222	
Energy savings impr prog bonds - principal	124,000		124,000	124,000	
Total custodial services	4,221,362	52,564	4,273,926	3,976,532	297,394
Care & upkeep of grounds:					
Salaries	230,857		230,857	199,608	31,249
Cleaning, repair and maintenance services	195,000		195,000	184,335	10,665
General supplies	45,000		45,000	35,958	9,042
Total care & upkeep of grounds	470,857	-	470,857	419,901	50,956

Holmdel Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Security					
Salaries	\$ 99,002	\$ (42,221)	\$ 56,781	\$ 48,531	\$ 8,250
Purchased professional and technical services	180,000	143,000	323,000	93,510	229,490
Total Security	279,002	100,779	379,781	142,041	237,740
Student transportation services:					
Salaries for pupil transportation:					
Between home and school - regular	74,460		74,460	74,460	
Other than between home & school	180,700		180,700	97,032	83,668
Other purchased prof. and tech. services	455		455		455
Contracted services:					
Vendors - special ed	557,259	189,855	747,114	668,476	78,638
Vendors - between home & school	1,630,992	(83,768)	1,547,224	1,547,224	
Joint agreements - special ed	377,686	62,221	439,907	386,603	53,304
Aid in lieu - nonpublic	43,000	30,855	73,855	48,796	25,059
Miscellaneous purchased services	4,133	79	4,212	4,212	
General supplies	2,000	(900)	1,100	1,061	39
Transportation supplies	6,000		6,000	1,292	4,708
Other objects	2,550	900	3,450	2,655	795
Total student transportation services	2,879,235	199,242	3,078,477	2,831,811	246,666
Unallocated benefits:					
Social security contributions	841,400		841,400	758,168	83,232
Other retirement contributions - PERS	1,140,100		1,140,100	1,099,570	40,530
Unemployment compensation	25,000		25,000	25,000	
Worker's compensation	517,482	(5,172)	512,310	507,735	4,575
Health insurance	10,360,325	(373,942)	9,986,383	9,338,895	647,488
Tuition reimbursement	120,000		120,000	105,000	15,000
Other employee benefits	175,000	37,833	212,833	97,731	115,102
Total unallocated benefits	13,179,307	(341,281)	12,838,026	11,932,099	905,927
On-behalf TPAF pension contributions (non-budgeted)				5,240,677	(5,240,677)
On-behalf TPAF Post-Retirement Medical contributions (non-budgeted)				1,944,195	(1,944,195)
On-behalf TPAF Long- Term Disability Insurance contributions (non-budgeted)				3,772	(3,772)
Reimbursed TPAF social security contributions (non-budgeted)				1,860,239	(1,860,239)
Total personal services: benefits	13,179,307	(341,281)	12,838,026	20,980,982	(8,142,956)
Total undistributed expenditures	35,465,857	(58,187)	35,407,670	41,500,411	(6,092,741)
Total current expenditures	60,648,283	29,799	60,678,082	65,711,523	(5,033,441)

Holmdel Township School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Capital outlay:					
Equipment:					
Undistributed expenditures:					
Instruction	\$ 91,459	\$ (7,153)	\$ 84,306	\$ 84,305	\$ 1
Non-instructional	22,000		22,000	8,447	13,553
Total equipment	113,459	(7,153)	106,306	92,752	13,554
Facilities acquisition and construction services:					
Lease purchase agreements - principal	301,000		301,000	301,000	
Assessment for debt service of SDA funding	69,515		69,515	69,515	
Total facilities acquisition and construction services	370,515	-	370,515	370,515	-
Total expenditures - capital outlay	483,974	(7,153)	476,821	463,267	13,554
Total expenditures	61,132,257	22,646	61,154,903	66,174,790	(5,019,887)
(Deficiency) excess of revenues (under) over expenditures	(2,000,000)	(22,646)	(2,022,646)	2,403,034	4,425,680
Other financing (uses):					
Transfers out (capital projects fund)	(1,000,000)		(1,000,000)	(1,000,000)	
Total other financing (uses)	(1,000,000)	-	(1,000,000)	(1,000,000)	-
(Deficiency) excess of revenues (under) over expenditures and other financing sources (uses)	(3,000,000)	(22,646)	(3,022,646)	1,403,034	4,425,680
Fund balances, July 1	8,641,378		8,641,378	8,641,378	
Fund balances, June 30	\$ 5,641,378	\$ (22,646)	\$ 5,618,732	\$ 10,044,412	\$ 4,425,680
Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing sources (uses)					
Budgeted fund balance	\$ (2,000,000)		\$ (2,000,000)	\$ 2,425,680	\$ 4,425,680
Withdrawal from capital reserve	(1,000,000)		(1,000,000)	(1,000,000)	
Adjustment for prior year encumbrances		\$ (22,646)	(22,646)	(22,646)	
Total	\$ (3,000,000)	\$ (22,646)	\$ (3,022,646)	\$ 1,403,034	\$ 4,425,680
Recapitulation of fund balance:					
Restricted for:					
Maintenance reserve				\$ 2,388,313	
Capital reserve				2,500,000	
Assigned to:					
Year end encumbrances				1,399,573	
Designated for subsequent year's expenditures				2,110,861	
Unassigned fund balance				1,645,665	
				10,044,412	
Reconciliation to Government Funds Statements GAAP:					
Last two state aid payments not recognized on GAAP basis				(247,767)	
Fund balance per Government Funds (GAAP) (B-1)				\$ 9,796,645	

Holmdel Township School District
Special Revenue Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
State sources	\$ 544,877	\$ 197,595	\$ 742,472	\$ 655,540	\$ (86,932)
Federal sources	837,593	141,225	978,818	978,818	
Other sources		103,861	103,861	51,928	(51,933)
Total revenues	1,382,470	442,681	1,825,151	1,686,286	(138,865)
Expenditures:					
Current expenditures:					
Instruction:					
Salaries of teachers	118,653	(3,419)	115,234	115,234	
Purchased professional technical services	414,202	84,238	498,440	421,528	76,912
Tuition	473,822	132,193	606,015	606,015	
Supplies and materials	10,691	63,800	74,491	71,156	3,335
Other Objects		500	500		500
Total instruction	1,017,368	277,312	1,294,680	1,213,933	80,747
Support services:					
Salaries of teachers	25,749	(2,440)	23,309	23,309	
Personal services—employee benefits	25,743	9,508	35,251	35,251	
Purchased professional technical services	42,381	4,851	47,232	47,208	24
Purchased professional educational services	160,489	2,807	163,296	163,296	
Other purchased professional services	10,090	5,424	15,514	15,014	500
Supplies and materials	3,059	46,010	49,069	1,471	47,598
Other Objects	9,297	(9,297)			
Total support services	276,808	56,863	333,671	285,549	48,122
Capital outlay:					
Facilities acquisition and construction services:					
Construction services	74,418	122,382	196,800	186,804	9,996
Instructional equipment	13,876	(13,876)			
Total facilities acquisition and construction services	88,294	108,506	196,800	186,804	9,996
Total expenditures	1,382,470	442,681	1,825,151	1,686,286	138,865
Excess of revenues over expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

