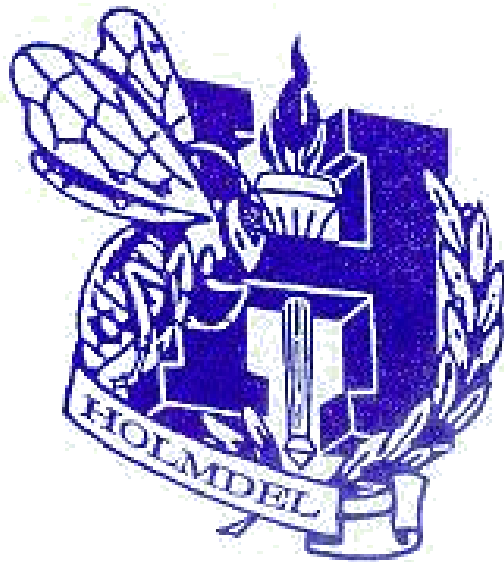


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***Holmdel Township Board of Education***  
*Monmouth County, New Jersey*  
*Annual Comprehensive Financial Report*

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*Year Ended June 30, 2023*

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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 Annual Comprehensive Financial Report.

## **Introductory Section**



# HOLMDEL TOWNSHIP PUBLIC SCHOOLS

*"A COMMITMENT TO EXCELLENCE"*

January 23, 2024

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

Dear Board Members:

The Annual Comprehensive Financial Report (ACFR) of the Holmdel Township Public Schools District (District) for the fiscal year ended June 30, 2023, 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, 2023, 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 requirements of the Single Audit Act Amendments of 1996, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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, 2022 was 2,920.

## **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 remained relatively stable in recent years due to savings realized from benefits, energy efficiencies and an increase in state aid funding. 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 strong financial position given ongoing expenditure management, moderate but consistent increases, and forward-looking financial planning.

## **MAJOR INITIATIVES**

The District successfully completed the Holmdel 2020 Initiative, which was a \$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 7<sup>th</sup>-12<sup>th</sup> grade facility that supports the transformation of the adolescents who enter it as 7<sup>th</sup> 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. As a continued commitment to excellence, District goal number two for the 2023/2024 academic year, was to finalize research process with respect to aligning the middle and high school schedules thereby creating a later start time for a prospective implementation for September 2024. As a result of this process, the District has decided to move forward with this initiative noting several positive implications for our students, including addressing sleep deprivation among high school learners, easing scheduling challenges for parents with children in different schools, and providing additional opportunities for Indian Hill school students to engage in after-school and extracurricular activities.

## **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 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 modified 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.

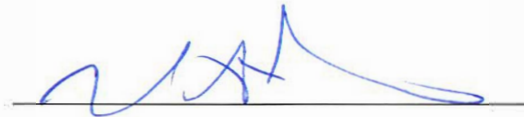
**ACKNOWLEDGMENTS**

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. J. Scott Cascone  
Superintendent of Schools



Michael R. Petrizzo, CPA  
Business Administrator/Board Secretary



**Holmdel Township School District**  
Holmdel, New Jersey

Roster of Officials

June 30, 2023

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mr. Peter Reddy, President	2023
Mr. Terence Wall, Vice President	2024
Mrs. Eileen Briamonte	2023
Mr. John Buckley	2025
Dr. Surekha Collur	2024
Mr. Chris DiMare	2025
Mr. Jeff Mann	2025
Mrs. Kimberly Tuccillo	2024
Mrs. Zhenling 'Linda' Zhang	2023

Other Officials

Dr. J. Scott Cascone, Superintendent of Schools

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

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

# **Holmdel Township School District**

Holmdel, New Jersey  
Consultants and Advisors  
June 30, 2023

## **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

## **Architect of Record**

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

## **Official Depository**

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

## **Financial Section**



## Independent Auditors' Report

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

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Holmdel School District (the "District"), as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2023, 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.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 (*Government Auditing Standards*). Our responsibilities under those standards and requirements are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

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***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

***Supplementary 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 combining and individual fund financial statements, long-term debt schedules, and the schedules of expenditures of federal awards and state financial assistance, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are presented for additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. 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.

***Other Information***

Management is responsible for the other information included in the Annual Comprehensive Financial Report for the year ended June 30, 2023. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Page 4

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2024 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*

PKF O'Connor Davies, LLP  
Cranford, New Jersey  
January 23, 2024

*Robert E. Provost*

Robert Provost, CPA  
Licensed Public School Accountant  
No. 2486

## **Required Supplementary Information – Part I**

Management's Discussion and Analysis

**Holmdel Township School District**  
Management's Discussion and Analysis  
Year Ended June 30, 2023

As management of the Holmdel Township Public School 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, 2023. 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 (2022-2023) and the prior fiscal year (2021-2022) is presented in the MD&A.

### **Overview of the Financial Statements**

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

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

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

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

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

**Fund financial statements.** A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary 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 23 - 25 of this report.

**Proprietary funds.** The District maintains two 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 26 - 28 of this report.

The District also accounts for resources held for student activities and groups, scholarships, and payroll related liabilities. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 84, which based on the District's administrative involvement now requires student activities and scholarships to be reported in the special revenue fund and payroll related liabilities and unemployment compensation fund activity in the general fund. See footnote 1C for more detail.

**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 29 - 66 of this report.

**Other information.** The combining statements referred to earlier in connection with governmental and enterprise funds are presented thereafter. Combining and individual fund statements and schedules can be found on pages 71-94 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, 2023 and 2022:

	2023			2022		
	Governmental Activities	Business Type- Activities	Total	Governmental Activities	Business Type- Activities	Total
Current and other assets	\$ 7,158,757	\$ 386,971	\$ 7,545,728	\$ 14,561,137	\$ 487,179	\$ 15,048,316
Capital assets, net	81,059,263	65,780	81,125,043	82,206,558	73,499	82,280,057
Total assets	88,218,020	452,751	88,670,771	96,767,695	560,678	97,328,373
Deferred outflows	2,557,598		2,557,598	1,619,889		1,619,889
Liabilities						
Current liabilities	2,667,734	91,511	2,759,245	3,919,999	132,235	4,052,234
Net pension liability	15,310,977		15,310,977	11,705,537		11,705,537
Long-term liabilities	37,869,640		37,869,640	41,081,306		41,081,306
Total liabilities	55,848,351	91,511	55,939,862	56,706,842	132,235	56,839,077
Deferred inflows	3,217,265		3,217,265	8,507,680		8,507,680
Net position						
Net investment in capital assets	44,221,847	65,780	44,287,627	42,739,284	73,499	42,812,783
Restricted	4,484,324		4,484,324	4,634,462		4,634,462
Unrestricted (deficit)	(16,996,169)	295,460	(16,700,709)	(14,200,684)	354,944	(13,845,740)
Total net position	\$ 31,710,002	\$ 361,240	\$ 32,071,242	\$ 33,173,062	\$ 428,443	\$ 33,601,505

Key financial highlights for the 2022-2023 fiscal year include the following:

- Governmental activities unrestricted deficit decreased \$2,795,485. A significant reason for the decrease was related to the increase in the current year net pension liability and pension deferred inflows and outflows. The change resulted in actuarial measurements predicated on changes in economic or demographic assumptions and changes in plan provisions. An annual revision of these factors are required by Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.
- There was a decrease in governmental activities current and other assets of \$7,402,380. This is attributable to cash spent during the year for District operations and activities. The large decrease in cash was attributable to the increase of expenditures incurred in the general fund of approximately \$6,000,000 while revenues remained consistent. Expenditures increased due to significant increases in operational costs, such as student transportation and health insurance costs, which increased \$1,867,253 and \$1,134,893, respectively from the prior year.
- There was an overall net decrease to governmental activities long-term liabilities which was mainly driven by the decrease in General Obligation Bonds and Capital Leases liability due to principal payments.
- Consistent with the prior year, the State withheld the school district's fiscal 2022-2023 last two state aid payments until July 2023.

- The change in governmental capital assets was primarily driven by the net effect of the acquisition of capital assets in the amount of \$2,675,832, offset by current year depreciation expense in the amount of \$3,823,127.
- The largest portion of the District's net position is net investment of capital assets of \$44,221,847 which was primarily the result of total capital assets acquired net of depreciation in the amount of \$81,059,263 offset by debt and financed purchase obligations in the amount of \$35,053,000 and \$1,933,100, respectively.
- 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 decreased by \$150,138 during the year ended June 30, 2023 mainly due to withdrawals from the maintenance reserves totaling \$175,065.
- The deficit (negative) balance of governmental activities unrestricted net position in the amount of (\$16,996,169) resulted from the District's required proportionate share of the state-wide net pension liability resulting from Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. The net pension liability calculated in accordance with this standard, which affected all school districts in the State of New Jersey, does not have an offsetting asset.

**District activities.** The key elements of the District's changes in net position for the years ended June 30, 2023 and 2022 are as follows:

	2023			2022		
	Governmental Activities	Business Type- Activities	Total	Governmental Activities	Business Type- Activities	Total
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 227,245	\$ 1,901,630	\$ 2,128,875	\$ 597,440	\$ 1,403,007	\$ 2,000,447
Operating grants and contributions	3,477,002		3,477,002	2,453,327		2,453,327
Capital grants and contributions	135,475		135,475	34,511		34,511
General revenues:						
Property taxes	59,219,063		59,219,063	59,389,063		59,389,063
State and federal aid not restricted to a specific purpose	21,673,667		21,673,667	21,493,414		21,493,414
Interest income	2,645		2,645	4,902		4,902
Miscellaneous	446,510	34,966	481,476	411,740	22,433	434,173
Total revenue	85,181,607	1,936,596	87,118,203	84,384,397	1,425,440	85,809,837
<b>Expenses:</b>						
Instructional services	50,472,487		50,472,487	48,327,296		48,327,296
Support services	35,044,591		35,044,591	32,619,837		32,619,837
Interest on long term debt	1,127,589		1,127,589	1,193,013		1,193,013
Business type activities		2,003,799	2,003,799		1,346,737	1,346,737
Total expenses	86,644,667	2,003,799	88,648,466	82,140,146	1,346,737	83,486,883
Change in net position	(1,463,060)	(67,203)	(1,530,263)	2,244,251	78,703	2,322,954
Net position—beginning	33,173,062	428,443	33,601,505	30,928,811	349,740	31,278,551
Net position—ending	\$ 31,710,002	\$ 361,240	\$ 32,071,242	\$ 33,173,062	\$ 428,443	\$ 33,601,505



Key financial highlights for the 2022-2023 fiscal year include the following:

- Governmental and business-type charges for services revenue remained fairly consistent, with a slight increase of approximately \$128,000. For the year ended June 30, 2023, local revenues slightly decreased while food service revenues continued to increase as the District provides more school lunch and food programs to students.
- Increase in operating grants and contributions primarily driven by the ARP ESSER and CRRSA Covid-19 aid received by the District compared to the prior year of approximately \$800,000.
- Increase to overall governmental expenditures was primarily driven by the increases in student transportation and health insurance costs mentioned previously. Tuition increased as a direct result of an increase in billing for in person learning, which has impacted all New Jersey School Districts. These increases, however, were offset by the on behalf TPAF pension payments mentioned above.
- Business-type expenses increased approximately \$750,000 due to increased school activities and food service operations provided by the District. There was an increased need of professional and technical services and an increase in childcare program salaries.
- Property tax revenue was in line with the amount levied in 2022 and remained sufficient to support the current budget at current market conditions.

### 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, 2023, 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 2022</u>	<u>Percent of (Decrease)/ Increase</u>
Local sources	\$ 60,427,818	72.07%	\$ (102,176)	-0.17%
State sources	21,279,607	25.38%	1,072,631	5.31%
Federal sources	2,132,781	2.55%	589,591	38.21%
Total	<u>\$ 83,840,206</u>	<u>100.00%</u>	<u>\$ 1,560,046</u>	<u>1.90%</u>

The District's local source revenue is in line with the prior year. The tax levy is predominately the source of the local revenue. Applying strategic budget planning, the District was able to avoid a tax increase for the year ended June 30, 2023. The increase in state sources is largely due to 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 by approximately \$355,000. Additionally, the state awarded the District approximately \$233,000 and \$753,000 more in extraordinary aid and general state aid, respectively, for the year ended June 30, 2023.

The increase in Federal sources is largely a result of the District being awarded new grants in the current year for the mitigation of the COVID-19 pandemic.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2023 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 2022</u>	<u>Percent of Increase (Decrease)</u>
Current expenditures:				
Instruction	\$ 32,014,499	35.79%	\$ 994,700	3.21%
Support services	50,850,024	56.85%	3,657,344	7.75%
Capital outlay	2,821,398	3.15%	2,069,930	275.45%
Debt service:				
Principal	2,510,000	2.81%	55,000	2.24%
Interest and other charges	1,249,373	1.40%	(87,961)	-6.58%
<b>Total</b>	<b>\$ 89,445,294</b>	<b>100.00%</b>	<b>\$ 6,689,013</b>	<b>8.08%</b>

The increase in instruction and support services expenditures is mainly the result of increases in salaries and wages, health benefits costs, student transportation costs, and on-behalf TPAF social security, medical, long-term disability, and pension contributions.

Capital outlay expenditures increased by approximately \$2,070,000 due to the District receiving a \$1,747,500 increase in Federal and State grant monies reserved for new equipment, machinery, and other capital purchases to enhance student learning and District-wide operations.

#### General Fund

Fund balance in the General Fund decreased by \$5,221,709. Of the \$5,827,501 fund balance in the General Fund, \$2,013,427 is restricted in the maintenance reserve, \$2,002,000 is restricted for capital reserve, \$169,810 is restricted for unemployment reserve, \$217,755 is assigned for other purposes, \$1,150,000 is designated for subsequent year expenditures and \$274,509 is unassigned.

#### Special Revenue Fund

Expenditures in the Special Revenue Fund increased \$767,402 from the prior year as new awards were received and utilized in the current year to help mitigate the COVID-19 pandemic. The ending fund balance for the current year under the Special Revenue Fund are monies directly related to student activities and scholarships of the District.

#### 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 \$231,502 is the result of unspent debt proceeds and State grant monies 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, 2023, and the increases in relation to the prior year:

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase from 2022</u>	<u>Percent of Increase</u>
Local Sources:				
Daily Sales	\$ 1,192,137	61.56%	\$ 302,485	34.00%
Tuition	709,493	36.64%	196,138	38.21%
Other	34,966	1.80%	12,533	55.87%
Total	<u>\$ 1,936,596</u>	<u>100.00%</u>	<u>\$ 511,156</u>	<u>35.86%</u>

The increase in daily sales and tuition revenue was attributable to the increase of provided student lunches and an increase of student participation in the childcare programs provided by the District.

The following schedule presents a summary of the Enterprise funds operating expenses for the fiscal year ended June 30, 2023, 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 2022</u>	<u>Percent of Increase/ (Decrease)</u>
Salaries and benefits	\$ 584,357	29.16%	\$ 140,077	31.53%
Purchased professional services	1,170,399	58.40%	355,046	43.55%
Other purchased service	15,763	0.79%	(16,019)	-50.40%
Supplies and materials	71,424	3.56%	42,183	144.26%
Depreciation	7,719	0.39%	(378)	-4.67%
Utility expense		0.00%	(162)	-100.00%
Other	154,137	7.69%	136,315	764.87%
	<u>\$ 2,003,799</u>	<u>100.00%</u>	<u>\$ 657,062</u>	<u>48.79%</u>

The increase in salaries and benefits and purchased professional services is mainly attributable to scheduled annual salary and hourly wage increases, hiring additional staffing needed to run the Childcare Program due to higher student enrollment, and additional fees charged by the Food Services vendor (Chartwells) due to the increase of meals being served and higher operating expenses needed to run Food Services at the District's cafeterias.

#### Food Service Fund

The food service enterprise fund realized operating revenues of \$1,227,103 and achieved a net gain this year of \$13,755 resulting from the increase in food service sales during the year. The increase was a direct result of the District's expanded and more diverse menu for the year ended June 30, 2023.

Total food service operating expenses increased from the prior year by \$355,544 or about 41% due to additional purchased professional services needed to run food services at the District's cafeterias.

The net position of the food service fund, \$231,891 is comprised of net position - investment in capital assets of \$65,780 and unrestricted net position of \$166,111. The fund maintains sufficient cash on hand to ensure the operational requirements of running the program are met at any time.

### Childcare Programs Fund

The Childcare Programs fund realized operating revenue of \$709,493 for the year ended June 30, 2023. Current year tuition revenues increased from the prior year by \$196,138 as a result of the increased need of the childcare-school program.

Meanwhile, operating expenses increased from the prior year by approximately \$301,518 to accommodate the increase of students enrolling in the childcare-school program. The District increased miscellaneous & supplies and materials expenditures and hired additional staffing, thus increasing salaries and benefits expense. 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, 2023, the District's governmental activities had capital assets of \$81,059,263 (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, 2023 and 2022:

	<b>June 30,</b>	
	<b>2023</b>	<b>2022</b>
	<hr/>	<hr/>
Land	\$ 5,122,300	\$ 5,122,300
Construction in progress	239,342	2,048,582
Buildings and building improvements, net	73,461,196	72,611,273
Machinery, equipment, and vehicles, net	2,236,425	2,424,403
Total capital assets, net	<hr/> <b>\$ 81,059,263</b> <hr/>	<hr/> <b>\$ 82,206,558</b> <hr/>

The decrease in total capital assets is a result of depreciation expense exceeding capital asset additions 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, 2023, the District had outstanding long-term liabilities of \$53,180,617 of which \$2,429,965 was classified as the current portion. At June 30, 2023 and 2022, the District's long-term liabilities consisted of:

	<b>June 30,</b>	
	<b>2023</b>	<b>2022</b>
	<hr/>	<hr/>
Bonds payable	\$ 35,053,000	\$ 37,563,000
Unamortized premium on bonds		55,534
Unamortized premium on leases	82,818	119,911
Financed purchases payable	1,933,100	2,453,900
Compensated absences payable	800,722	888,961
Net pension liability	15,310,977	11,705,537
Total long-term liabilities	<hr/> <b>\$ 53,180,617</b> <hr/>	<hr/> <b>\$ 52,786,843</b> <hr/>

Long-term liabilities increased mainly due to a \$3,605,440 increase to the District's net pension liability, offset by principal payments made on bonds and leases. 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 the budgetary comparison schedule 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.

- The District received \$1,062,665 more in Extraordinary Aid than budgeted due to the State of NJ increasing funding into special-education programs due to increased tuition and intensive services costs for individual students.
- 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%.

