

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 3, 2025

NEW ISSUE (BOOK-ENTRY ONLY)

Rating: NOT RATED

In the opinion of Archer & Greiner P.C., Red Bank, New Jersey ("Bond Counsel"), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance with certain covenants described herein, interest on the Notes (as defined herein) (i) is not includable in gross income for Federal income tax purposes pursuant to section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) will not be treated as a preference item under section 57 of the Code for purposes of computing federal alternative minimum tax; however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under the Code. See "TAX MATTERS" herein. Bond Counsel is also further of the opinion that, under existing laws of the State of New Jersey, interest on the Notes and any gain on the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act, as amended. See "TAX MATTERS" herein.

\$8,885,000
TOWNSHIP OF HOLMDEL
IN THE COUNTY OF MONMOUTH, STATE OF NEW JERSEY
BOND ANTICIPATION NOTES
(NON-CALLABLE) (BANK QUALIFIED)
Coupon: ____% Yield: ____% CUSIP¹: ____

Dated: September 19, 2025

Due: September 18, 2026

The aggregate principal amount of \$8,885,000 Bond Anticipation Notes (the "Notes") are general obligations of the Township of Holmdel, in the County of Monmouth, State of New Jersey (the "Township"), for which the full faith and credit of the Township are pledged. The Township is authorized and required by law to levy *ad valorem* taxes on all taxable property within the Township without limitation as to rate or amount for the payment of the principal thereof and the interest thereon.

The Notes will be in fully registered book-entry only form and, when issued, will be registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC, an automated depository for securities and clearing house for securities transactions, will act as securities depository for the Notes. Individual purchases of the Notes will be made in book-entry only form in denominations of \$5,000, or in such amount necessary to issue the principal amount of the Note (subject to approval of the Chief Financial Officer of the Township).

The Notes shall bear interest and shall mature on the dates set forth above. The Notes shall bear interest at the rate shown above, which interest is payable on September 18, 2026. The Notes will be payable as to principal upon presentation and surrender thereof at the offices of the Township, acting in the capacity of paying agent (the "Paying Agent") or a hereafter duly designated paying agent. Interest on the Notes will be paid by check, draft or wire transfer, mailed, delivered or transmitted, as applicable, by the Paying Agent to the registered owner thereof as of the Record Dates (as defined herein). While DTC is acting as securities depository for the Notes, the principal of and interest on the Notes will be payable by wire transfer to DTC or its nominee, which is obligated to remit such principal and interest payment to DTC Participants. DTC Direct Participants and Indirect Participants will be responsible for remitting such payments to the Beneficial Owners of the Notes. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Notes are authorized by and are issued pursuant to the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 *et seq.*, as amended and supplemented (the "Local Bond Law"), and various bond ordinances of the Township duly adopted by the Township Committee on the dates set forth herein, approved by the Mayor and published as required by law. The Notes are being issued to: (i) refund, on a current basis, prior bond anticipation notes of the Township issued in the aggregate principal amount of \$4,600,000 on September 23, 2024 and maturing September 22, 2025; (ii) refund, on a current basis, prior bond anticipation notes of the Township issued in the aggregate amount of \$4,285,000 on August 11, 2025 and maturing September 22, 2025; and (iii) pay the costs associated with the issuance of the Notes.

The Notes are not subject to redemption prior to maturity. See "DESCRIPTION OF THE NOTES – Redemption" herein.

The Notes are not a debt or obligation, legal, moral or otherwise of the State of New Jersey, or any county, municipality or political subdivision thereof other than the Township.

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement, including all appendices, to obtain information essential to making an informed investment decision.

The Notes are offered when, as and if issued and delivered subject to the approval of the legality thereof by Archer & Greiner P.C., Red Bank, New Jersey, Bond Counsel, and certain other conditions described herein. NW Financial Group, LLC, Bloomfield, New Jersey, has served as Municipal Advisor to the Township in connection with the issuance of the Notes. Certain legal matters will be passed on for the Township by its Attorney, Michael L. Collins, Esquire. It is anticipated that the Notes will be available for delivery through DTC on or about September 19, 2025.