Holmdel Township School District
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2020

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-1, C-2)	\$ 68,577,824	\$ 1,686,286
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		238,228
Current year		(37,345)
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.		
Prior year	221,079	
Current year	(247,767)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2)	<u>\$ 68,551,136</u>	<u>\$ 1,887,169</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 66,174,790	\$ 1,686,286
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		238,228
Current year		(37,345)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 66,174,790</u>	<u>\$ 1,887,169</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, 2020

	Title I Regular Part A	I.D.E.A. Part B Regular	Part B Preschool	Title II Part A Regular	Title IV Drug Free Regular
Revenues:					
State sources					
Federal sources	\$ 163,690	\$ 734,667	\$ 29,573	\$ 46,591	\$ 4,297
Other sources					
Total revenues	<u>\$ 163,690</u>	<u>\$ 734,667</u>	<u>\$ 29,573</u>	<u>\$ 46,591</u>	<u>\$ 4,297</u>
Expenditures:					
Current expenditures:					
Instruction:					
Salaries of teachers	\$ 87,923		\$ 27,311		
Tuition		\$ 606,015			
Purchased professional technical services					
Supplies and materials	18,630				\$ 598
Total instruction	<u>106,553</u>	<u>606,015</u>	<u>27,311</u>		<u>598</u>
Support services:					
Salaries of other professional staff	23,309				
Personal services—employee benefits	32,989		2,262		
Purchased professional technical services					
Purchased professional educational services		127,112		\$ 32,584	3,600
Other purchased professional services	211	1,540		13,263	
Supplies and materials	628			744	99
Total support services	<u>57,137</u>	<u>128,652</u>	<u>2,262</u>	<u>46,591</u>	<u>3,699</u>
Capital outlay:					
Facilities acquisition and construction services:					
Construction services					
Total capital outlay					
Total expenditures	<u>\$ 163,690</u>	<u>\$ 734,667</u>	<u>\$ 29,573</u>	<u>\$ 46,591</u>	<u>\$ 4,297</u>

Holmdel Township School District
Special Revenue Fund

Combining Schedule of Revenues and Expenditures

Budgetary Basis

Year ended June 30, 2020

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	\$ 82,173	\$ 1,489	\$ 65,392	\$ 12,067	\$ 73,630	\$ 117,255	\$ 47,208	\$ 575	\$ 68,947	\$ 186,804
Federal sources										
Other sources										
Total revenues	<u>\$ 82,173</u>	<u>\$ 1,489</u>	<u>\$ 65,392</u>	<u>\$ 12,067</u>	<u>\$ 73,630</u>	<u>\$ 117,255</u>	<u>\$ 47,208</u>	<u>\$ 575</u>	<u>\$ 68,947</u>	<u>\$ 186,804</u>
Expenditures:										
Current expenditures:										
Instruction:										
Salaries of teachers										
Tuition										
Purchased professional technical services	\$ 82,173	\$ 1,489	\$ 65,392	\$ 12,067	\$ 73,630	\$ 117,255		\$ 575	\$ 68,947	
Supplies and materials										
Total instruction	<u>82,173</u>	<u>1,489</u>	<u>65,392</u>	<u>12,067</u>	<u>73,630</u>	<u>117,255</u>		<u>575</u>	<u>68,947</u>	
Support services:										
Salaries of other professional staff										
Personal services—employee benefits										
Purchased professional technical services							\$ 47,208			
Purchased professional educational services										
Other purchased professional services										
Supplies and materials										
Total support services							<u>47,208</u>			
Capital outlay:										
Facilities acquisition and construction services:										
Construction services										\$ 186,804
Total capital outlay										<u>186,804</u>
Total expenditures	<u>\$ 82,173</u>	<u>\$ 1,489</u>	<u>\$ 65,392</u>	<u>\$ 12,067</u>	<u>\$ 73,630</u>	<u>\$ 117,255</u>	<u>\$ 47,208</u>	<u>\$ 575</u>	<u>\$ 68,947</u>	<u>\$ 186,804</u>

Holmdel Township School District
Special Revenue Fund

Combining Schedule of Revenues and Expenditures

Budgetary Basis

Year ended June 30, 2020

	Local Programs	Totals
Revenues:		
State sources		\$ 655,540
Federal sources		978,818
Other sources	\$ 51,928	51,928
Total revenues	<u>\$ 51,928</u>	<u>\$ 1,686,286</u>
Expenditures:		
Current expenditures:		
Instruction:		
Salaries of teachers		\$ 115,234
Tuition		606,015
Purchased professional technical services		421,528
Supplies and materials	\$ 51,928	71,156
Total instruction	51,928	1,213,933
Support services:		
Salaries of other professional staff		23,309
Personal services—employee benefits		35,251
Purchased professional technical services		47,208
Purchased professional educational services		163,296
Other purchased professional services		15,014
Supplies and materials		1,471
Total support services	-	285,549
Capital outlay:		
Facilities acquisition and construction services:		
Construction services		186,804
Total capital outlay		186,804
Total expenditures	<u>\$ 51,928</u>	<u>\$ 1,686,286</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, 2020

Revenues and other financing sources	
Contribution from lease proceeds	\$ 815,476
Total revenues	<u>815,476</u>
Expenditures and other financing sources	
Construction and professional technical services	17,212,169
Equipment	847,234
Total expenditures	<u>18,059,403</u>
(Deficiency) of revenues (under) expenditures	<u>(17,243,927)</u>
Other financing sources	
Transfers in	1,000,000
Total other financing sources	<u>1,000,000</u>
(Deficiency) of revenues (under) expenditures and other financing sources	<u>(16,243,927)</u>
Fund Balance, July 1	<u>30,552,212</u>
Fund Balance, June 30	<u><u>\$ 14,308,285</u></u>
Fund balance, budgetary-basis	\$ 14,308,285
Less difference in grant revenue recognized	<u>(110,328)</u>
Fund balance, GAAP-basis	<u><u>\$ 14,197,957</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, 2020

	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
Contribution from bond proceeds	59,194,242		59,194,242	59,194,242
Contribution from lease proceeds	2,274,733	\$ 815,476	3,090,209	3,090,209
Transfer from Capital Reserve	<u>1,323,000</u>	<u>1,000,000</u>	<u>2,323,000</u>	<u>2,323,000</u>
Total revenues	71,680,112	1,815,476	73,495,588	<u>\$ 73,495,588</u>
Expenditures and Other Financing Uses				
Purchased professional/tech services	5,682,346	680,383	6,362,729	
Land and improvements	1,091,550	16,531,786	17,623,336	
Construction services	33,366,138		33,366,138	
Equipment	<u>987,866</u>	<u>847,234</u>	<u>1,835,100</u>	
Total expenditures	41,127,900	18,059,403	59,187,303	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 30,552,212</u>	<u>\$ (16,243,927)</u>	<u>\$ 14,308,285</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 Projects & Purchase of Furniture and Equipment
 From Inception and for the year ended June 30, 2020