### **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, 2023.

## Holmdel Township School District

## Statement of Net Position

June 30, 2023

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 4,402,854	\$ 554,422	\$ 4,957,276
Accounts receivable	2,485,011	63,212	2,548,223
Internal balances	230,663	(230,663)	-
Other current assets	40,229		40,229
Capital assets, non-depreciable	5,361,642		5,361,642
Capital assets, depreciable, net	75,697,621	65,780	75,763,401
Total assets	<u>88,218,020</u>	<u>452,751</u>	<u>88,670,771</u>
<b>Deferred Outflow Of Resources</b>			
Pension deferrals	<u>2,557,598</u>		<u>2,557,598</u>
<b>Liabilities</b>			
Accounts payable	1,758,180	1,363	1,759,543
Accrued interest payable	504,409		504,409
Intergovernmental payables - State	8,383		8,383
Unearned revenue	146,957	90,148	237,105
Payroll deductions and withholdings payable	23,287		23,287
Unemployment compensation claims payable	41,263		41,263
Accrued salaries and wages	184,437		184,437
Other liabilities	818		818
Net pension liability	15,310,977		15,310,977
Current portion of long-term obligations	2,429,965		2,429,965
Noncurrent portion of long-term obligations	35,439,675		35,439,675
Total liabilities	<u>55,848,351</u>	<u>91,511</u>	<u>55,939,862</u>
<b>Deferred Inflow Of Resources</b>			
Pension deferrals	<u>3,217,265</u>		<u>3,217,265</u>
<b>Net Position</b>			
Net investment in capital assets	44,221,847	65,780	44,287,627
Restricted for:			
Capital reserve	2,002,000		2,002,000
Maintenance reserve	2,013,427		2,013,427
Unemployment reserve	169,810		169,810
Scholarships	35,916		35,916
Student activities	263,171		263,171
Unrestricted (deficit)	<u>(16,996,169)</u>	<u>295,460</u>	<u>(16,700,709)</u>
Total net position	<u>\$ 31,710,002</u>	<u>\$ 361,240</u>	<u>\$ 32,071,242</u>

See accompanying notes to the basic financial statements.



## Holmdel Township School District

## Statement of Activities

Year ended June 30, 2023

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	
<b>Governmental activities</b>							
Instruction	\$ 49,104,408	\$ 203,568	\$ 1,750,258		\$ (47,150,582)		\$ (47,150,582)
Support services:							
Instruction	1,368,079				(1,368,079)		(1,368,079)
Speech, OT, PT, and related services	1,951,060				(1,951,060)		(1,951,060)
Health services	781,473				(781,473)		(781,473)
Other support services	7,779,357	23,677	906,266		(6,849,414)		(6,849,414)
Improvement of instruction	2,122,773				(2,122,773)		(2,122,773)
Education media library	1,322,209				(1,322,209)		(1,322,209)
Other support: instruction staff	43,068				(43,068)		(43,068)
General administration	883,594				(883,594)		(883,594)
School administration	3,103,963				(3,103,963)		(3,103,963)
Central services	1,454,632				(1,454,632)		(1,454,632)
Admin IT	115,967		820,478		704,511		704,511
Required maintenance of plant services	1,974,725				(1,974,725)		(1,974,725)
Operation of plant	7,378,616			\$ 135,475	(7,243,141)		(7,243,141)
Care and upkeep	122,909				(122,909)		(122,909)
Security	279,977				(279,977)		(279,977)
Student transportation	5,730,268				(5,730,268)		(5,730,268)
Interest on long-term debt service	1,127,589				(1,127,589)		(1,127,589)
Total governmental activities	<u>86,644,667</u>	<u>227,245</u>	<u>3,477,002</u>	<u>135,475</u>	<u>(82,804,945)</u>		<u>(82,804,945)</u>
<b>Business-type activities</b>							
Food service	1,213,348	1,192,137				\$ (21,211)	(21,211)
Childcare programs	790,451	709,493				(80,958)	(80,958)
Total business-type activities	<u>2,003,799</u>	<u>1,901,630</u>	<u>-</u>	<u>-</u>		<u>(102,169)</u>	<u>(102,169)</u>
Total primary government	<u>\$ 88,648,466</u>	<u>\$ 2,128,875</u>	<u>\$ 3,477,002</u>	<u>\$ 135,475</u>	<u>(82,804,945)</u>	<u>(102,169)</u>	<u>(82,907,114)</u>
<b>General revenues:</b>							
Taxes:							
Property taxes, levied for general purposes					56,368,485		56,368,485
Property taxes, levied for debt service					2,850,578		2,850,578
State and federal sources—unrestricted					21,673,667		21,673,667
Interest income					2,645		2,645
Miscellaneous					446,510	34,966	481,476
Total general revenues					<u>81,341,885</u>	<u>34,966</u>	<u>81,376,851</u>
Change in net position					(1,463,060)	(67,203)	(1,530,263)
Net Position—beginning					33,173,062	428,443	33,601,505
Net Position—ending					<u>\$ 31,710,002</u>	<u>\$ 361,240</u>	<u>\$ 32,071,242</u>

See accompanying notes to the basic financial statements.

## **Fund Financial Statements**

## **Governmental Funds**

Holmdel Township School District  
Governmental Funds

Balance Sheet

June 30, 2023

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	
<b>Assets</b>				
Cash and cash equivalents	\$ 4,065,724	\$ 299,087	\$ 38,043	\$ 4,402,854
Accounts receivable:				
State	1,492,407	10,194	169,986	1,672,587
Federal		672,878		672,878
Other	17,687	83,241	38,618	139,546
Interfund	870,510	41,565		912,075
Other current assets	33,118	7,111		40,229
<b>Total assets</b>	<u>\$ 6,479,446</u>	<u>\$ 1,114,076</u>	<u>\$ 246,647</u>	<u>\$ 7,840,169</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 360,121	\$ 35,401		\$ 395,522
Intergovernmental payables:				
State	1,272	7,111		8,383
Interfunds payable	41,565	639,847		681,412
Accrued salaries	184,437			184,437
Unearned revenue		131,812	\$ 15,145	146,957
Other liabilities		818		818
Payroll deductions and withholdings payable	23,287			23,287
Unemployment compensation claims payable	41,263			41,263
<b>Total liabilities</b>	<u>651,945</u>	<u>814,989</u>	<u>15,145</u>	<u>1,482,079</u>
Fund balances:				
Restricted for:				
Maintenance reserve	2,013,427			2,013,427
Capital reserve account	2,002,000			2,002,000
Unemployment reserve	169,810			169,810
Scholarships		35,916		35,916
Student activities		263,171		263,171
Capital projects			231,502	231,502
Assigned to:				
Other purposes	217,755			217,755
Designated for subsequent year's expenditures	1,150,000			1,150,000
Unassigned:	274,509			274,509
<b>Total fund balances</b>	<u>5,827,501</u>	<u>299,087</u>	<u>231,502</u>	<u>6,358,090</u>
<b>Total liabilities and fund balances</b>	<u>\$ 6,479,446</u>	<u>\$ 1,114,076</u>	<u>\$ 246,647</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 \$126,169,210 and the accumulated depreciation is \$45,109,947	81,059,263
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.	(504,409)
Unamortized premium on financed purchase obligations	(82,818)
Long-term liabilities, including bonds payable, financed purchase: and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(37,786,822)
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	(659,667)
Accrued pension contributions for the June 30, 2023 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.	(1,362,658)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	<u>(15,310,977)</u>
<b>Net position of governmental activities</b>	<u>\$ 31,710,002</u>

Holmdel Township School District  
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2023

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
<b>Revenues</b>					
Local sources:					
Local tax levy	\$ 56,368,485			\$ 2,850,578	\$ 59,219,063
Tuition	203,568				203,568
Interest income			\$ 2,645		2,645
Miscellaneous	446,510	\$ 558,677			1,005,187
Total local sources	57,018,563	558,677	2,645	2,850,578	60,430,463
State sources	19,953,371	823,747	135,475	502,489	21,415,082
Federal sources	19,669	2,113,112			2,132,781
Total revenues	76,991,603	3,495,536	138,120	3,353,067	83,978,326
<b>Expenditures</b>					
Current:					
Instruction	28,985,973	1,746,462			30,732,435
Undistributed-current:					
Instruction	1,282,064				1,282,064
Attendance	89,044				89,044
Speech, OT, PT, and related services	1,254,490				1,254,490
Health services	492,891				492,891
Other support services	4,119,722	906,599			5,026,321
Improvement of instruction	1,307,913				1,307,913
Education media library	993,230				993,230
Other support: instructional staff	40,360				40,360
General administration	672,118				672,118
School administration	1,874,721				1,874,721
Central services	900,402				900,402
Administrative information technology	70,061				70,061
Required maintenance of plant services	1,501,455				1,501,455
Operation of plant	5,417,181				5,417,181
Student transportation	5,325,196				5,325,196
Unallocated benefits	11,346,285				11,346,285
On-behalf TPAF social security and pension contributions	14,538,356				14,538,356
Capital outlay	2,001,850	819,548	629,044		3,450,442
Debt service:					
Principal				2,510,000	2,510,000
Interest				1,249,373	1,249,373
Total expenditures	82,213,312	3,472,609	629,044	3,759,373	90,074,338
(Deficiency) excess of revenues (under) over expenditures	(5,221,709)	22,927	(490,924)	(406,306)	(6,096,012)
Other financing sources (uses)					
Transfers in				2,645	2,645
Transfers out			(2,645)		(2,645)
Total other financing (uses) sources	-	-	(2,645)	2,645	-
Net change in fund balances	(5,221,709)	22,927	(493,569)	(403,661)	(6,096,012)
Fund balances, July 1	11,049,210	276,160	725,071	403,661	12,454,102
Fund balances, June 30	\$ 5,827,501	\$ 299,087	\$ 231,502	\$ -	\$ 6,358,090

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, 2023

**Total net change in fund balances - governmental funds (from B-2)** \$ (6,096,012)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the period.

	Depreciation expense	\$ (3,823,127)	
	Capital asset additions	<u>2,675,832</u>	
			(1,147,295)

Repayments of bond principal and financed purchase principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of net position.

	Serial bonds payable	2,510,000	
	Financed purchases payable	<u>520,800</u>	
			3,030,800

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.

	Amortization of premium on bonds	55,534	
	Amortization of premium on financed purchases	<u>37,093</u>	
			92,627

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. This amount reflects the change from the prior year. 29,157

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). 88,239

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.

	Pension expense and changes in pension deferrals	2,539,424	
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**Change in net position of governmental activities (A-2)** \$ (1,463,060)

See accompanying notes to the basic financial statements.

## **Proprietary Funds**

Holmdel Township School District  
Proprietary Funds

Statement of Net Position

June 30, 2023

	Business-Type Activities Major Funds		
	<u>Food Service</u>	<u>Childcare Programs</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 171,030	\$ 383,392	\$ 554,422
Accounts receivable	63,212		63,212
Total - current assets	234,242	383,392	617,634
Noncurrent assets:			
Furniture, machinery and equipment	448,689	25,840	474,529
Less:			
Accumulated depreciation	(382,909)	(25,840)	(408,749)
Total - noncurrent assets	65,780	-	65,780
Total assets	300,022	383,392	683,414
Liabilities and net position:			
Liabilities:			
Current liabilities:			
Interfund payable		230,663	230,663
Accounts payable	1,363		1,363
Unearned revenue	66,768	23,380	90,148
Total liabilities	68,131	254,043	322,174
Net position:			
Investment in capital assets	65,780		65,780
Unrestricted	166,111	129,349	295,460
Total net position	\$ 231,891	\$ 129,349	\$ 361,240

*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, 2023

	Business-Type Activities		<u>Total</u>
	Major Funds		
	<u>Food Service</u>	<u>Childcare Programs</u>	
Operating revenues:			
Charges for services:			
Daily sales - non-reimbursable programs	\$1,192,137		\$1,192,137
Tuition		\$ 709,493	709,493
Miscellaneous revenue	34,966		34,966
Total operating revenues	1,227,103	709,493	1,936,596
Operating expenses:			
Salaries		537,598	537,598
Support services - employee benefits		46,759	46,759
Purchased professional/technical services	1,170,399		1,170,399
Other purchased service	15,763		15,763
Repairs and maintenance	1,459		1,459
Supplies and materials	7,580	63,844	71,424
Depreciation	7,719		7,719
Equipment	10,428		10,428
Rental expense		125,000	125,000
Miscellaneous expenditures		17,250	17,250
Total operating expenses	1,213,348	790,451	2,003,799
Operating income	13,755	(80,958)	(67,203)
Total net position - beginning	218,136	210,307	428,443
Total net position - ending	<u>\$ 231,891</u>	<u>\$ 129,349</u>	<u>\$ 361,240</u>

See accompanying notes to the basic financial statements.

Holmdel Township School District  
Proprietary Funds

Statement of Cash Flows

Year ended June 30, 2023

	Business-Type Activities		
	Major Funds		
	<u>Food Service</u>	<u>Childcare Programs</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers	\$ 1,174,263	\$ 718,709	\$ 1,892,972
Payments to employees		(584,357)	(584,357)
Payments to suppliers	(1,251,900)	(80,472)	(1,332,372)
	<hr/>	<hr/>	<hr/>
Net cash (used in)/provided by operating activities	(77,637)	53,880	(23,757)
Net (decrease)/increase in cash and cash equivalents	(77,637)	53,880	(23,757)
Balance - beginning of year	248,667	329,512	578,179
	<hr/>	<hr/>	<hr/>
Balance - end of year	\$ 171,030	\$ 383,392	\$ 554,422
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Reconciliation of operating income/(loss) to net cash provided by/(used in) operating activities:			
Operating income/(loss)	\$ 13,755	\$ (80,958)	\$ (67,203)
	<hr/>	<hr/>	<hr/>
Adjustments to reconcile operating income/(loss) to net cash provided by/(used in) operating activities:			
Depreciation	7,719		7,719
(Increase) in accounts receivable	(52,840)		(52,840)
(Decrease)/increase in accounts payable	(91,139)	125,622	34,483
Increase in unearned revenue	44,868	9,216	54,084
	<hr/>	<hr/>	<hr/>
Total adjustments	(91,392)	134,838	43,446
	<hr/>	<hr/>	<hr/>
Net cash (used in)/provided by operating activities	\$ (77,637)	\$ 53,880	\$ (23,757)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

*See accompanying notes to the basic financial statements.*

# Holmdel Township School District

## Notes to the Basic Financial Statements

Year ended June 30, 2023

### 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.

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.

# Holmdel Township School District

## Notes to the Basic Financial Statements

Year ended June 30, 2023

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

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 and proprietary 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.

### **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 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.

However, debt services expenditures, as well as expenditures related to compensated absences, the net pension 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.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2023

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

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. Since the District's unemployment and payroll agency funds do not meet the criteria defined by the Government Accounting Standards Board Statement No. 84, *Fiduciary Activities*, the unemployment compensation fund which 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 and the payroll agency fund which is used to account for the assets that the District holds on behalf of others as their agent are reported in the general fund as governmental activities effective June 30, 2022.

*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. Since the District's scholarship and student activity funds do not meet the criteria defined by the Government Accounting Standards Board Statement No. 84, *Fiduciary Activities*, the private purpose scholarship fund which is utilized to provide scholarships to students and to account for the related transactions and student activities which is used to account for funds derived from athletic events or other activities of pupil organizations and to account for the accumulation of money to pay for student group activities are reported in the special revenue fund as governmental activities effective with the year ending June 30, 2022.

*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, Pre-k and before/after-school programs. The enterprise funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2023

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

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

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

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

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

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

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

Unpaid taxes are considered delinquent the following January 1 and are then subject to lien.

**D. Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the Monmouth County office of the DOE for approval. Budgets are prepared using the modified accrual basis of accounting and the special revenue fund uses a non-GAAP budget (budgetary basis). The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referred in *N.J.A.C. 6A:23*. All budget amendments must be approved by School Board resolution.

# Holmdel Township School District

## Notes to the Basic Financial Statements

Year ended June 30, 2023

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

Budgetary transfers were made during the current year in accordance with statutory guidelines. The amendments made by the District were part of the normal course of operations.

The over-expenditure in the General Fund is due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures. Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the last two state aid payments for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial report. With the District's implementation of GASB Statement No. 84, *Fiduciary Activities*, federal, state, and local grants remain on the budgetary basis and student activities and scholarships recognize revenue upon cash received and expenditures incurred when paid.

#### **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, 2023

**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/amortized using the straight-line method. The following estimated useful lives are used to compute depreciation/amortization:

	<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.

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, 2023, a liability existed for compensated absences in the government-wide financial statements in the amount of \$800,722 and no liability existed for compensated absences in the enterprise funds.



Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2023

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

**J. Unearned Revenue**

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

**K. Accrued Salaries and Wages**

The District has accrued at June 30, 2023 \$184,437 for salaries and stipends for services rendered during the last two weeks of June 2023 that were not paid until the subsequent fiscal year.

**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 assets 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 one item that qualifies for reporting in this category, 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 assets 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 or leases using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond 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.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2023

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

**N. Leases**

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 87, "Leases". The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The District recognizes lease liabilities with an initial, individual value of \$35,000 or more. The District maintains full ownership of the underlying assets under such obligations. The District did not have any new or prior year leases that would require recognition of a right-to-use asset ("lease asset") and a corresponding liability for the year ended June 30, 2023. Although no additional leases and lease assets are recorded, the District is in compliance with the requirements of GASB No. 87.

Lease assets are reported with other capital assets and financed purchases payable are reported with long-term liabilities on the Statement of Net Position.

**O. Fund Balances**

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* 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 Statement No. 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.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2023

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

- 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 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 \$6,222,940 of budgetary basis fund balance in the General Fund, \$2,002,000 has been restricted in the capital reserve account, \$2,013,427 has been restricted in the maintenance reserve account, \$169,810 has been restricted in the unemployment reserve, \$1,150,000 is designated for future year's expenditures, \$217,755 of encumbrances are assigned to other purposes and \$669,948 is unassigned.

**P. Net Position and Fund Balance/Restricted Assets**

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.

**Q. Management Estimates**

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

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2023

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

**R. 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.

**S. 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, 2023 was \$0.

**T. 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. 72, "*Fair Value Measurement and Application*." 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.

**U. 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.

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

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2023

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

local share performed by the New Jersey Department of Education based upon district property value and wealth. There have been no material tax abatement agreements entered into by the Township that will affect the District.

**V. Recently Issued Accounting Pronouncements**

The GASB issued Statement No. 96, "*Subscription-Based Information Technology Arrangements*" in May 2020. This Statement provides guidance on accounting and financial reporting for subscription based information technology arrangements. The requirements of this Statement are effective for periods beginning after June 15, 2022. Management has reviewed the requirements of GASB Statement No. 96 and SBITA's that would require recording under this Statement and has deemed it immaterial.