¹ Registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers listed above are being provided solely for the convenience of Noteholders only at the time of issuance of the Notes and the Township does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for the Note maturity is subject to being changed after the issuance of the Notes as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to the Note maturity.

**TOWNSHIP OF HOLMDEL
IN THE COUNTY OF MONMOUTH, STATE OF NEW JERSEY**

MAYOR AND TOWNSHIP COMMITTEE

Brian Foster, Mayor
Kim LaMountain, Deputy Mayor
Rocco Impreveduto
Domenico "DJ" Luccarelli
Joseph Romano

CHIEF FINANCIAL OFFICER

William E. Antonides, Jr.

TOWNSHIP CLERK

Wendy L. Patrovich

TOWNSHIP ATTORNEY

Michael L. Collins, Esquire
Red Bank, New Jersey

INDEPENDENT AUDITORS

Holman Frenia Allison, P.C.
Lakewood, New Jersey

BOND COUNSEL

Archer & Greiner P.C.
Red Bank, New Jersey

MUNICIPAL ADVISOR

NW Financial Group, LLC
Bloomfield, New Jersey

No dealer, broker, salesperson or other person has been authorized by the Township of Holmdel, in the County of Monmouth, State of New Jersey (the "Township") to give any information or to make any representations with respect to the Notes other than those contained in this Official Statement and if given or made, such information or representation must not be relied upon as having been authorized by the Township. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

The information contained herein has been provided by the Township, The Depository Trust Company, New York, New York ("DTC") and other sources deemed reliable by the Township; however, no representation or warranty is made as to its accuracy or completeness, and as to the information from sources other than the Township, such information is not to be construed as a representation or warranty by the Township.

This Official Statement is not to be construed as a contract or agreement between the Township and the purchasers or owners of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier. The Township has not confirmed the accuracy or completeness of information relating to DTC, which information has been provided by DTC.

References in this Official Statement to laws, rules, regulations, resolutions, ordinances, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein and may not be reproduced or used in whole or part, for any other purpose. This Official Statement should be read in its entirety.

The presentation of information is intended to show recent historical information except as expressly stated otherwise, is not intended to indicate future or continuing trends in the financial condition of other affairs of the Township. No representation is made that past experience, as is shown by the financial and other information, will necessarily continue or be repeated in the future.

The order and placement of materials in this Official Statement, including the Appendices, are not deemed to be a determination of the relevance, materiality or importance, and this Official Statement, including the Appendices, and must be considered in its entirety.

The Underwriter has reviewed the information in this Official Statement in accordance with and as part of its responsibilities to investors under the Federal Securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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OFFICIAL STATEMENT
OF
\$8,885,000
TOWNSHIP OF HOLMDEL
IN THE COUNTY OF MONMOUTH, STATE OF NEW JERSEY
BOND ANTICIPATION NOTES

INTRODUCTION

The purpose of this Official Statement is to provide certain information regarding the financial and economic condition of the Township of Holmdel (the "Township"), in the County of Monmouth (the "County"), State of New Jersey (the "State"), in connection with the sale and issuance of \$8,885,000 Bond Anticipation Notes (the "Notes") of the Township. This Official Statement, which includes the cover page and appendices attached hereto, has been authorized by the Mayor and Township Committee and executed by and on behalf of the Township by the Chief Financial Officer to be distributed in connection with the sale of the Notes.

This Official Statement contains specific information relating to the Notes including their general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to the sale, issuance and delivery of the Notes. This Official Statement should be read in its entirety.

All financial and other information presented herein has been provided by the Township from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts and disbursements, is intended to show recent historical information and, but only to the extent specifically provided herein, certain projections of the immediate future, and is not necessarily indicative of future or continuing trends in the financial position or other affairs of the Township.

DESCRIPTION OF THE NOTES

General Description

The Notes comprise an issue of general obligation bond anticipation notes of the Township in the aggregate principal amount of \$8,885,000, which Notes are being issued in anticipation of the issuance of bonds.

The Notes shall be dated and shall bear interest from September 19, 2025 and shall mature on September 18, 2026. The Notes shall bear interest at the rate of ____% per annum, which interest is payable at maturity on September 18, 2026. The Notes will be issued as fully registered notes in book-entry only form and when issued, will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Notes (the "Securities Depository"). Purchases of beneficial interests in the Notes will be made in book-entry only form, without certificates, in denominations of \$5,000, or in such amount necessary to issue the principal amount of the Note (subject to approval of the Chief Financial Officer of the Township). Under certain circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates in authorized denominations.