	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
Contribution from bond proceeds	18,876,242		18,876,242	18,876,242
Contribution from private sources				
Transfer from Capital Reserve				
Total revenues	26,882,379	-	26,882,379	\$ 26,882,379
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	188,133		188,133	
Total expenditures	26,835,666	-	26,835,666	
Excess (deficiency) of revenues over (under) expenditures	\$ 46,713	\$ -	\$ 46,713	

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	12/31/2020

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, 2020

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant				
Contribution from bond proceeds				
Contribution from 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><u>\$ 799,733</u></u>
Expenditures and Other Financing Uses				
Purchased professional/tech services				
Land and improvements				
Construction services				
Equipment	<u>799,733</u>		<u>799,733</u>	
Total expenditures	<u>799,733</u>	<u>-</u>	<u>799,733</u>	
Excess (deficiency) of revenues over (under) expenditures	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><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		06/2020		

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, 2020

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant	\$ 882,000		\$ 882,000	\$ 882,000
Contribution from bond proceeds				
Contribution from lease proceeds				
Transfer from Capital Reserve	1,323,000		1,323,000	1,323,000
Total revenues	<u>2,205,000</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	1,929,171		1,929,171	
Equipment				
Total expenditures	<u>1,929,171</u>	-	<u>1,929,171</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 275,829</u>	<u>\$ -</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		87.49%		
Original target completion date	12/31/2021			
Revised target completion date	12/31/2021			

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, 2020

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant				
Contribution from bond proceeds	\$ 40,318,000		\$ 40,318,000	\$ 40,318,000
Contribution from 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	2,622,508	\$ 654,932	3,277,440	
Land and improvements		16,531,786	16,531,786	
Construction services	7,510,640		7,510,640	
Equipment				
Total expenditures	<u>10,133,148</u>	<u>17,186,718</u>	<u>27,319,866</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 30,184,852</u>	<u>\$ (17,186,718)</u>	<u>\$ 12,998,134</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	67.76%
Original target completion date	5/27/2014
Revised target completion date	12/31/2021

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, 2020

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant				
Contribution from bond proceeds				
Contribution from lease proceeds	\$ 1,475,000		\$ 1,475,000	\$ 1,475,000
Transfer from Capital Reserve		\$ 110,549	110,549	110,549
Total revenues	<u>1,475,000</u>	<u>110,549</u>	<u>1,585,549</u>	<u>\$ 1,585,549</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>1,429,940</u>	<u>-</u>	<u>1,429,940</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 45,060</u>	<u>\$ 110,549</u>	<u>\$ 155,609</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	\$ 1,475,000
Additional Authorized Cost	\$ 110,549
Revised Authorized Cost	\$ 1,585,549
Percentage Increase over Original Authorized Cost	7.49%
Percentage completion	90.19%
Original target completion date	12/31/2019
Revised target completion date	12/31/2021

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

MCIA Capital Equipment Lease - 2019
From Inception and for the year ended June 30, 2020

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant				
Contribution from bond proceeds				
Contribution from lease proceeds		\$ 815,476	\$ 815,476	\$ 815,476
Transfer from Capital Reserve				
Total revenues	\$ -	815,476	815,476	<u>\$ 815,476</u>
Expenditures and Other Financing Uses				
Purchased professional/tech services				
Land and improvements				
Construction services				
Equipment		557,234	557,234	
Total expenditures	-	557,234	557,234	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 258,242</u>	<u>\$ 258,242</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	\$ 815,476
Additional Authorized Cost	-
Revised Authorized Cost	\$ 815,476
Percentage Increase over Original Authorized Cost	0.00%
Percentage completion	68.33%
Original target completion date	9/1/2021
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)

Boiler Project - Indian Hill School

From Inception and for the year ended June 30, 2020

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant				
Contribution from bond proceeds				
Contribution from lease proceeds				
Transfer from Capital Reserve		\$ 315,451	\$ 315,451	\$ 315,451
Total revenues	\$ -	315,451	315,451	<u>\$ 315,451</u>
Expenditures and Other Financing Uses				
Purchased professional/tech services		25,451	25,451	
Land and improvements				
Construction services				
Equipment		290,000	290,000	
Total expenditures	-	315,451	315,451	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</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	\$ 315,451
Additional Authorized Cost	-
Revised Authorized Cost	\$ 315,451
Percentage Increase over Original Authorized Cost	0.00%
Percentage completion	100.00%
Original target completion date	6/30/2020
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)

Ultraviolet (Disinfecting) Light Project - Various Schools

From Inception and for the year ended June 30, 2020

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant				
Contribution from bond proceeds				
Contribution from lease proceeds				
Transfer from Capital Reserve		\$ 574,000	\$ 574,000	\$ 574,000
Total revenues	\$ -	574,000	574,000	<u>\$ 574,000</u>
Expenditures and Other Financing Uses				
Purchased professional/tech services				
Land and improvements				
Construction services				
Equipment				
Total expenditures	-	-	-	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 574,000</u>	<u>\$ 574,000</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	\$ 574,000
Additional Authorized Cost	
Revised Authorized Cost	\$ 574,000
Percentage Increase over Original Authorized Cost	0.00%
Percentage completion	0.00%
Original target completion date	6/30/2021
Revised target completion date	N/A

Holmdel Township School District
 Capital Projects Fund
 Summary Schedule of Project Expenditures
 (Budgetary Basis)
 June 30, 2020

<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Transfer From Capital Reserve</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	\$ 26,835,666			\$ 46,713
MCIA Capital Equipment Lease - 2017	799,733	799,733			
MCIA Capital Equipment Lease - 2019	815,476		\$ 557,234		258,242
Windows - Various Schools	2,205,000	1,929,171			275,829
Educational, Athletic & Infrastructure Enhancements	40,318,000	10,133,148	17,186,718		12,998,134
ESIP Lighting and Various Upgrades	1,475,000	1,429,940		\$ 110,549	155,609
Boiler Project - Indian Hill School	315,451		315,451	315,451	
Ultraviolet (Disinfecting) Light Project - Various Schools	574,000			574,000	574,000
	<u>\$ 73,385,039</u>	<u>\$ 41,127,658</u>	<u>\$ 18,059,403</u>	<u>\$ 1,000,000</u>	<u>\$ 14,308,527</u>

Fiduciary Funds

Holmdel Township School District
Trust and Agency Funds

Combining Statement of Fiduciary Net Position

Year ended June 30, 2020

	<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	\$ 35,666	\$ 38,617	\$ 74,283	\$ 221,928	\$ 2,660,354	\$ 2,882,282
Accounts receivable		164,883	164,883		25,000	25,000
Total assets	<u>35,666</u>	<u>203,500</u>	<u>239,166</u>	<u>221,928</u>	<u>2,685,354</u>	<u>2,907,282</u>
Liabilities						
Payroll deductions payable					303,949	303,949
Accounts payable		76,059	76,059		2,381,405	2,381,405
Due to student groups				221,928		221,928
Total liabilities	<u>-</u>	<u>76,059</u>	<u>76,059</u>	<u>221,928</u>	<u>2,685,354</u>	<u>2,907,282</u>
Net position						
Held in trust for unemployment claims		127,441	127,441			
Held in trust for scholarships	35,666		35,666			
Total net position	<u>\$ 35,666</u>	<u>\$ 127,441</u>	<u>\$ 163,107</u>			