The GASB issued Statement No. 99, "*Omnibus 2022*" in April 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective for periods beginning after June 15, 2022. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 101, "*Compensated Absences*" in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for periods beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has not determined the impact of the Statement on the financial statements.

**W. Subsequent Events**

Management has reviewed and evaluated all events and transactions from June 30, 2023 through January 23, 2024, the date that the financial statements were available for issuance, 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.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2023

**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, leases, 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 \$37,869,640 difference are as follows:

Bonds payable	\$ 35,053,000
Financed purchases payable	1,933,100
Unamortized premium on financed purchases	82,818
Compensated absences	<u>800,722</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	<u>\$ 37,869,640</u>

**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.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2023

**3. Deposits and Investments (continued)**

**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%.

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, 2023, the District's carrying amount of deposits was \$4,957,276 and the bank balance was \$6,098,588. The District's carrying amount includes \$1,799,163 NJ ARM funds.

Of the bank balance, \$250,000 was secured by federal depository insurance and \$5,131,134 was covered by the New Jersey Governmental Unit Deposit Protection Act (GUDPA). \$717,454 held in the District's agency accounts are not covered by GUDPA.

Pursuant to GASB Statement No. 40, "*Deposit and Investment Risk Disclosures*", 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.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2023

**3. Deposits and Investments (continued)**

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.
- 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, 2023 the District's balance was \$896,085. 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.



Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2023

**3. Deposits and Investments (continued)**

*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 Statement No. 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government.

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

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

*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, 2023, the District's balance in the NJARM was \$1,799,163.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2023

**4. Capital Assets**

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2023:

	Beginning Balance	Increases	Retirements/ Transfers	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 5,122,300			\$ 5,122,300
Construction in progress	2,048,582	\$ 517,781	\$ (2,327,021)	239,342
Total capital assets, not being depreciated	7,170,882	517,781	(2,327,021)	5,361,642
Capital assets, being depreciated:				
Buildings and building improvements	105,910,746	1,321,253	2,327,021	109,559,020
Machinery, equipment and vehicles	10,411,750	836,798		11,248,548
Total capital assets being depreciated	116,322,496	2,158,051	2,327,021	120,807,568
Less accumulated depreciation for:				
Buildings and building improvements	33,299,473	2,798,351		36,097,824
Machinery, equipment and vehicles	7,987,347	1,024,776		9,012,123
Total accumulated depreciation	41,286,820	3,823,127	-	45,109,947
Total capital assets, being depreciated, net	75,035,676	(1,665,076)	2,327,021	75,697,621
Governmental activities capital assets, net	\$ 82,206,558	\$ (1,147,295)	\$ -	\$ 81,059,263

Depreciation expense was charged to functions/programs of the District for the year ended June 30, 2023 as follows:

Instruction	\$ 2,154,118
Speech, OT, PT, and related services	84,165
Health services	33,069
Other support services	337,250
Improvement of instruction	87,749
Education media library	66,637
Other support: instruction staff	2,708
General administration	45,093
School administration	125,777
Central services	60,409
Administration information technology	4,700
Required maintenance of plant services	100,734
Operation of plant	363,445
Student transportation	357,273
Total depreciation expense - governmental activities	<u>\$ 3,823,127</u>

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2023

**4. Capital Assets (continued)**

The following schedule is a summarization of business-type activities changes in capital assets for the year ended June 30, 2023:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Ending Balance</b>
<b>Business-type activities</b>			
Capital assets, being depreciated:			
Equipment	\$ 448,689		\$ 448,689
Less accumulated depreciation for:			
Equipment	375,190	\$ 7,719	382,909
Total business-type activities capital assets, net	\$ 73,499	\$ (7,719)	\$ 65,780

**5. Long-Term Liabilities**

During the year ended June 30, 2023, the following changes occurred in governmental activities long-term liabilities:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due within One Year</b>
<b>Governmental activities:</b>					
Compensated absences payable	\$ 888,961	\$ 72,692	\$ 160,931	\$ 800,722	\$ 80,072
Bonds payable	37,563,000		2,510,000	35,053,000	1,938,000
Unamortized premium on bonds	55,534		55,534		
Unamortized premium on financed purchases	119,911		37,093	82,818	37,093
Financed purchases payable	2,453,900		520,800	1,933,100	374,800
Subtotal	41,081,306	72,692	3,284,358	37,869,640	2,429,965
Net pension liability	11,705,537	3,605,440		15,310,977	
Governmental activity long-term liabilities	\$ 52,786,843	\$ 3,678,132	\$ 3,284,358	\$ 53,180,617	\$ 2,429,965

The District expects to liquidate the compensated absences, financed purchase 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, 2023

**5. Long-Term Liabilities (continued)**

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2024	\$ 1,938,000	\$ 1,158,723	\$ 3,096,723
2025	1,975,000	1,095,738	3,070,738
2026	2,035,000	1,031,550	3,066,550
2027	2,095,000	965,413	3,060,413
2028	2,155,000	897,325	3,052,325
2029-2033	11,855,000	3,390,562	15,245,562
2034-2038	13,000,000	1,866,312	14,866,312
	<u>\$ 35,053,000</u>	<u>\$ 10,405,623</u>	<u>\$ 45,458,623</u>

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 matured in 2023 with a final payment of \$1,210,000 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 \$1,938,000 to \$2,600,000 at annual interest rates ranging from 3.25% to 3.50%

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2023

**5. Long-Term Liabilities (continued)**

**Financed Purchase**

The School District has entered into financed purchase agreements for equipment purchases and to fund Capital Projects. All financed purchase agreements are for terms of five to fifteen years. The equipment, asset and other purchases made by the District through the financed purchase agreements with the MCIA belong to the District outright and immediately. The following is a schedule of the remaining future minimum financed purchase payments as of June 30, 2023:

	<b>Financed Purchase Amount</b>
Year:	
2024	\$ 450,561
2025	453,093
2026	283,401
2027	285,775
2028	117,902
2029-2033	633,315
Total minimum financed purchase payments	2,224,047
Less amounts representing interest	(290,947)
Present value of net minimum financed purchase payments	\$ 1,933,100

	<b>Financed Purchase Amount</b>
Year:	
2024	\$ 450,561
2025	453,093
2026	283,401
2027	285,775
2028	117,902
2029-2033	633,315
Total minimum financed purchase payments	2,224,047
Less amounts representing interest	(290,947)
Present value of net minimum financed purchase payments	\$ 1,933,100

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2023

**5. Long-Term Liabilities (continued)**

Financed purchases were acquired to purchase the following assets:

	<u>Governmental Activities</u>
Asset:	
Buildings and Building Improvements	\$ 1,475,000
Machinery, equipment and vehicles	3,724,151
Less: Accumulated depreciation	<u>(2,172,711)</u>
Total	<u>\$ 3,026,440</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 defined benefit 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 defined benefit 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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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, 2023

#### **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 Employees' 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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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 were 7.5% of employees' annual pensionable compensation, for the fiscal year ended June 30, 2023. 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.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2023

**6. Pension Plans (continued)**

During the year ended June 30, 2023, the State of New Jersey contributed \$12,277,139 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 \$2,261,217 during the year ended June 30, 2023 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, 2023, 2022, and 2021 were \$1,362,658, \$1,279,398, and \$1,157,181, 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 Employees' Retirement System (PERS)*

At June 30, 2023, the District reported a liability of \$15,310,977 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2021 which was rolled forward to June 30, 2022. 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, 2022, the District's proportion was 0.1014551371%, which was an increase of 0.0026450468% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized full accrual pension expense of \$2,539,424 in the government-wide financial statements. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources.



Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2023

**6. Pension Plans (continued)**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 110,508	\$ 97,452
Changes of assumptions	47,438	2,292,659
Net difference between projected and actual earnings on pension plan investments	633,707	
Changes in proportion	403,287	827,154
District contributions subsequent to the measurement date	1,362,658	
	<b>\$ 2,557,598</b>	<b>\$ 3,217,265</b>

\$1,362,658 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:

<b>Year ended June 30:</b>	
2024	\$ (1,534,338)
2025	(835,076)
2026	(409,129)
2027	754,366
2028	1,852
	<b>\$ (2,022,325)</b>

*Actuarial Assumptions*

The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022.

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

	June 30, 2022
Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases	2.75 - 6.55%
	based on years of service
Investment rate of return	7.00%

The actuarial assumptions used in the July 1, 2021 valuation was based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2023

**6. Pension Plans (continued)**

*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-2021.

*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, 2022) 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.

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2023

**6. Pension Plans (continued)**

<b>Asset Class</b>	<b>June 30, 2022</b>	
	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
US Equity	27.00%	8.12%
Non-US developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%
	<u>100.00%</u>	

*Discount rate*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 and the nonemployer contributing entity will be based on 100% 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability as of June 30, 2022 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:

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2023

**6. Pension Plans (continued)**

	<b>At 1% Decrease (6.00%)</b>	<b>At Current Discount Rate (7.00%)</b>	<b>At 1% Increase (8.00%)</b>
District's proportionate share of the net pension liability	\$ 19,670,120	\$ 15,310,977	\$ 11,601,170

*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, 2022 are as follows:

Collective deferred outflows of resources	\$ 1,660,772,008
Collective deferred inflows of resources	3,236,303,935
Collective net pension liability	15,219,184,920
 District's Proportion	 0.1014551371

Collective pension expense for the Local Group for the measurement period ended June 30, 2022 is \$1,032,778,934.

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, 2022, 2021, 2020, 2019, 2018, 2017, 2016, and 2015 is 5.04, 5.13, 5.16, 5.21, 5.63, 5.48, 5.57, and 5.72 years, respectively.

*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, *Accounting and Financial Reporting for Pensions*, 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.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2023

**6. Pension Plans (continued)**

The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2022 was \$121,909,643. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 01, 2021, which was rolled forward to June 30, 2022.

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, 2022, the State's proportionate share of the TPAF net pension liability associated with the District was 0.2362845690%, which was a decrease of 0.0011039629% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized on-behalf pension expense and revenue in the government wide financial statements of \$12,277,139 for contributions incurred by the State.

*Actuarial assumptions*

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

	<u>June 30, 2022</u>
Inflation rate	2.75%
Wage rate	3.25%
Salary increases	2.75% - 5.65% based on years of service
Investment rate of return	7.00%

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2023

**6. Pension Plans (continued)**

*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-2021.

The actuarial assumptions used in the July 1, 2021 valuation was based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

*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, 2022) 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.

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2023

**6. Pension Plans (continued)**

Asset Class	June 30, 2022	
	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	8.12%
Non-US developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%
	100.00%	

*Discount Rate*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

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 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the net pension liability of the State as of June 30, 2022 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:

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2023

**6. Pension Plans (continued)**

	<b>At 1% Decrease (6.00%)</b>	<b>At Current Discount Rate (7.00%)</b>	<b>At 1% Increase (8.00%)</b>
State's proportionate share of the net pension liability associated with the District	\$ 142,941,647	\$ 121,909,643	\$ 104,192,822

*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, 2022 are as follows:

Collective deferred outflows of resources	\$ 4,996,491,160
Collective deferred inflows of resources	19,532,696,776
Collective net pension liability	51,594,415,806
District's Proportion	0.2362845690%

Collective pension expense for the plan for the measurement period ended June 30, 2022 is \$1,424,884,581.

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, 2022, 2021, 2020, 2019, 2018, 2017, 2016, and 2015 is 7.83, 7.93, 7.99, 8.04, 8.29, 8.30, 8.30, and 8.30 years, respectively.

**7. Post-retirement Benefits**

*General Information about the OPEB Plan*

The State Health Benefit State Retired Employees Plan (State Retired OPEB Plan) is a single-employer defined benefit OPEB plan with a special funding situation. The State Retired OPEB Plan is administered on a "pay-as-you-go" basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Retired OPEB Plan covers the State, State colleges and universities, the Palisades Interstate Park Commission, and the New Jersey Building Authority (referred to collectively as "the employers") for which the State is legally obligated to pay for benefits. The State Retired OPEB Plan is treated as a cost-sharing multiple employer plan with a special funding situation for allocating the total OPEB liability and related OPEB amounts since each employer mentioned above is required to issue stand-alone financial statements.



Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2023

**7. Post-retirement Benefits (continued)**

The State Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of the employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

In accordance with *N.J.S.A. 52:14-17.32*, the State is required to pay the premiums or periodic charges for health benefits of State employees who retire with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Judicial Retirement System (JRS), the State Police Retirement System (SPRS), the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS), and the Alternate Benefit Program (ABP). In addition, *N.J.S.A. 52:14-17.26* provides that for purposes of the State Retired OPEB Plan, an employee of Rutgers, the State University of New Jersey, and New Jersey Institute of Technology shall be deemed to be an employee of the State. Further, P.L.1966, c.302, addresses the other State colleges and universities, whereas while these institutions were provided autonomy from the State, their employees retained any and all rights to health benefits within the State Retired OPEB Plan and are therefore classified as State employees.

The State Health Benefit Local Education Retired Employees Plan (Local Education Retired OPEB Plan) is a multiple-employer defined benefit OPEB plan with a special funding situation. The Local Education Retired OPEB Plan is administered on a "pay-as-you-go" basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Local Education Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of local education employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

The employer contributions for the participating local education employers are legally required to be funded by the State in accordance with *N.J.S.A. 52:14-17.32f*. According to this law, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: TPAF, PERS, PFRS, or ABP.

Pursuant to P.L.2011, c.78, future retirees eligible for postemployment medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2023

**7. Post-Retirement Benefits (continued)**

The State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. The State, as a non-employer contributing entity, reported a Fiscal Year 2022 total OPEB liability of \$50,646,462,966 for this special funding situation.

The State's contributions to the SHBP Fund for TPAF retirees' post-retirement medical benefits on behalf of the District for the years ended June 30, 2023, 2022 and 2021 were \$2,553,458, \$2,304,689, and \$2,203,685, respectively, which equaled the required contributions for each year.

In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments.

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 OPEB liability on the Statement of Net Position. The State's proportionate share of the OPEB liability associated with the District as of June 30, 2022 was \$111,051,957. Additional information can be obtained from the State of New Jersey's annual comprehensive financial report.

Additional information on pensions and OPEB can be assessed at [state.nj.us/treasury/pensions/financial-reports.shtml](http://state.nj.us/treasury/pensions/financial-reports.shtml).

*Actuarial assumptions and other inputs*

The total non-employer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022 and included in the June 30, 2022 audited financial statements of the State Health Benefit Local Education Retired Employees Plan. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2023

**7. Post-Retirement Benefits (continued)**

	<u>TPA/ABP</u>	<u>PERS</u>
Salary Increases:	2.55 - 4.25%	2.75 - 6.55%
	based on years of service	based on years of service

*Mortality Rates*

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP) and "General" (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. 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-2021. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 "General" (PERS) and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the actual experience studies for the periods July 1, 2018 – June 30, 2021 for TPAF and PERS.

*Discount Rate*

The discount rate for June 30, 2022 was 3.54%. This represents the municipal bond return rate as chosen by the Division. The source is 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. 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.

*Health Care Trend Assumptions*

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits, the trend is initially - 1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal yuear 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2023

**7. Post-Retirement Benefits (continued)**

For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

*The following represents sensitivity of total non-employer OPEB liability to changes in the discount rate and health care cost rate*

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2022 calculated using a discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current rate:

	1% Decrease (2.54%)	At Current Discount Rate (3.54%)	1% Increase (4.54%)
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 130,529,894	\$ 111,051,957	\$ 95,411,364

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2022 calculated using a healthcare cost trend rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	At Current Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 91,791,230	\$ 111,051,957	\$ 136,352,091

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2023

**7. Post-Retirement Benefits (continued)**

*Changes in the Total Non-employer OPEB Liability*

Below represents the changes in the District's total OPEB liability for the year ended June 30, 2023:

Balance at June 30, 2022		\$ 131,436,478
Increased by:		
Service cost	\$ 5,952,737	
Interest cost	2,942,999	
Differences between expected and actual experience	3,332,036	
Member contributions	<u>93,519</u>	
		12,321,291
Decreased by:		
Changes of assumptions	29,790,684	
Gross benefit payments	<u>2,915,128</u>	
		<u>32,705,812</u>
Balance at June 30, 2023		<u>\$ 111,051,957</u>

*Employees covered by benefit terms*

The following employees were covered by the benefit terms:

Local Education	June 30, 2022
Active Plan Members	213,148
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	150,669
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	<u>-</u>
Total Plan Members	364,817

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

For the year ended June 30, 2022, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$3,582,634 for OPEB expenses incurred by the State. Collective balances of the Local Education Group at June 30, 2022 are as follows:

Deferred outflows of resources	\$ 20,104,625,333
Deferred inflows of resources	\$(34,996,842,046)
Collective OPEB expense	\$ 1,595,653,562
District's Proportion	0.23%

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2023

**7. Post-Retirement Benefits (continued)**

*Special Funding Situation*

The employer contributions for local participating employers are legally required to be funded by the State, therefore, the District records an expense and corresponding revenue for its respective share of total OPEB expense and revenue attributable to the State of New Jersey.

**8. Interfund Receivables and Payables**

The total interfund receivables and payables for the District at June 30, 2023 are as follows:

<b>Fund</b>	<b>Interfund Receivable</b>	<b>Interfund Payable</b>
General Fund	\$ 870,510	\$ 41,565
Special Revenue Fund	41,565	639,847
Childcare Programs Enterprise Fund		230,663
	<u>\$ 912,075</u>	<u>\$ 912,075</u>

The interfund receivable in the general fund resulted primarily from a cash loan to the special revenue fund to clear a pooled cash deficit in the amount of \$639,847 and cash due from the childcare programs enterprise funds in the amount of \$230,663 for purchases made from the general fund due from the enterprise fund. The other interfunds of \$41,565 in the special revenue interfund receivable was due to athletic fees collected in the general fund.

**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**

**Grants**

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2023 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies. The District is also involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the Board.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2023

**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 unemployment compensation fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2022-2023	\$ 124,530		\$ 471,619
2021-2022	120,533		347,089

During fiscal year 2022 and 2023, the New Jersey Department of Labor has issuing bills to New Jersey governmental units for prior periods affected previously, and as such the District has been billed for third and fourth quarters of 2020 and the first and second quarters of 2021 during the fiscal year. The Federal Government, through the CARES American Rescue acts, provided subsidies to Districts for unemployment bills, which was noted within this report within the single audit section.

*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.

Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2023

**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. Transfers – Reconciliation**

The following presents a reconciliation of transfers during the fiscal year ended June 30, 2023:

	<u>In</u>	<u>Out</u>
Capital Projects Fund		\$ 2,645
Debt Service Fund	\$ 2,645	
	<u>\$ 2,645</u>	<u>\$ 2,645</u>

The transfer from the capital projects fund to the debt service fund in the amount of \$2,645 represents a transfer of funds to cover the interest paid out of the debt service. Debt service has been completed and closed out to tie back to no remaining fund balance.

**14. 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 capital reserve activity for the July 01, 2022 to June 30, 2023 fiscal year is as follows:

Beginning balance, July 1, 2022	\$ 2,001,000
Deposits:	
Interest Earned	1,000
Ending balance, June 30, 2023	<u>\$ 2,002,000</u>



Holmdel Township School District

Notes to the Basic Financial Statements

Year ended June 30, 2023

**15. Maintenance Reserve Account**

The June 30, 2023 LRFP balance of local support costs of uncompleted capital projects exceeded the amount in the capital reserve.

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

The activity of the maintenance reserve for the fiscal year ended June 30, 2023 is as follows:

Beginning balance, July 1, 2022	\$ 2,187,492
Increase:	
Interest Earned	1,000
Withdrawals:	
Budget withdrawal	175,065
Ending balance, June 30, 2023	<u>\$ 2,013,427</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, 2023.

**16. Commitments**

There was \$72,558 of contractual commitments at June 30, 2023 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 \$217,755 which are reported as assigned to other purposes, and in the special revenue fund in the amount of \$127,422 which are reported as encumbrances for various supplies and equipment at June 30, 2023.

**Required Supplementary Information – Part II**

**Schedules Related to Accounting and Reporting for Pensions  
and OPEBs  
(GASB Statement No. 68 and GASB Statement No. 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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset) - Local Group	0.10060%	0.09777%	0.10331%	0.10522%	0.10535%	0.10699%	0.10202%	0.96340%	0.95330%	0.93620%
District's proportionate share of the net pension liability (asset)	\$ 15,310,977	\$ 11,705,537	\$ 16,847,945	\$ 18,958,369	\$ 20,743,837	\$ 24,905,133	\$ 30,214,761	\$ 21,626,749	\$ 17,847,912	\$ 17,893,541
District's covered-employee payroll	\$ 7,600,616	\$ 7,538,440	\$ 6,692,527	\$ 7,219,278	\$ 7,342,601	\$ 7,816,493	\$ 7,843,575	\$ 7,535,615	\$ 7,072,860	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	201.44%	155.28%	251.74%	262.61%	282.51%	318.62%	385.22%	286.99%	252.34%	N/A
Plan fiduciary net position as a percentage of the total pension liability - Local Group	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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 remained constant at 7.00% for the years ended June 30, 2021 and June 30, 2022.

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

Last Ten Fiscal Years

	June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,362,658	\$ 1,279,398	\$ 1,157,181	\$ 1,130,213	\$ 1,023,450	\$ 1,054,168	\$ 991,131	\$ 906,312	\$ 828,279	\$ 785,866
Contributions in relation to the contractually required contribution	(1,362,658)	(1,279,398)	(1,157,181)	(1,130,213)	(1,023,450)	(1,054,168)	(991,131)	(906,312)	(828,279)	(785,866)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 7,600,616	\$ 7,538,440	\$ 6,692,527	\$ 7,219,278	\$ 7,342,601	\$ 7,816,493	\$ 7,843,575	\$ 7,535,615	\$ 7,072,860	N/A
Contributions as a percentage of covered-employee payroll	17.93%	16.97%	17.29%	15.66%	13.94%	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

	2023	2022	2021	2020	2019	June 30, 2018	2017	2016	2015	2014
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	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	121,909,643	114,124,985	154,562,974	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>\$ 121,909,643</u>	<u>\$ 114,124,985</u>	<u>\$ 154,562,974</u>	<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	32.29%	35.52%	24.60%	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.

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

There were none.

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	Year Ended June 30, 2021	Year Ended June 30, 2022	Year Ended June 30, 2023
State's proportion of the OPEB Liability associated with the District -	0.22%	0.22%	0.22%	0.22%	0.21%	0.23%
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	147,602,806	131,436,478	111,051,957
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>	<u>\$ 147,602,806</u>	<u>\$ 131,436,478</u>	<u>\$ 111,051,957</u>
Beginning Balance at July 1	\$ 124,961,251	\$ 115,969,509	\$ 100,883,111	\$ 91,014,921	\$ 147,602,806	\$ 131,436,478
Increased by:						
Diff. between expected and actual exp.				25,149,843		\$ 3,332,036
Service cost	4,919,251	4,085,846	3,634,991	3,696,180	6,712,390	5,952,737
Interest cost	3,664,986	4,251,774	3,992,889	3,271,658	3,409,601	2,942,999
Changes of assumptions			1,357,040	26,961,961	129,672	
Member contributions	98,909	93,233	82,819	77,886	87,167	93,519
Decreased by:						
Diff. between expected and actual exp.					(23,679,450)	
Changes of assumptions	(14,988,788)	(11,576,842)	(16,142,042)		(139,898)	(29,790,684)
Gross benefit payments	(2,886,100)	(2,697,578)	(2,793,887)	(2,569,643)	(2,885,810)	(2,915,128)
	(17,674,888)	(23,517,251)	(18,935,929)	(2,569,643)	(26,505,158)	(32,705,812)
Balance	<u>\$ 115,969,509</u>	<u>\$ 100,883,111</u>	<u>\$ 91,014,921</u>	<u>\$ 147,602,806</u>	<u>\$ 131,436,478</u>	<u>\$ 111,051,957</u>
Covered by employee payroll	\$ 35,055,197	\$ 33,303,773	\$ 33,336,235	\$ 33,783,174	\$ 34,966,856	\$ 37,582,699
Total OPEB liability as a percentage of covered employee payroll.	330.82%	302.92%	273.02%	436.91%	375.89%	295.49%

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 2.16% as of June 30, 2021 and 3.54% as of June 30, 2022.

**Required Supplementary Information – Part III**  
**Budgetary Comparison Schedules**

Holmdel Township School District  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to
<b>Revenues</b>					
Local sources:					
Local tax levy	\$ 56,368,485		\$ 56,368,485	\$ 56,368,485	
Tuition from individuals					
Tuition from LEAs within state	264,000		264,000	203,568	\$ (60,432)
Interest earned on maintenance reserve	1,000		1,000		(1,000)
Interest earned on capital reserve	1,000		1,000		(1,000)
Other miscellaneous revenues	184,000		184,000	446,510	262,510
Total revenues - local sources	<u>56,818,485</u>		<u>56,818,485</u>	57,018,563	200,078
State sources:					
Categorical transportation aid	896,622		896,622	896,622	
Non-public transportation aid				52,160	52,160
Extraordinary aid	269,058		269,058	1,331,723	1,062,665
Categorical special education aid	2,960,177		2,960,177	2,960,177	
Categorical security aid	246,662		246,662	246,662	
On-behalf TPAF pension contributions (non-budgeted)				9,720,141	9,720,141
On-behalf TPAF post-retirement medical contributions (non-budgeted)				2,553,458	2,553,458
On-behalf TPAF long-term disability insurance contributions (non-budgeted)				3,540	3,540
Reimbursed TPAF social security contributions (non-budgeted)				2,261,217	2,261,217
Total - state sources	<u>4,372,519</u>		<u>4,372,519</u>	20,025,700	15,653,181
Federal sources:					
Medical reimbursement	25,325		25,325	19,669	(5,656)
Total federal sources	<u>25,325</u>		<u>25,325</u>	19,669	(5,656)
Total revenues	<u>61,216,329</u>	-	<u>61,216,329</u>	77,063,932	15,847,603

**Expenditures**

Current expenditures:

Instruction - regular programs:

Salaries of teachers:

Preschool/kindergarten	746,698	\$ 13,289	759,987	759,987	
Grades 1-5	6,513,308	504,670	7,017,978	7,017,977	1
Grades 6-8	4,148,454	337,255	4,485,709	4,485,708	1
Grades 9-12	6,289,235	160,596	6,449,831	6,449,831	

Home instruction - regular programs:

Salaries of teachers	23,000	(5,642)	17,358	17,358	
Purchased professional-educational services	8,000	(2,530)	5,470	3,711	1,759

Undistributed instruction - regular programs:

Purchased professional-educational services	7,000	4,000	11,000	11,000	
Other purchased services	956		956	124	832
General supplies	1,200,976	(11,498)	1,189,478	1,187,738	1,740
Textbooks	269,125	(56,748)	212,377	207,466	4,911
Other objects	144,300	(82,114)	62,186	62,185	1

Total instruction - regular programs	<u>19,351,052</u>	861,278	20,212,330	20,203,085	9,245
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Holmdel Township School District  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Learning and/or language disabilities:					
Salaries of teachers	\$ 169,694	\$ 4,125	\$ 173,819	\$ 173,819	
Other salaries for instruction	554,678	(288,733)	265,945	265,944	\$ 1
General supplies	15,000	(9,575)	5,425	5,424	1
Total learning and/or language disabilities	739,372	(294,183)	445,189	445,187	2
Visual impairments:					
Salaries of teachers	203,074	(13,167)	189,907	189,906	1
Purchased professional ed services	12,760	(12,760)			
Total visual impairments:	215,834	(25,927)	189,907	189,906	1
Multiple disabilities:					
Salaries of teachers	457,534	(140,435)	317,099	317,098	1
Other salaries for instruction	558,085	36,245	594,330	594,330	
General supplies	10,450		10,450	10,076	374
Total multiple disabilities	1,026,069	(104,190)	921,879	921,504	375
Resource room/center:					
Salaries of teachers	4,193,298	370,892	4,564,190	4,564,189	1
General supplies	15,000	(3,525)	11,475	11,399	76
Total resource room/center	4,208,298	367,367	4,575,665	4,575,588	77
Preschool disabilities - part time:					
Salaries of teachers	295,733	19,475	315,208	315,207	1
Other salaries for instruction	249,992	55,464	305,456	305,373	83
General supplies	2,000	(1,630)	370	368	2
Total preschool disabilities - part time	547,725	73,309	621,034	620,948	86
Home instruction:					
Salaries of teachers	42,500		42,500	35,505	6,995
Purchased professional-educational services	10,000		10,000	3,142	6,858
Total home instruction	52,500	-	52,500	38,647	13,853
Total special education	6,789,798	16,376	6,806,174	6,791,780	14,394

Holmdel Township School District  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Basic skills/remedial - instruction:					
Salaries of teachers	\$ 768,358	\$ 90,185	\$ 858,543	\$ 858,543	
Total basic skills/remedial - instruction	768,358	90,185	858,543	858,543	-
Bilingual education - instruction:					
Salaries of teachers	148,839	23,738	172,577	172,577	
General supplies	200	200	400	212	\$ 188
Total bilingual education - instruction	149,039	23,938	172,977	172,789	188
School - sponsored cocurricular activities:					
Salaries	243,333	(13,669)	229,664	223,780	5,884
Supplies and materials	19,988		19,988	15,902	4,086
Total school spn. cocurricular activities	263,321	(13,669)	249,652	239,682	9,970
School - sponsored athletics - instruction:					
Salaries	494,948	32,963	527,911	527,911	
Supplies and materials	84,300	2,900	87,200	77,686	9,514
Other objects	128,715		128,715	114,497	14,218
Total school - sponsored athletics - instruction	707,963	35,863	743,826	720,094	23,732
Total instruction	28,029,531	1,013,971	29,043,502	28,985,973	57,529
Undistributed expenditures:					
Instruction:					
Tuition to county voc. school dist. - regular	773,336	95,000	868,336	840,677	27,659
Tuition to county voc. school dist. - special	3,952		3,952	2,964	988
Tuition to private schools for the disabled - within state	706,178	(246,512)	459,666	398,153	61,513
Tuition - other	40,270		40,270	40,270	
Total instruction	1,523,736	(151,512)	1,372,224	1,282,064	90,160

Holmdel Township School District  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Attendance and social work services:					
Salaries	\$ 178,775	\$ (89,731)	\$ 89,044	\$ 89,044	
Total attendance and social work service	178,775	(89,731)	89,044	89,044	-
Health services:					
Salaries	415,513	(77,161)	338,352	338,352	
Purchased professional and technical services	25,792	1,539	27,331	25,508	\$ 1,823
Supplies and materials	10,161		10,161	8,537	1,624
Other objects	145,310	(23,030)	122,280	120,494	1,786
Total health services	596,776	(98,652)	498,124	492,891	5,233
Speech, OT, PT, and related services related services:					
Salaries	1,000,301	24,068	1,024,369	1,024,368	1
Purchased professional educational services		7,857	7,857	7,857	
Supplies and materials	48,026	(10,764)	37,262	35,415	1,847
Other objects	214,578	(27,728)	186,850	186,850	
Total Speech, OT, PT, and related services	1,262,905	(6,567)	1,256,338	1,254,490	1,848
Other support services - students - extra services:					
Salaries	1,020,572	160,569	1,181,141	1,181,140	1
Purchased professional educational services	10,000	(9,150)	850	850	
Supplies and materials	4,500	(2,631)	1,869	199	1,670
Total other support services - students - extra services	1,035,072	148,788	1,183,860	1,182,189	1,671
Guidance:					
Salaries of other professional staff	988,022	32,665	1,020,687	1,020,686	1
Salaries of secretarial and clerical assistants	160,426	35,061	195,487	195,486	1
Purchased professional educational services	204,803	5,000	209,803	209,803	
Supplies and materials	13,465	(2,690)	10,775	9,619	1,156
Other objects	3,219		3,219	3,008	211
Total guidance	1,369,935	70,036	1,439,971	1,438,602	1,369
Child Study Team:					
Salaries of other professional staff	1,161,196	200,027	1,361,223	1,361,223	
Salaries of secretarial and clerical assistants	120,686	2,018	122,704	122,704	
Travel	2,600	(1,009)	1,591	978	613
Supplies and materials	12,500	(4,562)	7,938	7,262	676
Other objects	11,408		11,408	6,764	4,644
Total child study team	1,308,390	196,474	1,504,864	1,498,931	5,933

Holmdel Township School District  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Improvement of instructional services:					
Salaries of supervisors of instruction	\$ 688,131	\$ 1,589	\$ 689,720	\$ 686,449	\$ 3,271
Salaries of other professional staff	192,750	(17,324)	175,426	175,426	
Salaries of secretaries and clerical assistants	365,630	(11,270)	354,360	354,360	
Other purchased prof. and tech. services	66,000	14,000	80,000	80,000	
Other purchased services	1,480		1,480	755	725
Supplies and materials	2,430	52	2,482	1,156	1,326
Other objects	13,812	155	13,967	9,767	4,200
Total improvement of instructional services	1,330,233	(12,798)	1,317,435	1,307,913	9,522
Educational media services/school library:					
Salaries	418,885	19,934	438,819	438,819	
Purchased professional and technical services	490,226	15,922	506,148	506,148	
Supplies and materials	52,349	1,073	53,422	48,263	5,159
Total educational media services/school library	961,460	36,929	998,389	993,230	5,159
Instructional staff training services:					
Other objects	79,900	(23,805)	56,095	40,360	15,735
Total instructional staff training services	79,900	(23,805)	56,095	40,360	15,735
Support services-general administration:					
Salaries	280,039		280,039	278,307	1,732
Legal services	145,000	37,447	182,447	168,754	13,693
Audit fees	41,000		41,000	41,000	
Other purchased professional services	63,000	28,650	91,650	53,737	37,913
Communications/telephone	58,847	1,950	60,797	58,618	2,179
Travel / Mileage	500		500		500
General supplies	26,000	(7,240)	18,760	16,949	1,811
Miscellaneous expenditures	57,700	(5,005)	52,695	49,805	2,890
BOE membership dues and fees	14,350	(5,391)	8,959	4,948	4,011
Total support services-general administration	686,436	50,411	736,847	672,118	64,729

Holmdel Township School District  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Support services-school administration:					
Salaries of principals/assistant principals program directors	\$ 1,262,208	\$ 33,594	\$ 1,295,802	\$ 1,295,802	
Salaries of secretarial and clerical assistants	507,590	42,369	549,959	549,958	\$ 1
Supplies and materials	18,000	6,484	24,484	21,925	2,559
Other objects	16,665	(6,484)	10,181	7,036	3,145
Total support services-school administration	1,804,463	75,963	1,880,426	1,874,721	5,705
Central services:					
Salaries	905,570	(61,233)	844,337	826,012	18,325
Purchased professional services	5,100		5,100	5,100	
Interest on current loans	66,937		66,937	66,936	1
Miscellaneous expenditures	5,000		5,000	2,354	2,646
Total central services	982,607	(61,233)	921,374	900,402	20,972
Administrative information technology:					
Salaries	67,514	1,412	68,926	68,926	
Other objects	2,250		2,250	1,135	1,115
Total administrative information technology	69,764	1,412	71,176	70,061	1,115
Required maintenance for school facilities:					
Salaries	579,725	41,858	621,583	621,583	
Cleaning, repair and maintenance services	540,699	154,812	695,511	662,891	32,620
General supplies	201,300	27,643	228,943	216,981	11,962
Total required maintenance for school facilities	1,321,724	224,313	1,546,037	1,501,455	44,582
Custodial Services:					
Salaries	2,109,028	45,424	2,154,452	2,154,452	
Salaries of non-instructional aides	555,998	(50,406)	505,592	505,592	
Purchased professional and technical services	14,950	(6,642)	8,308	8,308	
Cleaning, repair and maintenance services	42,000	(1)	41,999	41,999	
Other purchased property services	202,300	13,839	216,139	178,216	37,923
Insurance	719,109	(22,000)	697,109	695,263	1,846
General supplies	132,590	34,033	166,623	163,386	3,237
Energy - natural gas	301,700	68,582	370,282	370,282	
Energy - electricity	442,500	88,085	530,585	530,585	
Other objects	17,500	(5,339)	12,161	11,709	452
Energy savings impr prog bonds - interest	37,009		37,009	37,008	1
Energy savings impr prog bonds - principal	67,800		67,800	67,800	
Total custodial services	4,642,484	165,575	4,808,059	4,764,600	43,459
Care & upkeep of grounds:					
Salaries	195,990	9,599	205,589	205,589	
Cleaning, repair and maintenance services	195,000	(21,218)	173,782	162,647	11,135
General supplies	45,000	(22,129)	22,871	20,103	2,768
Total care & upkeep of grounds	435,990	(33,748)	402,242	388,339	13,903