So long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made directly by the Township as Paying Agent, or some other paying agent as may be designated by the Township, to Cede & Co. Disbursement of such payments to the

DTC Participants (as hereinafter defined) is the responsibility of DTC and disbursement of such payments to the owners of beneficial interests in the Notes is the responsibility of the DTC Participants (as hereinafter defined). See "BOOK-ENTRY ONLY SYSTEM" herein.

The Note certificate will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its Direct Participants and transfers of the interests among its Direct Participants. The Direct Participants and Indirect Participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Notes purchased. So long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made by the Township or a duly designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to Direct Participants, which will in turn remit such payments to the Beneficial owners of the Notes. See "BOOK-ENTRY ONLY SYSTEM" herein.

Redemption

The Notes are not subject to redemption prior to their stated maturity date.

Authorization for the Issuance of the Notes

The Notes have been authorized and are issued pursuant to the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law") and by various bond ordinances duly adopted by the Mayor and Township Committee on the dates set forth in the chart below, approved by the Mayor and published as required by law. The bond ordinances were published in full or in summary after their final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinances could be commenced began to run from the date of the first publication of such statement. The Local Bond Law provides that, after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery by the Township.

Purpose of the Notes

The Notes are being issued to: (i) refund, on a current basis, prior bond anticipation notes of the Township issued in the aggregate principal amount of \$4,600,000 on September 23, 2024 and maturing September 22, 2025; (ii) refund, on a current basis, prior bond anticipation notes of the Township issued in the aggregate amount of \$4,285,000 on August 11, 2025 and maturing September 22, 2025; and (iii) pay the costs associated with the issuance of the Notes.

The purposes for which the Notes are to be issued have been authorized by duly adopted, approved and published bond ordinances of the Township, which bond ordinances are described on the following table by ordinance number, description and date of final adoption, and amount of Notes being funded with the proceeds of the Bond Anticipation Notes. The bond ordinances are:

Ordinance Number	Description and Date of Final Adoption	Amount of Note Proceeds
2022-07	Various Capital Improvements, Finally Adopted March 8, 2022	\$1,900,000
2023-07	Various Public Improvements and Acquisition of Equipment and Machinery, IT Equipment, Communication and Signal Equipment and Automotive Vehicles, Etc., Finally Adopted July 11, 2023	\$2,700,000

Ordinance Number	Description and Date of Final Adoption	Amount of Note Proceeds
2024-16	Various Public Improvements and Acquisition of Equipment and Machinery, IT Equipment, Communication and Signal Equipment and Automotive Vehicles, Etc., Finally Adopted September 10, 2024	\$2,785,000
2025-06	Road and Safety Improvements to Crawfords Corner Road, Finally Adopted April 8, 2025	<u>\$1,500,000</u>
TOTAL		<u>\$8,885,000</u>

SECURITY FOR THE NOTES

The Notes are valid and legally binding general obligations of the Township for which the full faith and credit of the Township are irrevocably pledged for the punctual payment of the principal of and interest on the Notes. Unless otherwise paid from other sources, the Township has the power and is obligated by law to levy *ad valorem* taxes upon all the taxable property within the Township for the payment of the principal of the Notes and the interest thereon without limitation as to rate or amount.

The Township is required by law to include the total amount of principal and interest on all of its general obligation indebtedness, such as the Notes, for the current year in each annual budget unless provision has been made for payment from other sources. The enforceability of rights or remedies with respect to the Notes may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted. See "RISK TO HOLDERS OF NOTES" herein.

The Notes are not a debt or obligation, legal or otherwise, of the State or any political subdivision thereof, other than the Township.

NO DEFAULT

There is no report of any default in the payment of the principal of, redemption premium, if any, and interest on the bonds, notes or other obligations of the Township as of the date hereof.

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, New York will act as Securities Depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for the Notes, in the aggregate principal amount of the issue of Notes will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants

include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note (a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy (the "Omnibus Proxy") to the Township as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Township or the Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by

Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Agent, or the Township, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Notes to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township or the Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Township or the Agent. Under such circumstances, in the event that a successor depository is not obtained, Note certificates are required to be printed and delivered.