Holmdel Township School District
Trust Funds

Combining Statement of Changes in Fiduciary Net Position

Year ended June 30, 2020

	Private- Purpose Scholarship Funds	Unemployment Compensation	Totals
Additions:			
Contributions	\$ 300	\$ 74,497	\$ 74,797
Total additions	<u>300</u>	<u>74,497</u>	<u>74,797</u>
Deductions:			
Unemployment claims paid		172,404	172,404
Total deductions	<u>-</u>	<u>172,404</u>	<u>172,404</u>
Change in net position	300	(97,907)	(97,607)
Net position, beginning	35,366	225,348	260,714
Net position, ending	<u>\$ 35,666</u>	<u>\$ 127,441</u>	<u>\$ 163,107</u>

Holmdel Township School District
Student Activity Agency Fund

Statement of Cash Receipts and Cash Disbursements

Year ended June 30, 2020

	Balance July 1, 2019	Cash Receipts	Cash Disbursements	Balance June 30, 2020
Assets:				
Cash and cash equivalents				
Schools:				
Holmdel High School Athletic Fund	\$ 3,946	\$ 85,771	\$ 77,937	\$ 11,780
Holmdel High School Student Activity Account	93,575	223,475	159,357	157,693
Indian Hill School Student Activity Fund	34,168	37,306	42,438	29,036
Village School Student Activity Account	17,030	2,888	13,745	6,173
W.R. Satz School Student Activity Fund	1,159	155,330	151,857	4,632
W.R. Satz School Athletic Fund	57	13,000	11,910	1,147
Total Student Activity Fund	149,935	517,770	457,244	210,461
Activities:				
Summer Camp	11,465	2		11,467
Total assets	\$ 161,400	\$ 517,772	\$ 457,244	\$ 221,928

Holmdel Township School District
Payroll Agency Fund

Statement of Cash Receipts and Cash Disbursements

Year ended June 30, 2020

	Balance July 1, 2019	Cash Receipts	Cash Disbursements	Balance June 30, 2020
Assets				
Cash and cash equivalents	\$ 2,694,170	\$ 51,819,246	\$ 51,853,062	\$ 2,660,354
Accounts receivable			25,000	25,000
Total assets	<u>2,694,170</u>	<u>51,819,246</u>	<u>51,878,062</u>	<u>2,685,354</u>
Liabilities				
Payroll deductions payable	22,182	49,145,827	48,864,060	303,949
Accounts payable	2,671,988	2,673,419	2,964,002	2,381,405
Total liabilities	<u>\$ 2,694,170</u>	<u>\$ 51,819,246</u>	<u>\$ 51,828,062</u>	<u>\$ 2,685,354</u>

Long-Term Debt

Holmdel Township School District
Long-Term Debt

Schedule of Serial Bonds Payable

June 30, 2020

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2019	Retired	Balance June 30, 2020
			Date	Amount				
Refunding of 2015 Bonds	10/28/2015	\$ 7,740,000	3/15/2021	\$ 1,100,000	4.000%	\$ 4,515,000	\$ 1,115,000	\$ 3,400,000
			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	2/1/2021	1,300,000	3.250	40,318,000	1,300,000	39,018,000
			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>\$ 44,833,000</u>	<u>\$ 2,415,000</u>	<u>\$ 42,418,000</u>

Holmdel Township School District
Long-Term Debt

Schedule of Obligations Under Capital Leases

June 30, 2020

Issue	Date of Lease	Term of Lease	Amount of Original Lease		Interest Rate	Balance July 1, 2019	Additions	Retired	Balance June 30, 2020
			Principal	Interest					
2015 MCIA Equipment	10/8/2015	5 years	\$ 744,000	\$ 106,510	2.000-5.000 %	\$ 321,000		\$ 157,000	\$ 164,000
2017 MCIA Equipment	10/11/2017	5 years	747,000	109,666	4.000-5.000 %	617,000		144,000	473,000
2019 MCIA Equipment	10/16/2019	5 years	755,000	114,909	5.000 %		\$ 755,000		755,000
2018 Energy Savings Improvement Program	4/27/2018	15 years	1,475,000	410,763	3.545 %	1,306,600		124,000	1,182,600
						<u>\$ 2,244,600</u>	<u>\$ 755,000</u>	<u>\$ 425,000</u>	<u>\$ 2,574,600</u>

Holmdel Township School District
Debt Service Fund

Budgetary Comparison Schedule

Year ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local sources:					
Local tax levy	\$ 2,922,993		\$ 2,922,993	\$ 2,922,993	
State sources:					
Debt Service Aid	723,575		723,575	723,575	
Total revenues	<u>3,646,568</u>		<u>3,646,568</u>	<u>3,646,568</u>	
Expenditures:					
Principal on bonds	2,415,000		2,415,000	2,415,000	
Interest on bonds	<u>1,510,435</u>		<u>1,510,435</u>	<u>1,510,435</u>	
Total expenditures	<u>3,925,435</u>		<u>3,925,435</u>	<u>3,925,435</u>	
Deficiency/(excess) of revenues under expenditures	(278,867)		(278,867)	(278,867)	
Other financing sources (uses)					
Transfers in				479,527	\$ 479,527
Fund balance, July 1	917,409		917,409	917,409	
Fund balance, June 30	<u>\$ 638,542</u>	<u>\$ -</u>	<u>\$ 638,542</u>	<u>\$ 1,118,069</u>	<u>\$ 479,527</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

	2011	2012	2013	2014	June 30, 2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 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	\$ 46,106,571
Restricted	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	6,232,782
Unrestricted (deficit)	193,857	110,832	536,516	2,231,548	(18,185,134)	(21,737,003)	(19,924,435)	(20,001,708)	(20,075,176)	(19,795,416)
Total governmental activities net position	\$ 33,396,640	\$ 34,678,672	\$ 36,183,456	\$ 37,483,713	\$ 21,975,864	\$ 23,593,304	\$ 21,371,759	\$ 26,352,966	\$ 29,578,494	\$ 32,543,937
Business-type activities										
Investment in capital assets	\$ 25,096	\$ 18,272	\$ 12,816	\$ 8,283	\$ 5,014	\$ 45,077	\$ 41,296	\$ 54,810	\$ 48,559	\$ 89,693
Unrestricted	842,809	926,343	1,005,613	1,104,679	234,175	1,353,994	1,661,476	2,004,224	640,453	514,065
Total business-type activities net position	\$ 867,905	\$ 944,615	\$ 1,018,429	\$ 1,112,962	\$ 239,189	\$ 1,399,071	\$ 1,702,772	\$ 2,059,034	\$ 689,012	\$ 603,758
District-wide										
Net investment in capital assets	\$ 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	\$ 46,196,264
Restricted	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	6,232,782
Unrestricted (deficit)	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)	(19,281,351)
Total district net position	\$ 34,264,545	\$ 35,623,287	\$ 37,201,885	\$ 38,596,675	\$ 22,215,053	\$ 24,992,375	\$ 23,074,531	\$ 28,412,000	\$ 30,267,506	\$ 33,147,695