Holmdel Township School District  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Security					
Salaries	\$ 53,904	\$ 2,769	\$ 56,673	\$ 56,673	
Purchased professional and technical services	250,000	(2,769)	247,231	207,569	\$ 39,662
Total Security	303,904	-	303,904	264,242	39,662
Student transportation services:					
Salaries for pupil transportation:					
Between home and school - regular	79,949		79,949	79,949	
Other purchased prof. and tech. services	500		500		500
Vendors - special ed	724,894	381,244	1,106,138	1,106,138	
Vendors - between home & school	1,825,936	1,580,181	3,406,117	3,403,117	3,000
Vendors - other between home & school	188,419	25,760	214,179	207,718	6,461
Joint agreements - special ed	489,413	(9,039)	480,374	480,374	
Aid in lieu - nonpublic	50,000	(10,653)	39,347	39,347	
Miscellaneous purchased services	4,656		4,656	3,734	922
General supplies	1,000		1,000	629	371
Transportation supplies	6,000		6,000	2,193	3,807
Other objects	1,317	680	1,997	1,997	
Total student transportation services	3,372,084	1,968,173	5,340,257	5,325,196	15,061
Unallocated benefits:					
Social security contributions	890,000	38,728	928,728	928,727	1
Other retirement contributions - PERS	1,200,000	104,391	1,304,391	1,304,391	
Unemployment compensation	25,000	(25,000)			
Worker's compensation	425,000	(15,683)	409,317	409,316	1
Health insurance	8,651,041	(244,951)	8,406,090	8,406,090	
Tuition reimbursement	120,000		120,000	103,583	16,417
Other employee benefits	180,000	14,178	194,178	194,178	
Total unallocated benefits	11,491,041	(128,337)	11,362,704	11,346,285	16,419
On-behalf TPAF pension contributions (non-budgeted)				9,720,141	(9,720,141)
On-behalf TPAF Ppst-retirement medical contributions (non-budgeted)				2,553,458	(2,553,458)
On-behalf TPAF long-term disability insurance contributions (non-budgeted)				3,540	(3,540)
Reimbursed TPAF social security contributions (non-budgeted)				2,261,217	(2,261,217)
Total personal services: benefits	11,491,041	(128,337)	11,362,704	25,884,641	(14,521,937)
Interest deposit to maintenace reserve	1,000		1,000		1,000
Total undistributed expenditures	34,758,679	2,331,691	37,090,370	51,225,489	(14,135,119)
Total current expenditures	62,788,210	3,345,662	66,133,872	80,211,462	(14,077,590)

Holmdel Township School District  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Capital outlay:					
Equipment:					
Undistributed expenditures:					
Instruction	\$ 28,604	\$ (2,853)	\$ 25,751	\$ 22,385	\$ 3,366
Required maintenance for school facilities	20,000		20,000	19,773	227
Total equipment	48,604	(2,853)	45,751	42,158	3,593
Facilities acquisition and construction services:					
Lease purchase agreements - principal	459,000		459,000	459,000	
Assessment for debt service of SDA funding	69,515		69,515	69,515	
Construction services		1,436,573	1,436,573	1,431,177	5,396
Total facilities acquisition and construction services	528,515	1,436,573	1,965,088	1,959,692	5,396
Interest deposit to capital reserve	1,000		1,000		1,000
Total expenditures - capital outlay	578,119	1,433,720	2,011,839	2,001,850	9,989
Total expenditures	63,366,329	4,779,382	68,145,711	82,213,312	(14,067,601)
(Deficiency) excess of revenues (under) over expenditures	(2,150,000)	(4,779,382)	(6,929,382)	(5,149,380)	1,780,002
Fund balances, July 1	11,372,320		11,372,320	11,372,320	
Fund balances, June 30	\$ 9,222,320	\$ (4,779,382)	\$ 4,442,938	\$ 6,222,940	\$ 1,780,002
<b>Recapitulation of excess (deficiency) of revenues over (under)   expenditures and other financing sources (uses)</b>					
Budgeted fund balance	\$ (2,150,000)		\$ (2,150,000)	\$ (3,310,046)	\$ (1,160,046)
Withdrawal from maintenance reserve		\$ (175,065)	(175,065)		175,065
Budgeted withdrawal from unassigned		(2,764,983)	(2,764,983)		2,764,983
Adjustment for prior year encumbrances		(1,839,334)	(1,839,334)	(1,839,334)	
Total	\$ (2,150,000)	\$ (4,779,382)	\$ (6,929,382)	\$ (5,149,380)	\$ 1,780,002
Recapitulation of fund balance:					
Restricted for:					
Maintenance reserve				\$ 2,013,427	
Capital reserve				2,002,000	
Unemployment reserve				169,810	
Assigned to:					
Year end encumbrances				217,755	
Designated for subsequent year's expenditures				1,150,000	
Unassigned fund balance				669,948	
				6,222,940	
Reconciliation to governmental funds statements GAAP:					
Last two state aid payments not recognized on GAAP basis				(395,439)	
Fund balance per governmental funds (GAAP) (B-1)				\$ 5,827,501	

Holmdel Township School District  
Special Revenue Fund

Required Supplementary Information  
Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Revenues:</b>					
State sources	\$ 578,735	\$ 313,231	\$ 891,966	\$ 823,747	\$ (68,219)
Federal sources	808,401	1,940,015	2,748,416	2,149,874	(598,542)
Other sources		699,132	699,132	412,416	(286,716)
<b>Total revenues</b>	<b>1,387,136</b>	<b>2,952,378</b>	<b>4,339,514</b>	<b>3,386,037</b>	<b>(953,477)</b>
<b>Expenditures:</b>					
<b>Current expenditures:</b>					
<b>Instruction:</b>					
Salaries of teachers	84,736	384,890	469,626	173,423	296,203
Purchased professional technical services	360,775	168,800	529,575	528,005	1,570
Tuition	515,515	125,287	640,802	640,802	
Supplies and materials	7,669	315,791	323,460	259,970	63,490
Other objects		1	1	1	
<b>Total instruction</b>	<b>968,695</b>	<b>994,769</b>	<b>1,963,464</b>	<b>1,602,201</b>	<b>361,263</b>
<b>Support services:</b>					
Salaries of teachers	53,622	(8,577)	45,045	23,329	21,716
Personal services—employee benefits	9,011	43,081	52,092	2,592	49,500
Purchased professional educational services	161,142	583,508	744,650	572,670	171,980
Other purchased professional services	11,429	4,671	16,100	16,100	
Supplies and materials	6,477	95,615	102,092	30,790	71,302
Other objects	640	(640)			
Scholarships awarded		39,366	39,366	3,450	35,916
Student activities		556,227	556,227	292,430	263,797
<b>Total support services</b>	<b>242,321</b>	<b>1,313,251</b>	<b>1,555,572</b>	<b>941,361</b>	<b>614,211</b>
<b>Capital outlay:</b>					
<b>Facilities acquisition and construction services:</b>					
Construction services	176,120	70,905	247,025	246,095	930
Instructional equipment		573,453	573,453	573,453	
<b>Total facilities acquisition and construction services</b>	<b>176,120</b>	<b>644,358</b>	<b>820,478</b>	<b>819,548</b>	<b>930</b>
<b>Total expenditures</b>	<b>1,387,136</b>	<b>2,952,378</b>	<b>4,339,514</b>	<b>3,363,110</b>	<b>976,404</b>
<b>Excess of revenues over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22,927</b>	<b>\$ 22,927</b>
Fund balance, July 1				276,160	
Fund balance, June 30				<u>\$ 299,087</u>	
<b>Recapitulation:</b>					
<b>Restricted:</b>					
Scholarships				\$ 35,916	
Student activities				263,171	
<b>Total fund balance</b>				<u>\$ 299,087</u>	



Holmdel Township School District  
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2023

**Note A - Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures:**

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-1, C-2)	\$ 77,063,932	\$ 3,386,037
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		236,921
Current year		(127,422)
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.		
Prior year	323,110	
Current year	(395,439)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2)	\$ 76,991,603	\$ 3,495,536
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 82,213,312	\$ 3,363,110
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		236,921
Current year		(127,422)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	\$ 82,213,312	\$ 3,472,609

## **Supplementary Information**

## **Special Revenue Fund**

Holmdel Township School District  
Special Revenue Fund

Combining Schedule of Revenues and Expenditures

Budgetary Basis

Year ended June 30, 2023

	Title I		I.D.E.A.		Title II	Title IV			Coronavirus Response and Relief Supplemental Appropriations Act	CRRSA - Learning Accel.	ARP ESSER - Accel Learning	ARP ESSER - Summer Learning	ARP ESSER - Mental Health
	Regular Part A	Part B Regular	Part B Preschool	ARP Regular	Part A Regular	Drug Free Regular	ARP ESSER	ESSER II					
Revenues:													
State sources													
Federal sources	\$ 23,349	\$ 771,551	\$ 33,881	\$ 33,754	\$ 44,107	\$ 10,986	\$ 874,820	\$ 13,535	\$ 154,683	\$ 11,598	\$ 92,610	\$ 40,000	\$ 45,000
Other sources													
<b>Total revenues</b>	<b>\$ 23,349</b>	<b>\$ 771,551</b>	<b>\$ 33,881</b>	<b>\$ 33,754</b>	<b>\$ 44,107</b>	<b>\$ 10,986</b>	<b>\$ 874,820</b>	<b>\$ 13,535</b>	<b>\$ 154,683</b>	<b>\$ 11,598</b>	<b>\$ 92,610</b>	<b>\$ 40,000</b>	<b>\$ 45,000</b>
Expenditures:													
Current expenditures:													
Instruction:													
Salaries of teachers	\$ 12,598		\$ 31,289			\$ 3,501	\$ 79,476.00			\$ 11,559		\$ 35,000	
Tuition		\$ 638,757		\$ 2,045									
Purchased professional technical services													
Supplies and materials	2,751					4,924	23,052	\$ 10,289	\$ 154,683	39			
Other objects								1					
<b>Total instruction</b>	<b>15,349</b>	<b>638,757</b>	<b>31,289</b>	<b>2,045</b>		<b>8,425</b>	<b>102,528</b>	<b>10,290</b>	<b>154,683</b>	<b>11,598</b>		<b>35,000</b>	
Support services:													
Salaries of other professional staff	8,000				\$ 6,868		1,416	2,045				5,000	
Personal services—employee benefits			2,592										
Purchased professional educational services		132,794		31,709	22,689	1,011	197,423			\$ 92,397		\$ 45,000	
Other purchased professional services					14,550	1,550							
Supplies and materials								1,200			213		
Scholarships awarded													
Student Activities													
<b>Total support services</b>	<b>8,000</b>	<b>132,794</b>	<b>2,592</b>	<b>31,709</b>	<b>44,107</b>	<b>2,561</b>	<b>198,839</b>	<b>3,245</b>			<b>92,610</b>	<b>5,000</b>	<b>45,000</b>
Capital outlay:													
Facilities acquisition and construction services:													
Construction services													
Total facilities acquisition and construction services													
Equipment:													
Instructional equipment													
Total equipment													
Total capital outlay													
<b>Total expenditures</b>	<b>\$ 23,349</b>	<b>\$ 771,551</b>	<b>\$ 33,881</b>	<b>\$ 33,754</b>	<b>\$ 44,107</b>	<b>\$ 10,986</b>	<b>\$ 874,820</b>	<b>\$ 13,535</b>	<b>\$ 154,683</b>	<b>\$ 11,598</b>	<b>\$ 92,610</b>	<b>\$ 40,000</b>	<b>\$ 45,000</b>
Net change in fund balance	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Fund Balance, June 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Holmdel Township School District  
Special Revenue Fund

Combining Schedule of Revenues and Expenditures

Budgetary Basis

Year ended June 30, 2023

	New Jersey Non-Public Aid									
	Comp Ed	ESL	Home Instruction	Exam & Class	Corrective Speech	Supple - mentary Instruction	Nursing	Tech Prf Svs	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	\$ 111,487	\$ 1,970	\$ 4,194	\$ 86,488	\$ 21,024	\$ 84,476	\$ 133,751	\$ 49,647	\$ 78,615	\$ 246,095
Federal sources										
Other sources										
Total revenues	<u>\$ 111,487</u>	<u>\$ 1,970</u>	<u>\$ 4,194</u>	<u>\$ 86,488</u>	<u>\$ 21,024</u>	<u>\$ 84,476</u>	<u>\$ 133,751</u>	<u>\$ 49,647</u>	<u>\$ 78,615</u>	<u>\$ 246,095</u>
Expenditures:										
Current expenditures:										
Instruction:										
Salaries of teachers										
Tuition										
Purchased professional technical services	\$ 111,487	\$ 1,970	\$ 4,194	\$ 86,488	\$ 21,024	\$ 84,476	\$ 133,751		\$ 78,615	
Supplies and materials										
Other objects										
Total instruction	<u>111,487</u>	<u>1,970</u>	<u>4,194</u>	<u>86,488</u>	<u>21,024</u>	<u>84,476</u>	<u>133,751</u>		<u>78,615</u>	
Support services:										
Salaries of other professional staff										
Personal services—employee benefits										
Purchased professional educational services								\$ 49,647		
Other purchased professional services										
Supplies and materials										
Scholarships awarded										
Student Activities										
Total support services								\$ 49,647		
Capital outlay:										
Facilities acquisition and construction services:										
Construction services										\$ 246,095
Total facilities acquisition and construction services										<u>246,095</u>
Equipment:										
Instructional equipment										
Total equipment										
Total capital outlay										246,095
Total expenditures	<u>\$ 111,487</u>	<u>\$ 1,970</u>	<u>\$ 4,194</u>	<u>\$ 86,488</u>	<u>\$ 21,024</u>	<u>\$ 84,476</u>	<u>\$ 133,751</u>	<u>\$ 49,647</u>	<u>\$ 78,615</u>	<u>\$ 246,095</u>
Net change in fund balance	-	-	-	-	-	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-	-	-	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Holmdel Township School District  
Special Revenue Fund

Combining Schedule of Revenues and Expenditures

Budgetary Basis

Year ended June 30, 2023

	Climate Change	Scholarship	Student Activities	Local Programs	Totals
<b>Revenues:</b>					
State sources	\$ 6,000				\$ 823,747
Federal sources					2,149,874
Other sources		\$ 2,700	\$ 316,107	\$ 93,609	412,416
<b>Total revenues</b>	<b>\$ 6,000</b>	<b>\$ 2,700</b>	<b>\$ 316,107</b>	<b>\$ 93,609</b>	<b>\$ 3,386,037</b>
<b>Expenditures:</b>					
Current expenditures:					
Instruction:					
Salaries of teachers					\$ 173,423
Tuition					640,802
Purchased professional technical services	\$ 6,000				528,005
Supplies and materials				\$ 64,232	259,970
Other objects					1
<b>Total instruction</b>	<b>6,000</b>			<b>64,232</b>	<b>1,602,201</b>
Support services:					
Salaries of other professional staff					23,329
Personal services—employee benefits					2,592
Purchased professional educational services					572,670
Other purchased professional services					16,100
Supplies and materials				29,377	30,790
Scholarships awarded		\$ 3,450			3,450
Student Activities			\$ 292,430		292,430
<b>Total support services</b>		<b>3,450</b>	<b>292,430</b>	<b>29,377</b>	<b>941,361</b>
Capital outlay:					
Facilities acquisition and construction services:					
Construction services					246,095
<b>Total facilities acquisition and construction services</b>					<b>246,095</b>
Equipment:					
Instructional equipment					573,453
<b>Total equipment</b>					<b>573,453</b>
<b>Total capital outlay</b>					<b>819,548</b>
<b>Total expenditures</b>	<b>\$ 6,000</b>	<b>\$ 3,450</b>	<b>\$ 292,430</b>	<b>\$ 93,609</b>	<b>\$ 3,363,110</b>
<b>Net change in fund balance</b>		<b>(750)</b>	<b>23,677</b>	<b>-</b>	<b>22,927</b>
Fund Balance, July 1	-	36,666	239,494	-	276,160
<b>Fund Balance, June 30</b>	<b>\$ -</b>	<b>\$ 35,916</b>	<b>\$ 263,171</b>	<b>\$ -</b>	<b>\$ 299,087</b>

## **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, 2023

**Revenues and other financing sources**

Contribution from lease proceeds	
Other revenue	\$ 2,645
Transfer from capital reserve	
Total revenues	<u>2,645</u>

**Expenditures**

Professional technical services	17,500
Land and improvements	
Construction services	297,195
Equipment	<u>314,349</u>
Total expenditures	629,044

**Other financing uses**

Transfers out	<u>2,645</u>
Total other financing uses	2,645

(Deficiency) of revenues (under) expenditures and other financing sources (629,044)

Fund Balance, July 1	<u>860,546</u>
Fund Balance, June 30	<u>\$ 231,502</u>

Fund balance, budgetary-basis	\$ 231,502
Less difference in grant revenue recognized	
Fund balance, GAAP-basis	<u>\$ 231,502</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, 2023

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and other financing sources</b>				
State sources - SDA Grant	\$ 775,745		\$ 775,745	\$ 775,745
Other state revenue	169,986		169,986	169,986
Contribution from bond proceeds	40,318,000		40,318,000	40,318,000
Contribution from lease proceeds	3,144,173		3,144,173	3,144,173
Transfer from capital reserve	1,539,804		1,539,804	1,539,804
Transfers from other capital projects	547		547	547
Interest earned on bonds		\$ 2,645	2,645	2,645
Total revenues	<u>45,948,255</u>	<u>2,645</u>	<u>45,950,900</u>	<u>45,950,900</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional/tech services	4,130,488	17,500	4,147,988	
Land and improvements	26,515,883		26,515,883	
Construction services	11,406,542	297,195	11,703,737	
Equipment	2,645,589	314,349	2,959,938	
Transfers Out	<u>389,207</u>	<u>2,645</u>	<u>391,852</u>	
Total expenditures	45,087,709	631,689	45,719,398	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 860,546</u>	<u>\$ (629,044)</u>	<u>\$ 231,502</u>	

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, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and other financing sources</b>				
State sources - SDA Grant	\$ 775,745		\$ 775,745	\$ 775,745
Other state revenue				
Contribution from bond proceeds				
Contribution from lease proceeds				
Transfer from capital reserve	1,429,255		1,429,255	1,429,255
Transfers from other capital projects				
Total revenues	<u>2,205,000</u>	<u>-</u>	<u>2,205,000</u>	<u>2,205,000</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional/tech services				
Land and improvements				
Construction services	1,929,171		1,929,171	
Equipment				
Transfers Out	<u>275,829</u>		<u>275,829</u>	
Total expenditures	2,205,000	-	2,205,000	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<b>Additional project information</b>				
Project numbers:	2230-020-14-1003			
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	100.00%			
Original target completion date	12/31/2020			
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)  
Educational, Athletic & Infrastructure Enhancements - Various Schools  
From Inception and for the year ended June 30, 2023