The Township may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered by the Township.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Township believes to be reliable, but the Township takes no responsibility for the accuracy thereof.

THE AGENT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE NOTES, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE OWNERS OF THE NOTES (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE NOTES.

Discontinuance of Book-Entry Only System

In the event that the book-entry-only system is discontinued and the Beneficial Owners become registered owners of the Notes, the following provisions apply: (i) the Notes may be exchanged for an equal aggregate principal amount of Notes in other authorized denominations and of the same maturity, upon surrender thereof at the office of the Township or Paying Agent; (ii) the transfer of any Notes may be registered on the books maintained by the Township or Paying Agent for such purposes only upon the surrender thereof to the Township or Paying Agent together with the duly executed assignment in form satisfactory to the Township or Paying Agent; and (iii) for every exchange or registration of transfer of Notes, the Township or Paying Agent may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Notes. Interest on the Notes will be payable by check or draft, mailed on the Interest Payment Date to the registered owners thereof.

PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

Procedure for Authorization

The Township has no constitutional limit on its power to incur indebtedness other than that it may issue obligations only for public purposes pursuant to State statutes. The authorization and issuance of Township debt, including the purpose, amount and nature thereof, the method and manner of the incurrence of such debt, the maturity and terms of repayment thereof, and other related matters are statutory. The Township is not required to submit the proposed incurrence of indebtedness to a public referendum.

The Township, by bond ordinance, may authorize and issue negotiable obligations for the financing of any capital improvement or property which it may lawfully acquire, or any purpose for which it is authorized or required by law to make an appropriation, except current expenses and payment of obligations (other than those for temporary financings). Bond ordinances must be finally adopted by the recorded affirmative vote of at least two-thirds of the full membership of the Township Committee and approved by the Mayor. The Local Bond Law requires publication and posting of the bond ordinance. If the bond ordinance requires approval or endorsement of the State, it cannot be finally adopted until such approval has been received. The Local Bond Law provides that a bond ordinance shall take effect twenty (20) days after the first publication thereof after final adoption. At the conclusion of the twenty-day period all challenges to the validity of the obligations authorized by such bond ordinance shall be precluded except for constitutional matters. Moreover, after issuance, all obligations are conclusively presumed to be fully authorized and issued by all laws of the State and any person shall be estopped from questioning their sale, execution or delivery by the Township.

Local Bond Law (N.J.S.A. 40A:2-1 et seq.)

The Notes are being issued pursuant to the provisions of the Local Bond Law. The Local Bond Law governs the issuance of bonds and bond anticipation notes to finance certain municipal capital expenditures. Among its provisions are requirements that bonds or notes must mature within the statutory period of usefulness of the projects being financed, that bonds be retired in serial or sinking fund installments, and that, unlike school debt, and with some exceptions, including self-liquidating obligations and the improvements involving State grants, a five percent (5%) cash down payment must be generally provided. Such down payment must have been raised by budgetary appropriations, from cash on hand previously contributed for the purpose or by emergency resolution adopted pursuant to the Local Budget Law, N.J.S.A. 40A:4-1 et seq., as amended and supplemented (the "Local Budget Law"). All bonds and notes issued by the Township are general "full faith and credit" obligations.

Short Term Financing

Local governmental units (including the Township) may issue bond anticipation notes to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or subsequent resolution so provides. Such bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount of bonds authorized in the ordinance, as may be amended and supplemented, creating such capital expenditure. A local unit's bond anticipation notes may be issued and renewed for periods not exceeding one (1) year, with the final maturity occurring and being paid no later than the first day of the fifth month following the close of the tenth fiscal year after the original issuance of the notes, provided that no notes may be renewed beyond the third anniversary date of the original notes and each anniversary date thereafter, unless an amount of such note at least equal to the first legally payable installment of the anticipated bonds (the first year's principal payment), is paid and retired from funds other than the proceeds of obligations on or before the third anniversary date and each anniversary date thereafter.