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

	Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
Instruction	\$ (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)	\$ (41,543,568)
Support services:										
Tuition	(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)	(1,745,707)
Student & Instruction Related Services	(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)	(10,482,147)
School Administrative Services	(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)	(2,646,776)
General administration	(886,157)	(826,526)	(567,061)	(595,703)	(640,945)	(589,819)	(633,485)	(1,275,574)	(2,787,087)	(834,730)
Central Services	(1,120,560)	(1,086,021)	(1,159,659)	(761,297)	(827,851)	(804,968)	(848,939)	(88,017)	(1,570,038)	(1,425,438)
Administrative Information Technology	(51,265)	(54,285)	(53,921)	(55,400)	(57,001)	(58,874)	(59,686)	(2,228,569)	(109,453)	(107,918)
Plant operations & maintenance	(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)	(8,107,811)
Pupil transportation	(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)	(3,026,137)
Employee benefits			(14,171,537)	(13,845,065)	(20,306,796)	(23,803,361)	(18,852,441)			
Interest on long-term debt	(860,350)	(873,936)	(755,989)	(785,967)	(596,009)	(647,845)	(397,033)	(443,500)	(1,422,833)	(1,410,366)
Unallocated depreciation and amortization	(782,663)	(778,845)	(948,409)	(1,333,877)	(881,860)	(730,814)	(845,072)			
Total governmental activities	<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>	<u>(71,330,598)</u>
Business-type activities:										
Food service	(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)	(966,160)
Childcare programs	(207,777)	(214,255)	(190,113)	(195,071)	(425,614)	(413,051)	(406,452)	(476,568)	(580,107)	(217,222)
Total business-type activities expense	<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>	<u>(1,183,382)</u>
Total district expenses	<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>	<u>\$ (72,513,980)</u>
Program Revenues										
Governmental activities:										
Charges for services - Instruction (tuition)	\$ 238,270	\$ 368,221	\$ 436,062	\$ 389,993	\$ 407,835	\$ 481,597	\$ 575,567		\$ 501,246	\$ 283,048
Charges for services - support services - tuition			1,495,762	1,316,644	12,274,445	14,545,145	1,641,813	\$ 21,419,236	1,635,067	1,854,180
Operating grants and contributions	14,743	26,309							8,000	
Capital grants and contributions										
Total governmental activities program revenues	<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>	<u>2,137,228</u>
Business-type activities:										
Charges for services										
Food service	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	949,613
Childcare programs	221,288	201,405	199,296	230,622	552,722	576,584	553,722	589,554	657,179	117,886
Total business type activities program revenues	<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>	<u>1,067,499</u>
Total district program revenues	<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>	<u>\$ 3,204,727</u>
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (69,193,370)
Business-type activities	219,229	76,709	73,817	44,033	80,540	105,387	265,245	356,262	100,214	(115,883)
Total district-wide net expense	<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>	<u>\$ (69,309,253)</u>

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

(accrual basis of accounting)
Unaudited

	Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes	\$ 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	\$ 55,660,279
Taxes levied for debt service	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	2,922,993
Unrestricted grants and contributions	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	12,869,261
Investment earnings	4,973								738,544	554,642
Miscellaneous income	301,574	541,681	255,383	430,375	207,141	320,155	151,597	305,506	253,833	151,638
Restricted grants and entitlements					105,698	220,075	28,455	596,917		
Transfers									1,500,000	
Total governmental activities	<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>	<u>72,158,813</u>
Business-type activities:										
Investment earnings	28									
Miscellaneous income				50,499	45,687	54,495	38,456		29,764	30,629
Transfers									(1,500,000)	
Total business-type activities	<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>	<u>30,629</u>
Total district-wide	<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>	<u>\$ 72,189,442</u>
Change in Net Position										
Governmental activities	\$ 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	\$ 2,965,443
Business-type activities	219,257	76,709	73,817	94,532	126,227	159,882	303,701	358,262	(1,370,022)	(85,254)
Total district	<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>	<u>\$ 2,880,189</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

	2011	2012	2013	2014	June, 30 2015	2016	2017	2018	2019	2020
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	\$ 4,888,313
Assigned	\$ 2,053,284						1,524,075	1,955,222	2,004,820	3,510,434
Unassigned	582,764						1,885,784	1,427,302	1,446,685	1,397,898
Total general fund	<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>	<u>\$ 9,796,645</u>
All Other Governmental Funds										
Reserved reported in:										
Capital projects fund										
Debt service fund										
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	\$ 14,197,957
Debt service fund		1	1					69,705	917,409	1,118,069
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>\$ 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>	<u>\$ 15,316,026</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	2020
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	\$ 58,583,272
Tuition charges	217,385	238,270	368,221	436,062	389,993	407,835	481,597	575,567	596,917	501,246	283,048
Interest earnings		4,973								738,544	554,642
Miscellaneous	220,078	301,574	541,681	295,592	451,751	246,629	294,350	186,602	344,244	294,516	320,442
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	59,741,404
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	13,827,398
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	995,598
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	74,564,400
Expenditures											
Intrusion:											
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	16,869,049
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		5,929,991
Other special instruction	587,808	495,565	547,908	621,996	698,285	626,652	555,063	587,638			2,750,266
School-Sponsored/Other Instruction	742,163	753,124	689,942	700,115	698,964	740,897	767,862	775,524	1,446,345		1,086,050
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	1,140,595
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	3,974,415
Health services	598,549	635,324							654,564	603,361	476,134
Support services - students	5,145,944	5,071,430	642,581						598,887	6,369,847	2,116,353
Support services - instructional staff	851,824	873,116	5,361,581						888,682	112,997	110,148
General administration	511,329	492,514	887,646	567,061	595,703	640,945	589,819	633,485		649,052	649,959
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	1,620,296
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	885,962
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	66,118
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	5,832,439
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	2,831,811
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	20,980,982
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	18,800,794
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	2,415,000
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	1,536,016
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	90,072,378
(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)	(15,507,978)
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	1,479,527
Transfers out						(158,549)	(1,323,000)			(738,544)	(1,479,527)
Proceeds from MClA lease			500,000		726,000				747,000		755,000
Premium on lease							744,000				86,057
Total other financing sources (uses)	-	-	500,000	-	799,767	-	874,010	-	42,540,000	1,500,000	841,057
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)	(14,666,921)
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	39,779,592
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>	<u>\$ 25,112,671</u>
Debt service as a percentage of noncapital expenditures	5.55%	5.83%	5.52%	5.21%	5.08%	4.85%	4.46%	4.90%	4.21%	4.12%	5.54%

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

Year Ended June 30,	Tuition from Individuals	Tuition from Other LEAs	Miscellaneous	Interest on Investments	Prior Years' Refunds	Rental Income	Annual Totals
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
2020	50,841	232,207	61,052	75,115	54,380	36,206	509,801

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
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
2020	59,134,900	3,787,165,900	18,756,900	889,800	382,502,100	41,957,200	9,819,500	4,241,091,400	554,593,400	7,099,933	4,248,191,333	1.385

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	
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
2020	N/A	N/A	1.39	0.34	0.24	1.96