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and other financing sources</b>				
State sources - SDA Grant				
Other state revenue	\$ 169,986		\$ 169,986	\$ 169,986
Contribution from bond proceeds	40,318,000		40,318,000	40,318,000
Contribution from lease proceeds				
Transfer from capital reserve				
Transfers from other capital projects				
Total revenues	<u>40,487,986</u>	<u>-</u>	<u>40,487,986</u>	<u>\$ 40,487,986</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional/tech services	3,859,427	\$ 17,500	3,876,927	
Land and improvements	25,424,333		25,424,333	
Construction services	9,477,371	297,195	9,774,566	
Equipment	1,140,490	135,475	1,275,965	
Transfers Out				
Total expenditures	<u>39,901,621</u>	<u>450,170</u>	<u>40,351,791</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 586,365</u>	<u>\$ (450,170)</u>	<u>\$ 136,195</u>	
<b>Additional project information</b>				
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	\$ 169,986			
Revised Authorized Cost	\$ 40,487,986			
Percentage Increase over Original Authorized Cost	0.42%			
Percentage completion	99.66%			
Original target completion date	5/27/2014			
Revised target completion date	12/31/2023			

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

ESIP Lighting and Other Capital Project Upgrades - Various Schools

From Inception and for the year ended June 30, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and other financing sources</b>				
State sources - SDA Grant				
Other state revenue				
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
Transfers from other capital projects	547		547	547
Interest earned on bonds		\$ 2,645	2,645	2,645
Total revenues	<u>1,586,096</u>	<u>2,645</u>	<u>1,588,741</u>	<u>\$ 1,588,741</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional/tech services	271,061		271,061	
Land and improvements	1,091,550		1,091,550	
Construction services				
Equipment		47,286	47,286	
Transfers Out	113,378	2,645	116,023	
Total expenditures	1,475,989	49,931	1,525,920	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 110,107</u>	<u>\$ (47,286)</u>	<u>\$ 62,821</u>	
<b>Additional project information</b>				
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	\$ 111,096			
Revised Authorized Cost	\$ 1,588,741			
Percentage Increase over Original Authorized Cost		7.71%		
Percentage completion		96.05%		
Original target completion date	12/31/2019			
Revised target completion date	12/31/2023			

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, 2023

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and other financing sources</b>				
State sources - SDA Grant				
Other state revenue				
Contribution from bond proceeds				
Contribution from lease proceeds	\$ 848,201		\$ 848,201	\$ 848,201
Transfer from capital reserve				
Transfers from other capital projects				
Total revenues	<u>848,201</u>	<u>-</u>	<u>848,201</u>	<u>\$ 848,201</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional/tech services				
Land and improvements				
Construction services				
Equipment	814,928	\$ 787	815,715	
Transfers Out				
Total expenditures	<u>814,928</u>	<u>787</u>	<u>815,715</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 33,273</u>	<u>\$ (787)</u>	<u>\$ 32,486</u>	
<b>Additional project information</b>				
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	32,725			
Revised Authorized Cost	\$ 848,201			
Percentage Increase over Original Authorized Cost		4.01%		
Percentage completion		96.17%		
Original target completion date		9/1/2021		
Revised target completion date		12/31/2023		

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

MCIA Capital Equipment Lease - 2021

From Inception and for the year ended June 30, 2023

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and other financing sources</b>				
State sources - SDA Grant				
Other state revenue				
Contribution from bond proceeds				
Contribution from lease proceeds	\$ 820,972		\$ 820,972	\$ 820,972
Transfer from capital reserve				
Transfers from other capital projects				
Total revenues	<u>820,972</u>	<u>-</u>	<u>820,972</u>	<u>\$ 820,972</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional/tech services				
Land and improvements				
Construction services				
Equipment	690,171	\$ 130,801	820,972	
Transfers Out				
Total expenditures	690,171	130,801	820,972	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 820,972</u>	<u>\$ (130,801)</u>	<u>\$ -</u>	
<b>Additional project information</b>				
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	246,972			
Revised Authorized Cost	\$ 820,972			
Percentage Increase over Original Authorized Cost	43.03%			
Percentage completion	100.00%			
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, 2023

Issue/Project Title	Appropriations	Expenditures to Date		Reimbursements	Closed Out Projects Funds Transferred Out to Debt Service Fund	Closed Out Projects Funds Transferred Out to General Fund	Unexpended Balance
		Prior Years	Current Year				
MCIA Capital Equipment Lease - 2019	\$ 848,201	\$ 814,928	\$ 787				\$ 32,486
Educational, Athletic & Infrastructure Enhancements	40,487,986	39,901,621	450,170				136,195
ESIP Lighting and Other Capital Project Upgrades	1,588,741	1,475,989	49,931				62,821
MCIA Capital Equipment Lease - 2021	820,972	690,171	130,801				
	<u>\$ 43,743,255</u>	<u>\$42,882,709</u>	<u>\$ 629,044</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 231,502</u>

## **Long-Term Debt**



Holmdel Township School District  
Long-Term Debt

Schedule of Serial Bonds Payable

June 30, 2023

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance June 30, 2022	Retired	Balance June 30, 2023
			Date	Amount				
Refunding of 2015 Bonds	10/28/2015	\$ 7,740,000				\$ 1,210,000	\$ 1,210,000	
General Obligation Bonds Series 2018	4/24/2018	40,318,000	2/1/2024	\$ 1,938,000	3.250	% 36,353,000	1,300,000	\$ 35,053,000
			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>\$ 37,563,000</u>	<u>\$ 2,510,000</u>	<u>\$ 35,053,000</u>

Holmdel Township School District  
Long-Term Debt

Schedule of Financed Purchases Payable

June 30, 2023

Issue	Date of Lease	Term of Lease	Amount of Original Lease		Interest Rate	Balance	Retired	Balance
			Principal	Interest		July 1, 2022		June 30, 2023
2017 MCIA Equipment	10/11/2017	5 years	\$ 747,000	\$ 109,666	4.000-5.000 %	\$ 165,000	\$ 165,000	
2019 MCIA Equipment	10/16/2019	5 years	755,000	114,909	5.000	481,000	153,000	\$ 328,000
2021 MCIA Equipment	9/1/2021	5 years	747,000	107,599	4.000-5.000	747,000	135,000	612,000
2018 Energy Savings Improvement Program	4/27/2018	15 years	1,475,000	410,763	3.545	1,060,900	67,800	993,100
						<u>\$ 2,453,900</u>	<u>\$ 520,800</u>	<u>\$ 1,933,100</u>

Holmdel Township School District  
Debt Service Fund

Budgetary Comparison Schedule

Year ended June 30, 2023

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
Revenues:					
Local sources:					
Local tax levy	\$ 2,850,578		\$ 2,850,578	\$ 2,850,578	
State sources:					
Debt Service Aid	502,489		502,489	502,489	
Total revenues	<u>3,353,067</u>		<u>3,353,067</u>	<u>3,353,067</u>	-
Expenditures:					
Principal on bonds	2,510,000		2,510,000	2,510,000	
Interest on bonds	1,249,373		1,249,373	1,249,373	
Total expenditures	<u>3,759,373</u>		<u>3,759,373</u>	<u>3,759,373</u>	-
(Deficiency) of revenues (under) expenditures	<u>(406,306)</u>		<u>(406,306)</u>	<u>(406,306)</u>	
Other financing sources					
Transfers in				2,645	\$ 2,645
(Deficiency) of revenues (under) expenditures and other financing sources	(406,306)		(406,306)	(403,661)	2,645
Fund balance, July 1	403,661		403,661	403,661	
Fund balance, June 30	<u>\$ (2,645)</u>	<u>\$ -</u>	<u>\$ (2,645)</u>	<u>\$ -</u>	<u>\$ 2,645</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 annual comprehensive financial reports (ACFR) for the relevant year.*

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

(accrual basis of accounting)  
Unaudited

	2014	2015	2016	2017	June 30, 2018	2019	2020	2021 (Restated)	2022	2023
<b>Governmental activities</b>										
Net investment in capital assets	\$ 32,022,178	\$ 36,136,561	\$ 41,411,753	\$ 39,981,673	\$ 2,021,935	\$ 44,421,713	\$ 46,106,571	\$ 42,696,500	\$ 42,739,284	\$ 44,221,847
Restricted	3,229,987	4,024,437	3,918,554	1,314,521	44,332,739	5,231,957	6,617,817	6,555,774	4,634,462	4,484,324
Unrestricted (deficit)	2,231,548	(18,185,134)	(21,737,003)	(19,924,435)	(20,001,708)	(20,075,176)	(19,795,416)	(18,323,463)	(14,200,684)	(16,996,169)
<b>Total governmental activities net position</b>	<b>\$ 37,483,713</b>	<b>\$ 21,975,864</b>	<b>\$ 23,593,304</b>	<b>\$ 21,371,759</b>	<b>\$ 26,352,966</b>	<b>\$ 29,578,494</b>	<b>\$ 32,928,972</b>	<b>\$ 30,928,811</b>	<b>\$ 33,173,062</b>	<b>\$ 31,710,002</b>
<b>Business-type activities</b>										
Investment in capital assets	\$ 8,283	\$ 5,014	\$ 45,077	\$ 41,296	\$ 54,810	\$ 48,559	\$ 89,693	\$ 81,596	\$ 73,499	\$ 65,780
Unrestricted	1,104,679	234,175	1,353,994	1,661,476	2,004,224	640,453	514,065	268,144	354,944	295,460
<b>Total business-type activities net position</b>	<b>\$ 1,112,962</b>	<b>\$ 239,189</b>	<b>\$ 1,399,071</b>	<b>\$ 1,702,772</b>	<b>\$ 2,059,034</b>	<b>\$ 689,012</b>	<b>\$ 603,758</b>	<b>\$ 349,740</b>	<b>\$ 428,443</b>	<b>\$ 361,240</b>
<b>District-wide</b>										
Net investment in capital assets	\$ 32,030,461	\$ 36,141,575	\$ 41,456,830	\$ 40,022,969	\$ 2,076,745	\$ 44,470,272	\$ 46,196,264	\$ 42,778,096	\$ 42,812,783	\$ 44,287,627
Restricted	3,229,987	4,024,437	3,918,554	1,314,521	44,332,739	5,231,957	6,617,817	6,555,774	4,634,462	4,484,324
Unrestricted (deficit)	3,336,227	(17,950,959)	(20,383,009)	(18,262,959)	(17,997,484)	(19,434,723)	(19,281,351)	(18,055,319)	(13,845,740)	(16,700,709)
<b>Total district net position</b>	<b>\$ 38,596,675</b>	<b>\$ 22,215,053</b>	<b>\$ 24,992,375</b>	<b>\$ 23,074,531</b>	<b>\$ 28,412,000</b>	<b>\$ 30,267,506</b>	<b>\$ 33,532,730</b>	<b>\$ 31,278,551</b>	<b>\$ 33,601,505</b>	<b>\$ 32,071,242</b>

Source: ACFR Schedule A-1 and District records.

Notes: The significant increases in governmental activities net position, net investment in capital assets is the result of the increase in construction in progress for ongoing capital projects.

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

	2014	2015	2016	2017	Year Ended June 30,		2020	2021	2022	2023
					2018	2019	(Restated)			
<b>Expenses</b>										
<b>Governmental activities</b>										
Instruction	\$ (23,223,017)	\$ (23,546,118)	\$ (23,999,528)	\$ (24,207,792)	\$ (47,707,941)	\$ (45,123,562)	\$ (41,543,568)	\$ (48,634,366)	\$ (48,327,296)	\$ (50,472,487)
Support services:										
Tuition	(1,086,353)	(1,091,888)	(1,210,030)	(1,302,565)	(2,110,183)	(1,806,541)	(1,745,707)	(2,045,656)	(1,852,741)	(1,951,060)
Student & Instruction Related Services	(7,602,496)	(7,722,598)	(7,982,066)	(8,071,936)	(12,259,534)	(11,814,609)	(10,482,147)	(12,550,237)	(11,701,706)	(12,048,880)
School Administrative Services	(1,462,340)	(1,508,715)	(1,517,276)	(1,517,821)	(859,615)	(857,666)	(2,646,776)	(2,999,112)	(2,886,083)	(3,103,963)
General administration	(595,703)	(640,945)	(589,819)	(633,485)	(1,275,574)	(2,787,087)	(834,730)	(886,371)	(715,288)	(883,594)
Central Services	(761,297)	(827,851)	(804,968)	(848,939)	(88,017)	(1,570,038)	(1,425,438)	(1,544,749)	(1,439,421)	(1,454,632)
Administrative Information Technology	(55,400)	(57,001)	(58,874)	(59,686)	(2,228,569)	(109,453)	(107,918)	(119,074)	(112,934)	(115,967)
Plant operations & maintenance	(6,466,333)	(5,812,803)	(5,935,866)	(5,959,314)	(8,754,012)	(8,155,816)	(8,107,811)	(10,495,884)	(10,208,530)	(9,756,227)
Pupil transportation	(2,473,004)	(2,529,060)	(2,739,126)	(2,743,808)	(3,967,280)	(3,128,120)	(3,026,137)	(3,361,181)	(3,703,134)	(5,730,268)
Employee benefits	(13,845,065)	(20,306,796)	(23,803,361)	(18,852,441)						
Interest on long-term debt	(785,967)	(596,009)	(647,845)	(397,033)	(443,500)	(1,422,833)	(1,410,366)	(1,258,356)	(1,193,013)	(1,127,589)
Unallocated depreciation and amortization	(1,333,877)	(881,860)	(730,814)	(845,072)						
Total governmental activities	<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>	<u>(83,894,986)</u>	<u>(82,140,146)</u>	<u>(86,644,667)</u>
Business-type activities:										
Food service	(1,297,381)	(1,372,242)	(1,363,947)	(1,270,466)	(1,235,326)	(1,413,816)	(966,160)	(243,371)	(857,804)	(1,213,348)
Childcare programs	(195,071)	(425,614)	(413,051)	(406,452)	(476,568)	(580,107)	(217,222)	(163,651)	(488,933)	(790,451)
primetime	(150,383)	(141,422)	(141,413)	(151,244)	(201,089)	(206,045)	(216,712)			
Summer Enrichment	(30,283)	(31,777)	(16,219)	(6,731)	(1,050)	(27,750)				
Early Childhood	(14,405)	(252,415)	(255,419)	(248,477)	(274,429)	(346,312)	(510)			
Total business-type activities expense	<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>	<u>(407,022)</u>	<u>(1,346,737)</u>	<u>(2,003,799)</u>
Total district expenses	<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>	<u>\$ (84,302,008)</u>	<u>\$ (83,486,883)</u>	<u>\$ (88,648,466)</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services - tuition	\$ 389,993	\$ 407,835	\$ 481,597	\$ 575,567		\$ 501,246	\$ 283,048	\$ 282,306	\$ 288,509	\$ 203,568
Charges for services - student activities								235,325	308,931	23,677
Operating grants and contributions	1,316,644	12,274,445	14,545,145	1,641,813	\$ 21,419,236	1,635,067	1,854,180	2,361,517	2,453,327	3,477,002
Capital grants and contributions						8,000			34,511	135,475
Total governmental activities program revenues	<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>	<u>2,879,148</u>	<u>3,085,278</u>	<u>3,839,722</u>
Business-type activities:										
Charges for services										
Food service	1,305,863	1,325,674	1,305,801	1,388,441	1,478,602	1,436,958	949,613	65,184	889,652	1,192,137
Childcare programs	230,622	552,722	576,584	553,722	589,554	657,179	117,886	73,779	513,355	709,493
PrimeTime	187,334	181,479	171,339	180,151	193,156	208,447	110,942			
Summer Enrichment	43,288	23,282	15,931	976	1,300	27,525				
Early Childhood	347,961	349,961	389,314	372,595	395,098	421,207	6,944			
Total business type activities program revenues	<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>	<u>138,963</u>	<u>1,403,007</u>	<u>1,901,630</u>
Total district program revenues	<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>	<u>\$ 3,018,111</u>	<u>\$ 4,488,285</u>	<u>\$ 5,741,352</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (57,984,215)	\$ (52,839,364)	\$ (54,992,831)	\$ (63,222,512)	\$ (58,274,989)	\$ (74,631,412)	\$ (69,193,370)	\$ (81,015,838)	\$ (79,054,868)	\$ (82,804,945)
Business-type activities	44,033	80,540	105,387	265,245	356,262	100,214	(115,883)	(288,059)	56,270	(102,169)
Total district-wide net expense	<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>	<u>\$ (81,283,897)</u>	<u>\$ (78,998,598)</u>	<u>\$ (82,907,114)</u>

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

(accrual basis of accounting)  
Unaudited

	Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Revenues and Other Changes in Net Position</b>							(Restated)			
Governmental activities:										
Property taxes levied for general purposes	\$ 48,450,529	\$ 49,414,695	\$ 50,648,047	\$ 52,197,343	\$ 53,241,290	\$ 53,906,806	\$ 55,660,279	\$ 56,773,485	\$ 56,538,485	\$ 56,368,485
Taxes levied for debt service	2,971,232	2,800,957	2,794,727	2,494,218	2,483,081	2,990,356	2,922,993	2,865,153	2,850,578	2,850,578
Unrestricted grants and contributions	7,563,872	2,714,555	2,627,277	9,334,333	3,424,423	18,467,401	12,869,261	19,019,592	21,493,414	21,673,667
Investment earnings						738,544	554,642	55,654	4,902	2,645
Miscellaneous income	430,375	207,141	320,155	151,597	305,506	253,833	151,638	301,793	411,740	446,510
Restricted grants and entitlements		105,698	220,075	28,455	596,917					
Transfers						1,500,000				
Total governmental activities	<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>	<u>79,015,677</u>	<u>81,299,119</u>	<u>81,341,885</u>
Business-type activities:										
Investment earnings						29,764	30,629	14,041	22,433	34,966
Miscellaneous income						(1,500,000)				
Transfers	50,499	45,687	54,495	38,456						
Total business-type activities	<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>	<u>14,041</u>	<u>22,433</u>	<u>34,966</u>
Total district-wide	<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>	<u>\$ 79,029,718</u>	<u>\$ 81,321,552</u>	<u>\$ 81,376,851</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 1,431,793	\$ 2,403,682	\$ 1,617,450	\$ 983,434	\$ 1,776,228	\$ 3,225,528	\$ 2,965,443	\$ (2,000,161)	\$ 2,244,251	\$ (1,463,060)
Business-type activities	94,532	126,227	159,882	303,701	356,262	(1,370,022)	(85,254)	(254,018)	78,703	(67,203)
Total district	<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>	<u>\$ (2,254,179)</u>	<u>\$ 2,322,954</u>	<u>\$ (1,530,263)</u>

Source: ACFR 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.

GASB 84 was implemented during the 2021 fiscal year, which required the recognition of student activity revenue reported as charges for services. This amount is not reflected in the June 30th prior revenue balances above.



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

(modified accrual basis of accounting)  
Unaudited

	June 30,									
	2014	2015	2016	2017	2018	2019	2020 (Restated)	2021	2022	2023
General Fund										
Reserved	\$ 3,099,131	\$ 2,981,372	\$ 2,967,645							
Unreserved	240,949	415,315	816,304							
Restricted	103,549			\$ 1,504,979	\$ 2,962,560	\$ 4,968,794	\$ 5,273,348	\$ 6,158,123	\$ 4,356,302	\$ 169,810
Assigned				1,524,075	1,955,222	2,004,820	3,510,434	528,868	1,839,334	217,755
Unassigned				1,885,784	1,427,302	1,446,685	1,397,898	4,578,413	4,853,574	5,439,936
Total general fund	<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>\$ 10,181,680</u>	<u>\$ 11,265,404</u>	<u>\$ 11,049,210</u>	<u>\$ 5,827,501</u>
All Other Governmental Funds										
Restricted reported in:										
Capital projects fund	\$ 125,289	\$ 46,471	\$ 1,040,135	\$ 996,679	\$ 41,300,474	\$ 30,441,884	\$ 14,197,957	\$ 2,705,817	\$ 725,071	\$ 231,502
Special revenue - student activities								189,643	239,494	263,171
Special revenue - scholarships								29,466	36,666	35,916
Debt service fund					69,705	917,409	1,118,069	747,762	403,661	
Unreserved (deficit), reported in:										
Capital projects fund										
Assigned, reported in:										
Debt service fund	62,470	1	100,765	1						
Total all other governmental funds	<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>	<u>\$ 3,672,688</u>	<u>\$ 1,404,892</u>	<u>\$ 530,589</u>

Source: ACFR 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.

Note 2: GASB 84 was implemented during the 2021 fiscal year, which required the establishment of new restricted fund balances for scholarship and student activity accounts.

Changes in Fund Balances - Governmental Funds  
Last Ten Fiscal Years

(modified accrual basis of accounting)  
Unaudited

	Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>										
Local sources:										
Local tax levy	\$ 51,421,761	\$ 52,215,652	\$ 53,442,774	\$ 54,691,561	\$ 55,724,371	\$ 56,897,162	\$ 58,583,272	\$ 59,638,638	\$ 59,389,063	\$ 59,219,063
Tuition charges	389,993	407,835	481,597	575,567	596,917	501,246	283,048	282,306	288,509	203,568
Interest earnings						738,544	554,642	55,654	4,902	2,645
Miscellaneous	451,751	246,629	294,350	186,602	344,244	294,516	320,442	708,786	847,785	1,011,187
Total local sources	52,263,505	52,870,116	54,218,721	55,453,730	56,665,532	58,431,468	59,741,404	60,685,384	60,530,259	60,436,463
State sources	8,045,997	8,475,459	9,313,976	9,926,261	11,676,116	12,531,925	13,827,398	16,413,404	20,206,976	21,414,225
Federal sources	806,917	936,994	854,791	1,043,335	949,602	1,003,707	995,598	1,552,928	1,543,190	2,132,781
Total revenue	61,116,419	62,282,569	64,387,488	66,423,326	69,291,250	71,967,100	74,564,400	78,651,716	82,280,425	83,983,469
<b>Expenditures</b>										
Instruction:										
Regular instruction	17,205,888	17,264,938	17,567,455	17,657,280	17,528,145	25,591,180	16,869,049	27,867,008	29,780,692	30,736,231
Special education instruction	4,619,880	4,931,631	5,123,476	5,187,350	5,266,072		5,929,991			
Other special instruction	698,285	626,652	555,063	587,638			2,750,266			
School-sponsored/other instruction	698,964	740,897	776,862	775,524	1,446,345		1,086,050	1,059,033	1,239,107	1,282,064
Undistributed:										
Tuition	1,086,353	1,091,888	1,210,030	1,302,565	1,470,147	1,256,378	1,140,595	1,244,920	1,206,277	1,254,490
Attendance										89,044
Student and instruction related services	7,602,496	7,722,598	7,982,066	8,071,936	7,886,554	1,117,653	3,974,415	4,760,034	4,778,362	5,026,738
Health services					654,564	603,361	476,134	555,259	621,437	492,891
Support services - students					598,887	6,369,847	2,116,353	2,204,831	2,082,692	2,301,143
Support services - instructional staff					888,682	112,997	110,148	136,144	77,770	40,360
General administration	595,703	640,945	589,819	633,485		649,052	649,959	619,164	566,961	672,118
School administrative services	1,462,340	1,508,715	1,517,276	1,517,821	61,321	1,608,965	1,620,296	1,710,533	1,760,568	1,874,721
Central services	761,297	827,851	804,968	848,939	1,552,626	925,838	885,962	905,592	889,851	900,402
Admin. Information technology	55,400	57,001	58,874	59,686	6,079,111	63,064	66,118	67,516	68,497	70,061
Plant operations and maintenance	6,466,333	5,812,803	5,935,866	5,959,314		5,830,812	5,832,439	7,032,670	7,446,847	6,918,636
Pupil transportation	2,473,004	2,529,060	2,739,126	2,743,808	2,763,972	2,865,485	2,831,811	2,860,779	3,457,943	5,325,196
Employee benefits	13,858,310	14,458,376	15,916,589	16,660,955	18,518,582	20,011,604	20,980,982	22,350,007	24,235,475	25,884,641
Capital outlay	1,083,549	874,714	1,709,503	92,291	2,959,667	11,515,339	18,800,794	12,014,255	3,580,574	3,451,372
Special revenue										
Debt Service:										
Principal	2,300,000	2,285,000	2,300,000	2,624,000	2,494,000	1,685,000	2,415,000	2,400,000	2,455,000	2,510,000
Interest and other charges	682,530	578,426	486,083	419,497	352,596	1,196,196	1,536,016	1,423,585	1,337,334	1,249,373
Total expenditures	61,650,332	61,951,495	65,264,056	65,142,089	70,521,271	81,402,771	90,072,378	89,211,330	85,585,387	90,079,481
(Deficiency) excess of revenues (under) over expenditures	(533,913)	331,074	(876,568)	1,281,237	(1,230,021)	(9,435,671)	(15,507,978)	(10,559,614)	(3,304,962)	(6,096,012)
<b>Other financing sources (uses)</b>										
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	322,542	219,898	2,645
Transfers out		(158,549)	(1,323,000)			(738,544)	(1,479,527)	(322,542)	(219,898)	(2,645)
Proceeds from MCIA lease	726,000		744,000		747,000		755,000		761,000	
Premium on lease							86,057		59,972	
Total other financing sources (uses)	799,767	-	874,010	-	42,540,000	1,500,000	841,057	-	820,972	-
Net change in fund balances	265,854	331,074	(2,558)	1,281,237	41,309,979	(7,935,671)	(14,666,921)	(10,559,614)	(2,483,990)	(6,096,012)
Fund balance, July 1, as restated	(1,775,227)	(1,509,373)	5,126,605	5,124,047	6,405,284	47,715,263	39,779,592	25,497,706	14,938,092	12,454,102
Fund balance, June 30	<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>	<u>\$ 14,938,092</u>	<u>\$ 12,454,102</u>	<u>\$ 6,358,090</u>
Debt service as a percentage of noncapital expenditures	5.08%	4.85%	8.46%	4.90%	4.21%	4.12%	5.54%	4.95%	4.62%	4.34%

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
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
2021	6,147	276,159	282,139	1,407	1,427	14,152	581,431
2022	120	288,389	303,964	4,637	1,513	106,263	704,886
2023		203,568	72,962	181,257	5,611	186,680	650,078

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 <sup>a</sup>	Net Valuation Taxable*	Total Direct School Tax Rate <sup>b</sup>
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	400,353,800	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	444,537,000	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	473,852,500	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	500,894,900	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	554,593,400	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	4,300,226,300	732,210,200	7,099,933	4,307,326,233	1.385
2021	52,307,500	3,867,226,300	18,190,800	852,500	373,194,400	36,740,700	9,610,600	4,358,122,800	830,808,800	7,423,818	4,365,546,618	1.360
2022	54,796,000	4,298,775,500	22,979,400	703,600	403,909,700	38,577,800	10,383,500	4,830,125,500	911,601,600	7,333,671	4,837,459,171	1.220
2023	46,903,000	5,006,280,600	26,854,700	845,900	422,959,100	40,717,900	12,831,200	5,557,392,400	1,135,546,300	7,507,564	5,564,899,964	1.220

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 <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	(From J-6) Total Direct School Tax Rate	Holmdel Township	Monmouth County	
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
2021	N/A	N/A	1.36	0.34	0.23	1.93
2022	N/A	N/A	1.22	0.31	0.20	1.73
2023	N/A	N/A	1.22	0.31	0.20	1.73 *

Source: District Records and Municipal Tax Collector.

\* This information was not available at time of audit. Prior year's data was used.

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

	2023		2014	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Kimco Realty Corp	\$ 52,566,700	0.94%	\$ 55,564,500	1.61%
Holmdel Commons, LLC C/O Kimco Realty	51,851,200	0.93%	51,911,100	1.50%
Mack-Cali Holmdel LLC-D Danscuk	36,652,800	0.66%	34,000,000	0.99%
Hlm Plzlp/Gbr Hlmllc C/O Natl Rlty	26,551,300	0.48%	20,000,000	0.58%
Holmdel Realty Development LLC	31,025,900	0.56%	N/A	0.00%
Lowe's Home Ctr/Tax Dept	16,500,000	0.30%	19,295,400	0.56%
Holmdel Investments, LLC	11,305,400	0.20%	11,701,200	0.34%
Eighteen Realty Company	N/A	0.00%	8,612,700	0.25%
Holmdel Venture/Bergman Realty	8,198,500	0.15%	8,774,700	0.25%
Safeguard Properties, LLC	10,765,100	0.19%	4,968,000	0.14%
Holmdel Realty Garden Group, LLC	10,299,600	0.19%	N/A	0.00%
LTI-NJ Finance	6,346,300	0.11%	5,731,300	0.17%
Croddick Real Estate Holdings, LLC	N/A	0.00%	18,665,200	0.54%
Total	<u>\$ 262,062,800</u>	<u>4.41%</u>	<u>\$ 239,224,100</u>	<u>6.93%</u>

Source: District ACFR & Holmdel Municipal Tax Assessor.

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 <sup>a</sup>		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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	58,583,275	58,583,275	100.00%		58,583,275	100.00%
2021	59,638,638	59,638,638	100.00%		59,638,638	100.00%
2022	59,389,063	59,389,063	100.00%		59,389,063	100.00%
2023	59,219,063	59,219,063	100.00%		59,219,063	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 <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Financed Purchases Payable			
2014	\$ 15,660,000	\$ 1,195,000	\$ 16,855,000	1.62%	\$ 1,008
2015	10,645,000	1,302,000	11,947,000	1.14%	716
2016	10,645,000	1,302,000	11,947,000	1.09%	717
2017	8,400,000	923,000	9,323,000	0.81%	561
2018	46,518,000	2,851,000	49,369,000	4.16%	2,967
2019	44,833,000	2,244,600	47,077,600	4.01%	2,828
2020	42,418,000	2,574,600	44,992,600	3.77%	2,689
2021	40,018,000	2,074,000	42,092,000	3.53%	2,516
2022	37,563,000	2,527,872	40,090,872	2.78%	2,304
2023	35,053,000	1,933,100	36,986,100	2.64%	2,136

Source: District ACFR 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.
- b** Governmental Standards Board No. 87, *Leases*, was implemented by the District for the year ended June 30, 2022. Under GASB Statement No. 87, a single model approach exists, meaning a distinction between operating and capital leases no longer exists. As a result, GASB Statement No.87 now requires all agreements meeting the definition of a lease to be classified as either a financed purchased lease or an obligation under lease.



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

Unaudited

<u>General Bonded Debt Outstanding</u>				
Year Ended June 30,	General Obligation Bonds	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property <sup>a</sup>	Per Capita <sup>b</sup>
2014	\$ 15,660,000	\$ 15,660,000	0.41%	\$ 937
2015	10,645,000	10,645,000	0.26%	638
2016	10,645,000	10,645,000	0.26%	639
2017	8,400,000	8,400,000	0.20%	506
2018	46,518,000	46,518,000	1.10%	2796
2019	44,833,000	44,833,000	1.05%	2693
2020	42,418,000	42,418,000	0.99%	2535
2021	40,018,000	40,018,000	0.92%	2392
2022	37,563,000	37,563,000	0.78%	2159
2023	35,053,000	35,053,000	0.63%	2024

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  
 June 30, 2023

Unaudited

<b><u>Governmental Unit</u></b>	<b><u>Debt Outstanding</u></b>	<b><u>Estimated Percentage Applicable <sup>a</sup></u></b>	<b><u>Share of Overlapping Debt</u></b>
Debt repaid with property taxes			
Township of Holmdel	\$ 36,714,000	100.000%	\$ 36,714,000
Monmouth County General Obligation Debt - Township's share	16,489,677	3.130%	<u>516,127</u>
Subtotal, overlapping debt			37,230,127
Holmdel School District Direct Debt			<u>35,053,000</u>
<b>Total direct and overlapping debt</b>			<b><u><u>\$ 72,283,127</u></u></b>

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

J-13

Unaudited

**Legal Debt Margin Calculation for Fiscal Year 2023**

Equalized valuation basis

2021	\$	4,540,254,292
2022	\$	5,057,125,098
2023	\$	5,369,715,592
<b>[A]</b>	<b>\$</b>	<b><u>14,967,094,982</u></b>
<b>[A/3]</b>	<b>\$</b>	<b>4,989,031,660.67</b>
<b>[B]</b>		<b>199,561,266 a</b>
<b>[C]</b>		<b>35,053,000 b</b>
<b>[B-C]</b>	<b>\$</b>	<b><u>164,508,266</u></b>

Average equalized valuation of taxable property

Debt limit (4 % of average equalization value)  
 Total Net Debt Applicable to Limit  
 Legal debt margin

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$ 163,973,953	\$ 162,676,626	\$ 163,785,344	\$ 165,668,654	\$ 167,450,770	\$ 113,231,727	\$ 171,406,164	\$ 175,667,174	\$ 124,938,394	\$ 199,561,266
Total net debt applicable to limit	<u>15,660,000</u>	<u>13,375,000</u>	<u>10,645,000</u>	<u>8,400,000</u>	<u>46,518,000</u>	<u>44,833,000</u>	<u>42,418,000</u>	<u>40,018,000</u>	<u>37,563,000</u>	<u>35,053,000</u>
Legal debt margin	<u>\$ 148,313,953</u>	<u>\$ 149,301,626</u>	<u>\$ 153,140,344</u>	<u>\$ 157,268,654</u>	<u>\$ 120,932,770</u>	<u>\$ 68,398,727</u>	<u>\$ 128,988,164</u>	<u>\$ 135,651,174</u>	<u>\$ 87,375,397</u>	<u>\$ 164,508,266</u>
Total net debt applicable to the limit as a percentage of debt limit	9.55%	8.22%	6.50%	5.07%	27.78%	39.59%	24.75%	22.78%	30.07%	17.57%

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.

b J-12

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

Unaudited

Year	Population <sup>a</sup>	Personal Income <sup>b</sup>	Per Capita	Unemployment
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%
2021	16,731	1,193,890,698	71,358	2.80%
2022	17,401	1,441,098,617	82,817	2.50%
2023	17,317	1,398,746,041	80,773	2.30%

Source:

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

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

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

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development.

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

Unaudited

<u>Employer</u>	<u>2023</u>			<u>2014</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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Instruction:											
Regular	197.20	196.50	197.70	205.00	204.50	205.40	219.10	213.00	208.00	213.00	214.00
Special Education	68.10	70.00	79.30	80.00	80.00	80.00	91.00	93.00	98.00	119.00	111.00
Support Services:											
Tuition											
Student and Instruction Related Services	99.30	105.00	109.00	111.50	99.00	97.00	91.00	88.00	80.00	81.00	81.00
General Administrative Services	7.00	7.00	5.00	5.00	5.00	5.00	5.00	4.00	5.00	3.00	3.00
School Administrative Services	16.50	17.00	17.00	17.00	17.00	17.00	17.00	17.00	16.00	17.00	17.00
Business Administrative Services	6.00	6.00	6.00	6.00	6.00	6.00	6.00	5.00	5.00	5.00	5.00
Information Technology	5.50	5.50	5.50	5.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Plant Operations and Maintenance	48.50	48.50	48.50	48.50	48.50	48.50	42.00	40.00	44.00	37.00	39.00
Pupil Transportation	1.50	1.50	1.50	1.50	1.50	1.50	1.00	1.00	1.00	1.00	1.00
<b>Total</b>	<b>449.60</b>	<b>457.00</b>	<b>469.50</b>	<b>479.50</b>	<b>467.50</b>	<b>466.40</b>	<b>478.10</b>	<b>467.00</b>	<b>463.00</b>	<b>482.00</b>	<b>477.00</b>

Holmdel Township School District  
Operating Statistics  
Last Ten Fiscal Years

Unaudited

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures<sup>a</sup></u>	<u>Percentage Change</u>	<u>Teaching Staff<sup>b</sup></u>	<u>Average Daily Enrollment (ADE)<sup>c</sup></u>	<u>Average Daily Attendance (ADA)<sup>d</sup></u>	<u>Percentage Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2014	3,092	\$ 53,227,846	1.56%	267	3,019	2,944	-2.33%	97.52%
2015	3,021	53,114,932	-7.82%	277	3,027	2,883	0.26%	95.24%
2016	2,975	54,873,393	4.91%	283	2,973	2,850	-1.78%	95.86%
2017	3,002	55,335,677	-0.06%	284	3,002	2,857	0.97%	95.17%
2018	3,004	57,188,165	3.28%	285	3,004	2,840	0.07%	94.55%
2019	2,986	58,370,553	2.68%	307	2,996	2,851	-0.27%	95.15%
2020	2,971	58,356,102	0.48%	301	2,981	2,871	-0.50%	96.31%
2021	2,872	62,054,759	10.00%	292	2,880	2,730	-3.39%	94.79%
2022	2,896	64,212,112	2.62%	299	2,937	2,740	1.98%	93.29%
2023	2,920	82,864,523	27.99%	299	2,915	2,734	-0.75%	93.79%

Source: District records

Note: Enrollment based on annual October District count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Holmdel Township School District  
School Building Information  
Last Ten Fiscal Years

Unaudited

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>District Building</u>										
<u>Elementary</u>										
Village School (1952)										
Square Feet	122,104	122,104	122,104	122,104	122,104	122,104	122,104	122,104	122,104	122,104
Capacity (students)	1,032	1,032	1,032	1,032	1,032	1,032	1,032	1,032	1,032	1,032
Enrollment	835	821	805	824	796	751	775	793	797	815
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	711	707	713	735	757	752	747	665	670	660
<u>Junior High School</u>										
WR Satz Jr. High (1962)										
Square Feet	86,537	86,537	86,537	86,537	86,537	86,537	93,061	93,061	93,061	93,061
Capacity (students)	669	669	669	669	669	669	669	669	669	669
Enrollment	538	531	513	522	514	521	528	526	525	523
<u>High School</u>										
Holmdel High School (1958)										
Square Feet	193,021	193,021	193,021	193,021	193,021	193,021	202,135	202,135	202,135	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	1,008	962	944	921	937	962	937	944	945	953

Other

Number of Schools at June 30, 2023:

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

Enrollment 2,951

Source: 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 High School</u>	<u>William R. Satz</u>	<u>Indian Hill</u>	<u>Village</u>	<u>Total</u>
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
2021	N/A	606,138	305,993	398,552	434,191	1,744,874
2022	N/A	659,550	309,163	418,593	440,558	1,827,864
2023	N/A	551,077	251,032	314,807	384,539	1,501,455
Total School Facilities		<u>\$ 5,434,633</u>	<u>\$ 2,552,657</u>	<u>\$ 3,513,725</u>	<u>\$ 3,635,230</u>	<u>\$ 15,136,246</u>

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

Source: District records

Holmdel Township School District  
Insurance Schedule  
As of June 30, 2023

Unaudited

	<u>Coverage</u>		<u>Deductible</u>
School Package Policy (1):			
Building and Contents and EDP (All Locations)	\$ 172,616,433	\$	\$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
Valuable Papers and Records	10,000,000		10,000
Boiler and Machinery - Property Damage	100,000,000		25,000
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	340,000		
Flood Insurance	75,000,000	(Pool Agg)	10,000
Earthquake Insurance	50,000,000	(Pool Agg)	10,000
Athletic Accident (Base Policy, Class I)	25,000		80% Co-Ins.
Athletic Accident (Cat. Policy, Class II)	1,000,000		25,000
			10,000 /
Environmental Liability (Beazley, Primary)	1,000,000		Various Apply to Microbial

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 and each major fund of the Holmdel Township School District, in the County of Monmouth, New Jersey (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 23, 2024.