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

	2020		2011	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Kimco Realty Corp	\$ 50,000,000	1.17%	\$ 55,564,500	1.40%
Holmdel Commons, LLC C/O Kimco Realty	50,000,000	1.17%	51,911,100	1.20%
Mack-Cali Holmdel LLC-D Danscuk	40,938,100	0.96%	34,000,000	0.90%
Hlm Plzlp/Gbr Hlmllc C/O Natl Rlty	28,622,200	0.67%	20,000,000	0.50%
Holmdel Realty Development LLC	28,446,500	0.67%	N/A	0.00%
Lowe's Home Ctr/Tax Dept	17,000,000	0.40%	19,295,400	0.45%
Holmdel Investments, LLC	10,475,300	0.25%	11,701,200	0.31%
Eighteen Realty Company	10,618,400	0.25%	8,612,700	0.22%
Holmdel Venture/Bergman Realty	7,587,100	0.18%	8,774,700	0.22%
Safeguard Properties, LLC	7,652,900	0.18%	4,968,000	0.22%
LTI-NJ Finance	6,346,300	0.15%	5,731,300	0.70%
Croddick Real Estate Holdings, LLC	N/A	0.00%	20,588,100	0.49%
Total	<u>\$ 257,686,800</u>	<u>5.88%</u>	<u>\$ 241,147,000</u>	<u>6.61%</u>

Source: District CAFR & Holmdel Municipal Tax Assessor.

*Data as of December 31, 2019 (Township's year end). June 30, 2020 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
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%
2020	58,583,272	58,583,272	100.00%		58,583,272	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			
2011	\$ 22,485,000		\$ 981,900	\$ 23,466,900	2.06%	\$ 1,399
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
2020	42,418,000		2,574,600	44,992,600	3.77%	2,689.18

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

Year Ended June 30,	General Bonded Debt Outstanding					Percentage of Actual Taxable Value of Property ^a	Per Capita ^b
	General Obligation Bonds	Net Unamortized Premium and Deferred Interest Costs	Resources Restricted for Repayment of Debt	Net General Bonded Debt Outstanding			
2011	\$ 34,152,000			\$ 34,152,000		1.54%	2036
2012	20,285,000			20,285,000		0.93%	1208
2013	18,055,000		\$ 1	18,054,999		0.47%	1082
2014	15,660,000		62,470	15,597,530		0.41%	933
2015	10,645,000		1	10,644,999		0.26%	638
2016	10,645,000		100,765	10,544,235		0.26%	632
2017	8,400,000			8,400,000		0.20%	506
2018	46,518,000		69,705	46,448,295		1.10%	2791
2019	44,833,000		917,409	43,915,591		1.03%	2638
2020	42,418,000		1,118,069	41,299,931		0.97%	2468

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, 2020

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	\$ 26,935,000	100.000%	\$ 26,935,000
Monmouth County General Obligation Debt - Township's share	1,223,065,000	3.360%	<u>41,094,984</u>
Subtotal, overlapping debt			68,029,984
Holmdel School District Direct Debt			<u>41,299,931</u>
Total direct and overlapping debt			<u>\$ 109,329,915</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 2020

Equalized valuation basis

2018	\$	4,220,798,515
2019		4,271,580,979
2020		4,363,082,814
[A]	\$	12,855,462,308

Average equalized valuation of taxable property

[A/3] \$ 4,285,154,102.67

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 178,548,846	\$ 172,423,442	\$ 168,559,253	\$ 163,973,953	\$ 162,676,626	\$ 163,785,344	\$ 165,668,654	\$ 167,450,770	\$ 113,231,727	\$ 171,406,164
Total net debt applicable to limit	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	41,299,931
Legal debt margin	\$ 156,063,846	\$ 152,138,442	\$ 150,504,253	\$ 148,313,953	\$ 149,301,626	\$ 153,140,344	\$ 157,268,654	\$ 120,932,770	\$ 68,398,727	\$ 130,106,233
Total net debt applicable to the limit as a percentage of debt limit	12.59%	11.76%	10.71%	9.55%	8.22%	6.50%	5.07%	27.78%	39.59%	24.09%

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	Unemployment
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%
2020	16,731	1,193,890,698	71,358	2.80%

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.

* Information is the latest available as of 2019

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

Unaudited

<u>Employer</u>	<u>2020</u>			<u>2011</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>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>2020</u>
Instruction:										
Regular	195.00	196.10	197.20	196.50	197.70	205.00	204.50	205.40	219.10	213.00
Special Education	69.00	68.50	68.10	70.00	79.30	80.00	80.00	80.00	91.00	93.00
Support Services:										
Tuition										
Student and Instruction Related Services	93.50	92.90	99.30	105.00	109.00	111.50	99.00	97.00	91.00	88.00
General Administrative Services	6.00	6.00	7.00	7.00	5.00	5.00	5.00	5.00	5.00	4.00
School Administrative Services	17.00	17.00	16.50	17.00	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	5.00
Information Technology	2.50	5.50	5.50	5.50	5.50	5.00	6.00	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	42.00	40.00
Pupil Transportation	23.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.00	1.00
Total	<u>461.00</u>	<u>442.00</u>	<u>449.60</u>	<u>457.00</u>	<u>469.50</u>	<u>479.50</u>	<u>467.50</u>	<u>466.40</u>	<u>478.10</u>	<u>467.00</u>

Source: District personnel records

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	Senior High School				
2011	3,215	\$ 53,691,582	\$ 17,023	1.57%	264	-	-	-	3,151	3,068	-1.93%	97.38%
2012	3,156	55,601,183	18,000	5.74%	265	-	-	-	3,089	3,013	-1.97%	97.54%
2013	3,089	53,012,874	18,781	4.34%	265	-	-	-	3,091	3,011	0.06%	97.41%
2014	3,092	53,227,846	19,074	1.56%	267	-	-	-	3,019	2,944	-2.33%	97.52%
2015	3,021	53,114,932	17,582	-7.82%	277	-	-	-	3,027	2,883	0.26%	95.24%
2016	2,975	54,873,393	18,445	4.91%	283	-	-	-	2,973	2,850	-1.78%	95.86%
2017	3,002	55,335,677	18,433	-0.06%	284	-	-	-	3,002	2,857	0.97%	95.17%
2018	3,004	57,188,165	19,037	3.28%	285	-	-	-	3,004	2,840	0.07%	94.55%
2019	2,986	58,370,553	19,548	2.68%	307	-	-	-	2,996	2,851	-0.27%	95.15%
2020	2,971	67,320,568	22,659	15.92%	301	-	-	-	2,981	2,871	-0.50%	96.31%

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<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	841	835	831	835	821	805	824	796	751	775
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	767	732	733	711	707	713	735	757	752	747
<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	93,061
Capacity (students)	669	669	669	669	669	669	669	669	669	669
Enrollment	557	541	504	538	531	513	522	514	521	528
<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	202,135
Capacity (students)	1,173	1,173	1,173	1,173	1,173	1,173	1,173	1,173	1,173	1,173
Enrollment	1,050	1,048	1,021	1,008	962	944	921	937	962	937

Other

Number of Schools at June 30, 2020:

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

Source: District Facilities Office, District Records

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

Unaudited

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

	<u>*School Facilities</u> <u>Project # (s)</u>	<u>Holmdel</u> <u>High School</u>	<u>William R.</u> <u>Satz</u>	<u>Indian</u> <u>Hill</u>	<u>Village</u>	<u>Total</u>
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	452,449	205,941	276,120	347,500	1,282,010
2020	N/A	442,702	222,558	293,779	334,926	1,293,965
Total School Facilities		\$ 6,377,854	\$ 2,571,479	\$ 3,379,404	\$ 4,241,661	\$ 16,570,399

* 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, 2020

(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1):		
Building and Contents (All Locations)	\$ 162,023,998	\$ 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	1,244,142	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 (Base Policy)	25,000	80% Co-Ins.
Athletic Accident (Cat. Policy)	1,000,000	25,000
Environmental Liability	1,000,000	50,000

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, in the County of Monmouth, New Jersey (the "District") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 2, 2021.