**Report on 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) as a basis for designing 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.

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

K-1  
Page 2

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

**Report on 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*

January 23, 2024  
Cranford, New Jersey

*Robert E. Provost*

Robert Provost, CPA  
Licensed Public School Accountant  
No. 2486

**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**

**Opinion on 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, 2023. 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.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2023.

**Basis for Opinion on Each Major Federal and State Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards, the Uniform Guidance and New Jersey OMB Circular 15-08 are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

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

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***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provision of contracts or grant agreements applicable to the District's federal and state programs.

***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

### **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*

January 23, 2024  
Cranford, New Jersey

*Robert E. Provost*

Robert Provost, CPA  
Licensed Public School Accountant  
No. 2486



Holmdel School District  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Federal FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Adjustments	Balance June 30, 2023		Amount Provided to Subrecipients
						Unearned Revenue (Accounts Receivable)	Due to Grantor						Unearned Revenue	(Accounts Receivable)	
<b>U.S. Department of Health and Human Services</b>															
General Fund:															
Medical Assistance Program-SEMIMAC	93.778	2205NJSMAP	100-054-7540-211	7/1/22-6/30/23	\$ 19,201	\$ (2,834)		\$ 18,392	\$ (15,558)						
COVID-19 Medical Assistance Program (SEMI)	93.778	2305NJSMAP	100-054-7540-211	7/1/22-6/30/23	1,277			1,277	(1,272)						
Subtotal Medical Assistance Program (SEMI)						(2,834)		19,669	(16,835)						
<b>U.S. Department of Labor--Passed-Through State</b>															
Department of Labor															
American Rescue Plan Act (ARPA) Unemployment Reimbursement (NC)	17.000	N/A	N/A	7/1/20-6/30/23	144,946			144,946	(144,946)						
Total General Fund						(2,834)	-	164,615	(161,781)						
<b>U.S. Department of Education--Passed-Through State</b>															
Department of Education															
Special Revenue Fund:															
Special Education Cluster:															
I.D.E.A. Part B - Basic Flow-Through	84.027	H027A220100	100-034-5065-016	7/1/22-6/30/23	792,180			\$ 229,380	\$ (771,551)					\$ (542,171)	
I.D.E.A. Part B - Basic Flow-Through	84.027	H027A210100	100-034-5065-016	7/1/21-6/30/22	740,914	\$ (538,205)		538,205							
I.D.E.A. Part B, Preschool	84.173	H173A220114	100-034-5065-020	7/1/22-6/30/23	33,881			28,444	(33,881)					(5,437)	
I.D.E.A. Part B, Preschool	84.173	H173A210114	100-034-5065-020	7/1/21-6/30/22	29,988	(4,213)		4,213							
COVID-19 ARP I.D.E.A. Part B - Basic	84.027X	H027X220100	100-034-5065-094	7/1/22-6/30/23	174,770	(83,328)		83,328	(33,754)					(33,754)	
Special Education Cluster Subtotal						(625,746)		883,570	(839,186)					(581,362)	
Title I, Part A	84.010	S010A220030	100-034-5064-194	7/1/22-6/30/23	115,751			17,551	(23,349)					(5,798)	
Title I, Part A	84.010	S010A210030	100-034-5064-194	7/1/21-6/30/22	136,290	(80,331)		74,400				\$ 5,931			
Subtotal of Title I Part A						(80,331)		91,951	(23,349)			5,931		(5,798)	
Title II, Part A	84.367	S367A220029	100-034-5063-290	7/1/22-6/30/23	71,375				(17,667)					(17,667)	
Title II, Part A	84.367	S367A210029	100-034-5063-290	7/1/21-6/30/22	32,133	(10,588)		15,829	(26,440)			(1,109)		(22,308)	
Subtotal of Title II Part A						(10,588)		15,829	(44,107)			(1,109)		(39,975)	
Title IV	93.658	S424A220031	100-034-5064-187	7/1/22-6/30/23	22,146			810	(7,975)					(7,165)	
Title IV	93.658	S424A210031	100-034-5064-187	7/1/21-6/30/22	11,731	(1,097)		4,108	(3,011)					(7,165)	
Subtotal of Title IV Part A						(1,097)		4,918	(10,986)					(7,165)	
Elementary and Secondary Education ESSER:															
COVID-19 ESSER-CARES	84.425D	S425D220027	22-5120-513	3/13/20-9/30/23	174,580			77,342	(154,683)					(77,341)	
COVID-19 CRRSA-ESSER II	84.425D	S425D220026	22-5120-513	3/13/20-9/30/23	526,771	(108,463)		114,456	(13,535)		116			(7,426)	
COVID-19 CRRSA-ESSER II (Learning Acceleration)	84.425D	S425D220026	22-5120-513	3/13/20-9/30/23	33,806	(6,825)		11,266	(11,598)					(7,157)	
COVID-19 CRRSA-ESSER II (Mental Health)	84.425D	S425D220026	22-5120-513	3/13/20-9/30/23	45,000	(45,000)		45,000							
COVID-19 ARP-ESSER	84.425U	S425U210027	22-5120-513	3/13/20-9/30/24	1,183,884	(25,881)		874,818	(874,820)		2,971			(22,912)	
COVID-19 ARP-ESSER (Learning Acceleration)	84.425U	S425U210027	22-5120-513	3/13/20-9/30/24	232,213			92,491	(92,610)					(119)	
COVID-19 ARP-ESSER (Summer Learning & Enrichment)	84.425U	S425U210027	22-5120-513	3/13/20-9/30/24	40,000			40,000	(40,000)						
COVID-19 ARP-ESSER (Mental Health)	84.425U	S425U210027	22-5120-513	3/13/20-9/30/24	45,000			45,000	(45,000)						
Elementary and Secondary Education ESSER Cluster Subtotal						(186,169)		1,300,373	(1,232,246)			3,087		(114,955)	
Total Special Revenue Fund						(903,931)	-	2,296,641	(2,149,874)			7,909		(749,255)	
Total Federal Awards						\$ (906,765)	\$ -	\$ 2,461,256	\$ (2,311,655)	\$ -	\$ 7,909	\$ -	\$ (749,255)	\$ -	\$ -

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

Holmdel School District  
Schedule of Expenditures of State Financial Assistance  
Year ended June 30, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Adjustments	Balance June 30, 2023			Memo	
				Unearned Revenue (Accounts Receivable)	Due to Grantor						Unearned Revenue	(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Budgetary Expenditures
<b>State Department of Education</b>															
General Fund:															
Reimbursed Non-Public Transportation Aid	495-034-5120-014	7/1/22-6/30/23	\$ 52,160				\$ (52,160)					\$ (52,160)			\$ 52,160
Reimbursed Non-Public Transportation Aid	495-034-5120-014	7/1/21-6/30/22	40,882	(40,882)		\$ 40,882									
Transportation Categorial Aid	495-034-5120-014	7/1/22-6/30/23	896,622			810,217	(896,622)							\$ (86,405)	896,622
Transportation Categorial Aid	495-034-5120-014	7/1/21-6/30/22	721,124	(69,301)		69,301									
Special Education Categorial Aid	495-034-5120-089	7/1/22-6/30/23	2,960,177			2,674,913	(2,960,177)							(285,264)	2,960,177
Special Education Categorial Aid	495-034-5120-089	7/1/21-6/30/22	2,501,950	(240,440)		240,440									
Security Categorial Aid	495-034-5120-084	7/1/22-6/30/23	246,662			222,892	(246,662)							(23,770)	246,662
Security Categorial Aid	495-034-5120-084	7/1/21-6/30/22	139,118	(13,369)		13,369									
Extraordinary Special Education Aid	100-034-5120-044	7/1/22-6/30/23	1,331,723				(1,331,723)					(1,331,723)			1,331,723
Extraordinary Special Education Aid	100-034-5120-044	7/1/21-6/30/22	1,098,790	(1,098,790)		1,098,790									
Reimbursed TPAF Social Security Contributions	495-034-5094-003	7/1/22-6/30/23	2,261,216			2,152,692	(2,261,216)					(108,524)			2,261,216
Reimbursed TPAF Social Security Contributions	495-034-5094-003	7/1/21-6/30/22	2,010,544	(98,566)		98,566			\$ 1,272				\$ 1,272		
TPAF-Post Retirement Medical (Noncash Assistance)	495-034-5094-001	7/1/22-6/30/23	2,553,458			2,553,458	(2,553,458)								2,553,458
TPAF-Pension Contributions (Noncash Assistance)	495-034-5094-002	7/1/22-6/30/23	9,720,141			9,720,141	(9,720,141)								9,720,141
TPAF-Long-Term Disability Ins (Noncash Assistance)	495-034-5094-004	7/1/22-6/30/23	3,540			3,540	(3,540)								3,540
General state aid subtotal				(1,561,348)		19,669,201	(20,025,699)		1,272			(1,492,407)	1,272	(395,439)	20,025,699
<b>New Jersey Office of Emergency Management</b>															
Alternate Funding Source	N/A	7/1/21-6/30/22	223,788	(223,788)		223,788									
Total General Fund				(1,785,136)	-	19,922,989	(20,025,699)	-	1,272			(1,492,407)	1,272	(395,439)	20,025,699
Social Revenue Fund:															
Non Public Auxiliary Services (Ch. 192):															
Compensatory Education	100-034-5120-067	7/1/22-6/30/23	113,457			113,457	(111,487)						1,970		111,487
ESL	100-034-5120-067	7/1/22-6/30/23	2,005			2,005	(1,970)						35		1,970
Home Instruction	100-034-5120-067	7/1/22-6/30/23	4,194				(4,194)					(4,194)			4,194
Home Instruction	100-034-5120-067	7/1/21-6/30/22	2,699												
Non Public Handicapped Services (Ch. 193):															
Examination and Classification	100-034-5120-066	7/1/22-6/30/23	87,611			87,611	(86,488)						1,123		86,488
Examination and Classification	100-034-5120-066	7/1/21-6/30/22	92,536	\$ 3,929				\$ (3,929)						273	21,024
Connective Speech	100-034-5120-066	7/1/22-6/30/23	21,297			21,297	(21,024)							1,097	84,476
Supplemental Instruction	100-034-5120-066	7/1/22-6/30/23	85,573			85,573	(84,476)							1,209	133,751
Non Public Nursing Services	100-034-5120-070	7/1/22-6/30/23	134,960			134,960	(133,751)								133,751
Non Public Nursing Services	100-034-5120-070	7/1/21-6/30/22	132,608		233				(233)						
Non Public Textbooks Aid	100-034-5120-064	7/1/22-6/30/23	78,672			78,672	(78,615)							57	78,615
Non Public Textbooks Aid	100-034-5120-064	7/1/21-6/30/22	70,343		26				(26)						
Non Public Technology Aid	100-034-5120-373	7/1/22-6/30/23	50,064			50,064	(49,647)							417	49,647
Non Public Technology Aid	100-034-5120-373	7/1/21-6/30/22	49,224		120				(120)						
Non Public Security Aid	100-034-5120-509	7/1/22-6/30/23	247,025			247,025	(246,095)							930	246,095
Non Public Security Aid	100-034-5120-509	7/1/21-6/30/22	207,200		46				(46)						
Nonpublic program subtotal				-	4,354		820,664	(817,747)				(4,194)	7,111		817,747
School Development Authority															
NJSDA Emergent and Capital Maintenance Projects		7/1/21-6/30/22	71,302									\$ 71,302			
Climate Change Education Grant	23-100-034-5063-359	7/1/22-6/30/23	6,000				(6,000)							(6,000)	6,000
Total Special Revenue Fund				-	4,354	-	891,966	(823,747)				71,302	(10,194)	7,111	823,747
Capital Projects Fund:															
Schools Development Authority:															
SDA School Security Grant	1245-0XX-14-XXXX-G04	Completion	169,986	(34,511)			(135,475)							(169,986)	135,475
Total Capital Projects Fund							-	(135,475)						(169,986)	135,475
Debt Service Fund:															
Debt Service Aid	100-034-3800-020	7/1/22-6/30/23	502,489			502,489	(502,489)								502,489
Total Debt Service Fund							502,489	(502,489)							502,489
Total State Financial Assistance				\$ (1,785,136)	\$ 4,354	\$ -	\$ 21,317,444	\$ (21,487,410)	\$ (4,354)	\$ 1,272	\$ 71,302	\$ (1,672,587)	\$ 8,383	\$ (395,439)	\$ 21,487,410
<b>State Financial Assistance Not Subject to Single Audit Determination:</b>															
TPAF-Post Retirement Medical (Noncash Assistance)	495-034-5094-001	7/1/22-6/30/23					2,553,458								
TPAF-Pension Contributions (Noncash Assistance)	495-034-5094-002	7/1/22-6/30/23					9,720,141								
TPAF-Long-Term Disability Ins (Noncash Assistance)	495-034-5094-004	7/1/22-6/30/23					3,540								
Total State Financial Assistance Subject to Single Audit							\$ (9,210,271)								

The accompanying Notes to Schedule of Expenditures of Federal Awards and State 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, 2023

**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, 2023

**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	\$749,255	\$76,377	\$672,878

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$72,329) for the general 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	\$ 164,615	\$ 19,953,371	\$ 20,117,986
Special revenue fund	2,149,874	823,747	2,973,621
Capital projects fund		135,475	135,475
Debt service fund		502,489	502,489
Total financial award revenues	<u>\$ 2,314,489</u>	<u>\$ 21,415,082</u>	<u>\$ 23,729,571</u>

Holmdel Township School District

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

Year ended June 30, 2023

**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, 2023.

The post-retirement pension, medical and disability insurance benefits received on behalf of the District for the year ended June 30, 2023 amounted to \$12,277,139. 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 trivial adjustments to prior year accounts receivable balances.

Holmdel Township School District

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

**Part I- Summary of Auditors' Results**

**Financial Statements Section**

Type of report the auditors' issued on whether the financial statements were prepared in accordance with GAAP:

Internal control over financial reporting:

		Unmodified	
Are any material weaknesses identified?	_____ Yes	_____ <u>X</u>	No
Are any significant deficiencies identified?	_____ Yes	_____ <u>X</u>	None reported
Is any noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u>	No

**Federal Awards**

Internal control over major federal programs:

Are any material weaknesses identified?	_____ Yes	_____ <u>X</u>	No
Are any significant deficiencies identified?	_____ Yes	_____ <u>X</u>	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	_____ <u>X</u>	No
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Identification of major programs:

Assistance Listing Number(s)	FAIN Number	Name of Federal Program or Cluster
		<u>Elementary and Secondary Education ESSER:</u>
84.425D	S425D200027	COVID-19 ESSER II Grant Program
84.425D	S425D200027	COVID-19 CRRSA Learning Acceleration
84.425D	S425D200027	COVID-19 CRRSA Mental Health
84.425D	S425D200027	COVID-19 CRRSA ESSER II
84.425U	S425D200027	COVID-19 ARP ESSER
		<u>Special Education Cluster:</u>
84.027	H027A220100	IDEA Part B Basic
84.173	H173A220114	IDEA Preschool
84.027X	H027X220100	COVID-19 ARP Part B - Basic

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, 2023

**Part I- Summary of Auditors' 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:

<b>GMIS/Program Number</b>	<b>Name of State Program or Cluster</b>
495-034-5120-XXX	<u>General State Aid Cluster:</u> Special Education Categorical Aid Security Aid
100-034-5120-044	

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

Auditee qualified as low-risk auditee?  X  Yes   No

Holmdel Township School District

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2023

**Part II- Schedule of Financial Statement Findings**

No compliance or internal control over financial reporting 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, 2023

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by 2 CFR 200 Section 516(a) and New Jersey Treasury Circular OMB 15-08, respectively.

**Federal Award Programs**

No compliance or internal control findings noted that are required to be reported in accordance with 2 CFR 200 Section 516(a).

**State Financial Assistance Programs**

No compliance or internal control findings noted that are required to be reported in accordance with New Jersey Treasury Circular OMB 15-08.