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

February 2, 2021
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 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, 2020. 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.

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.

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, 2020.

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 weaknesses. However, material weaknesses may exist that have not been identified.

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

K-2
Page 3

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

February 2, 2021
Cranford, New Jersey



Michael Andriola, CPA
Licensed Public School Accountant
No. 2429

Holmdel School District
Schedule of Expenditures of Federal Awards
Year ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2019 Unearned Revenue/ (Accounts Receivable)	Cash Received	Budgetary Expenditures	Adjustments	Balance June 30, 2020 (Accounts Receivable)	Due to Grantor
U.S. Department of Health and Human Services- Services Passed-Through State Department of Education										
General Fund:										
Medical Assistance Program-SEMI/MAC	93.778	100-054-7540-211	7/1/19-6/30/20	\$ 24,093		\$ 24,093	\$ (24,093)			
Total U.S. Department of Health and Human Services						<u>\$ 24,093</u>	<u>\$ (24,093)</u>			
U.S. Department of Education--Passed-Through Department of Education										
Special Revenue Fund:										
I.D.E.A. Part B - Basic Flow-Through	84.027	100-034-5065-016	7/1/19-9/30/20	720,267		496,279	(689,337)		\$ (193,058)	
I.D.E.A. Part B - Basic Flow-Through	84.027	100-034-5065-016	7/1/18-6/30/19	728,847	\$ (285,074)	330,404	(45,330)			
I.D.E.A. Part B, Preschool	84.173	100-034-5065-020	7/1/19-9/30/20	29,573		20,486	(29,573)		(9,087)	
I.D.E.A. Part B, Preschool	84.173	100-034-5065-020	7/1/18-6/30/19	29,320	(17,846)	17,846				
Subtotal of IDEA Special Education Cluster					<u>(302,920)</u>	<u>865,015</u>	<u>(764,240)</u>		<u>(202,145)</u>	
Title I, Part A	84.010A	100-034-5064-194	7/1/19-9/30/20	159,825		74,530	(149,911)		(75,381)	
Title I, Part A	84.010A	100-034-5064-194	7/1/18-6/30/19	170,645	(105,736)	119,515	(13,779)			
Subtotal of Title I, Part A					<u>(105,736)</u>	<u>194,045</u>	<u>(163,690)</u>		<u>(75,381)</u>	
Title II, Part A	84.367	100-034-5063-290	7/1/19-9/30/20	42,246		15,248	(32,917)		(17,669)	
Title II, Part A	84.367	100-034-5063-290	7/1/18-6/30/19	41,637	(11,373)	25,047	(13,674)			
Title II, Part A	84.367	100-034-5063-290	7/1/17-6/30/18	44,024	(16,233)	16,201		\$ 31		
Subtotal of Title II, Part A					<u>(27,606)</u>	<u>56,496</u>	<u>(46,591)</u>	<u>31</u>	<u>(17,669)</u>	
Title III - Immigrant	84.365	100-034-5064-187	7/1/17-6/30/18	5,034	(2,898)	2,898				
Subtotal of Title III, Immigrant					<u>(2,898)</u>	<u>2,898</u>				
Title IV	93.658	100-034-5064-187	7/1/19-9/30/20	10,000		1,248	(1,694)		(446)	
Title IV	93.658	100-034-5064-187	7/1/18-6/30/19	10,248	(4,208)	4,208	(2,603)		(2,603)	
Title IV	93.658	100-034-5064-187	7/1/17-6/30/18	10,000	(3,268)	3,268				
Subtotal of Title IV					<u>(7,476)</u>	<u>8,724</u>	<u>(4,297)</u>		<u>(3,049)</u>	
Total Special Revenue Fund					<u>\$ (446,636)</u>	<u>\$ 1,127,178</u>	<u>\$ (978,818)</u>	<u>\$ 31</u>	<u>\$ (298,244)</u>	<u>\$ -</u>
Total Federal Awards					<u>\$ (446,636)</u>	<u>\$ 1,151,271</u>	<u>\$ (1,002,911)</u>	<u>\$ 31</u>	<u>\$ (298,244)</u>	<u>\$ -</u>

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

Holmdel School District
Schedule of Expenditures of State Financial Assistance
Year ended June 30, 2020

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2019			Repayment of Prior Years' Balances	Balance June 30, 2020			Memo		
				Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received		Budgetary Expenditures	Unearned Revenue	(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Budgetary Expenditures
State Department of Education													
General Fund:													
Non-Public Transportation Aid	495-034-5120-014	7/1/19-6/30/20	\$ 27,056										
Non-Public Transportation Aid	495-034-5120-014	7/1/18-6/30/19	29,000	\$ (29,000)		\$ 29,000						\$ 27,056	
Transportation Categorical Aid	495-034-5120-014	7/1/19-6/30/20	721,124			651,941	(721,124)					\$ (69,183)	
Transportation Categorical Aid	495-034-5120-014	7/1/17-6/30/18	721,124	(72,112)		72,112						721,124	
Special Education Categorical Aid	495-034-5120-089	7/1/19-6/30/20	1,722,321			1,557,084	(1,722,321)					(165,237)	
Special Education Categorical Aid	495-034-5120-089	7/1/18-6/30/19	1,479,185	(135,055)		135,055						1,722,321	
Security Categorical Aid	495-034-5120-084	7/1/19-6/30/20	139,118			125,771	(139,118)					(13,347)	
Security Categorical Aid	495-034-5120-084	7/1/18-6/30/19	139,118	(13,912)		13,912						139,118	
Extraordinary Special Education Aid	495-034-5120-044	7/1/19-6/30/20	725,149				(725,149)					725,149	
Extraordinary Special Education Aid	495-034-5120-044	7/1/18-6/30/19	819,046	(819,046)		819,046							
Reimbursed TPAF Social Security Contributions	495-034-5094-003	7/1/19-6/30/20	1,860,239			1,860,241	(1,860,241)					1,860,241	
TPAF-Post Retirement Medical (Noncash)	495-034-5094-001	7/1/19-6/30/20	1,944,195			1,944,195	(1,944,195)					1,944,195	
TPAF-Pension Contributions (Noncash Assistance)	495-034-5094-002	7/1/19-6/30/20	5,240,677			5,240,677	(5,240,677)					5,240,677	
TPAF-Long-Term Disability Ins (Noncash)	495-034-5094-004	7/1/19-6/30/20	3,772			3,772	(3,772)					3,772	
Total General Fund				<u>(1,069,125)</u>		<u>12,452,806</u>	<u>(12,383,653)</u>		<u>(752,205)</u>			<u>(247,767)</u>	<u>12,383,653</u>
Special Revenue Fund:													
Non Public Auxiliary Services (Ch. 192):													
Compensatory Education	100-034-5120-067	7/1/19-6/30/20	82,173			73,666	(82,173)						82,173
Transportation	100-034-5120-067	7/1/19-6/30/20											
Transportation	100-034-5120-067	7/1/18-6/30/19	5,950		\$ 5,950			\$ (5,950)					
ESL	100-034-5120-067	7/1/19-6/30/20	1,489			1,312	(1,489)						1,489
Home Instruction	100-034-5120-067	7/1/19-6/30/20	575				(575)						575
Home Instruction	100-034-5120-067	7/1/18-6/30/19	1,945	(1,945)		1,945							
Non Public Handicapped Services (Ch. 193):													
Examination and Classification	100-034-5120-066	7/1/19-6/30/20	117,059			105,355	(65,392)						65,392
Examination and Classification	100-034-5120-066	7/1/18-6/30/19	104,678		14,939			(14,939)			\$ 51,667	(11,704)	
Corrective Speech	100-034-5120-066	7/1/19-6/30/20	15,494			13,945	(12,067)				3,427	(1,549)	12,067
Supplemental Instruction	100-034-5120-066	7/1/19-6/30/20	85,805			77,224	(73,630)				12,175	(8,581)	73,630
Supplemental Instruction	100-034-5120-066	7/1/18-6/30/19	79,296		748			(748)					
Non Public Nursing Services	100-034-5120-070	7/1/19-6/30/20	127,264			127,264	(117,255)				10,009		117,255
Non Public Nursing Services	100-034-5120-070	7/1/18-6/30/19	134,345		157			(157)					
Non Public Textbooks Aid	100-034-5120-064	7/1/19-6/30/20	69,156			69,156	(68,947)				209		68,947
Non Public Textbooks Aid	100-034-5120-064	7/1/18-6/30/19	73,959		137			(137)					
Non Public Technology Aid	100-034-5120-373	7/1/19-6/30/20	47,232			47,232	(47,208)				24		47,208
Non Public Technology Aid	100-034-5120-373	7/1/18-6/30/19	49,860		5			(5)					
Non Public Security Aid	100-034-5120-509	7/1/19-6/30/20	196,800			196,800	(186,804)				9,996		186,804
Non Public Security Aid	100-034-5120-509	7/1/18-6/30/19	207,750		15			(15)					
Total Special Revenue Fund				<u>(1,945)</u>	<u>21,951</u>	<u>713,899</u>	<u>(655,540)</u>	<u>(21,951)</u>		<u>(9,259)</u>	<u>87,507</u>	<u>(21,834)</u>	<u>655,540</u>
Debt Service Fund:													
Debt Service Aid	100-034-3800-020	7/1/19-6/30/20	723,575			723,575	(723,575)						723,575
Total Debt Service Fund						<u>723,575</u>	<u>(723,575)</u>						<u>723,575</u>
Total State Financial Assistance				<u>\$ (1,071,070)</u>	<u>\$ 21,951</u>	<u>\$ 13,890,280</u>	<u>\$ (13,762,768)</u>	<u>\$ (21,951)</u>		<u>\$ (761,464)</u>	<u>\$ 87,507</u>	<u>\$ (269,601)</u>	<u>\$ 13,762,768</u>
State Financial Assistance Not Subject to Single Audit Determination:													
TPAF-Post Retirement Medical (Noncash Assistance)	495-034-5094-001	7/1/19-6/30/20				1,944,195	(1,944,195)						
TPAF-Pension Contributions (Noncash Assistance)	495-034-5094-002	7/1/19-6/30/20				5,240,677	(5,240,677)						
TPAF-Long-Term Disability Ins (Noncash Assistance)	495-034-5094-004	7/1/19-6/30/20				3,772	(3,772)						
Total State Financial Assistance Subject to Single Audit Determination				<u>\$ (1,071,070)</u>	<u>\$ 21,951</u>	<u>\$ 6,701,636</u>	<u>\$ (6,574,124)</u>	<u>\$ (21,951)</u>		<u>\$ (761,464)</u>	<u>\$ 87,507</u>	<u>\$ (269,601)</u>	<u>\$ 13,762,768</u>

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, 2020

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, 2020

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.

As a result, the federal account receivable balance in the special revenue fund on the budgetary basis differs from the GAAP basis as follows:

Accounts Receivable	Budgetary Basis	Less: Encumbrances	GAAP Basis
Federal	\$298,244	\$7,313	\$290,931

Additionally, on the budgetary basis, the special revenue fund will recognize an accounts receivable balance and an amount due back to state for non-public entitlement amounts not received at year end. However, on the GAAP basis, the accounts receivable balance and the amount due back to state is impacted strictly by the amount of non-public entitlement funds received and expended, respectively at year end. As a result, the state accounts receivable and the state payable balances in the special revenue fund on the budgetary basis differs from the GAAP basis as follows:

Accounts Receivable	Budgetary Basis	Less: State Aid Not Received At June 30, 2020	GAAP Basis
State	\$31,093	\$21,834	\$9,259
Accounts Payable	Budgetary Basis	Less: State Aid Not Received At June 30, 2020	GAAP Basis
State	\$87,507	\$21,834	\$65,673

Holmdel Township School District

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

Year ended June 30, 2020

3. Relationship to Basic Financial Statements (Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$26,688) for the general fund and \$84,007 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	\$ 24,093	\$ 12,356,963	\$ 12,381,056
Special Revenue Fund	971,505	746,860	1,718,365
Debt Service Fund		723,575	723,575
Total financial award revenues	<u>\$ 995,598</u>	<u>\$ 13,827,398</u>	<u>\$ 14,822,996</u>

4. Relationship to Federal and State Financial Reports

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

5. 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, 2020.

The post-retirement pension, medical and disability insurance benefits received on behalf of the District for the year ended June 30, 2020 amounted to \$7,188,644. 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.

7. Adjustments

The adjustments presented on the schedule of federal awards represent cancelation of prior year accounts receivable balances.

Holmdel Township School District

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2020

Part II- Schedule of Financial Statement Findings

Financial Statements Section

Type of report the auditors issued on whether the Financial statements were prepared in accordance With GAAP:

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	(Special Education Cluster) 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, 2020

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

Auditee qualified as low-risk auditee? X Yes No

State Financial Assistance 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
495-034-5120-089	State Aid Cluster:
495-034-5120-084	Special Education Categorical Aid
	Security Aid

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

Auditee qualified as low-risk auditee? X Yes No

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

Holmdel Township School District

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2020

Part II- Schedule of Financial Statement Findings

No federal award or state financial assistance program internal control over compliance or compliance findings or questioned costs were 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, 2020

No prior year findings were noted.