The issuance of tax anticipation notes by a municipality is limited in amount by the provisions of the Local Budget Law and may be renewed from time to time, but, in the case of a municipality such as the Township, all such notes and renewals thereof must mature not later than 120 days after the end of the fiscal year in which such notes were issued.

Refunding Bonds (N.J.S.A. 40A:2-51 et seq.)

Refunding bonds may be issued by a local unit pursuant to the Local Bond Law for the purpose of paying, funding or refunding its outstanding bonds, including emergency appropriations, the actuarial liabilities of a non-State administered public employee pension system and amounts owing to others for taxes levied in the local unit, or any renewals or extensions thereof, and for paying the cost of issuance of refunding bonds. In certain circumstances, the Local Finance Board, in the Division of Local Government Services, New Jersey Department of Community Affairs (the "Local Finance Board") must approve the authorization of the issuance of refunding bonds.

Statutory Debt Limitation (N.J.S.A. 40A:2-6 et seq.)

There are statutory requirements which limit the amount of debt which the Township is permitted to authorize. The authorized bonded indebtedness of a Township is limited by the Local Bond Law and other laws to an amount equal to three and one half percent (3½%) of its stated average equalized valuation basis, subject to certain exceptions noted below. The stated equalized valuation basis is set by statute as the average of the equalized valuations of all taxable real property, together with improvements to such property, and the assessed valuation of certain Class II railroad property within the boundaries of the Township for each of the last three (3) preceding years as annually certified in the valuation of all taxable real property, in the Table of Equalized Valuation by the Director of the Division of Taxation, in the New Jersey Department of the Treasury (the "Division of Taxation"). Certain categories of debt are permitted by statute to be deducted for the purposes of computing the statutory debt limit. The Local Bond Law permits the issuance of certain obligations, including obligations issued for certain emergency or self-liquidating purposes, notwithstanding the statutory debt limitation described above; but, with certain exceptions, it is then necessary to obtain the approval of the Local Finance Board. See "Exceptions to Debt Limitation-Extensions of Credit" herein.

Exceptions to Debt Limitation – Extensions of Credit (N.J.S.A. 40A:2-7 et seq.)

The debt limit of the Township may be exceeded with the approval of the Local Finance Board. If all or any part of a proposed debt authorization is to exceed its debt limit, the Township must apply to the Local Finance Board for an extension of credit. The Local Finance Board considers the request, concentrating its review on the effect of the proposed authorization on outstanding obligations and operating expenses and the anticipated ability to meet the proposed obligations. If the Local Finance Board determines that a proposed debt authorization is not unreasonable or exorbitant, that the purposes or improvements for which the obligations are issued are in the public interest and for the health, welfare and convenience or betterment of the inhabitants of the Township and that the proposed debt authorization would not materially impair the credit of the Township or substantially reduce the ability of the Township to meet its obligations or to provide essential services that are in the public interest and makes other statutory determinations, approval is granted. In addition to the aforesaid, debt in excess of the debt limit may be issued to fund certain obligations, for self-liquidating purposes and, in each fiscal year, in an amount not exceeding two-thirds of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of obligations issued for utility or assessment purposes) plus two-thirds of the amount raised in the tax levy of the current fiscal year by the local unit for the payment of bonds or notes of any school district. The Township has not exceeded its debt limit.

DEBT INFORMATION OF THE TOWNSHIP

The Township must report all new authorizations of debt or changes in previously authorized debt to the Division through the filing of Supplemental and Annual Debt Statements. The Supplemental Debt Statement must be submitted to the Division before final passage of any debt authorization other than a refunding debt authorization. Before the end of the first month (January 31) of each fiscal year of the Township, the Township must file an Annual Debt Statement which is dated as of the last day of the preceding fiscal year (December 31) with the Division and with the Township Clerk. This report is made under oath and states the authorized, issued and unissued debt of the Township as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing. Even though the Township's authorizations are within its debt limits, the Division is able to enforce State regulations as to the amounts and purposes of local borrowings.

FINANCIAL MANAGEMENT

Accounting and Reporting Practices

The accounting policies of the Township conform to the accounting principles applicable to local governmental units which have been prescribed by the Division. A modified accrual basis of accounting is followed with minor exceptions. Revenues are recorded as received in cash except for certain amounts which may be due from other governmental units and which are accrued. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue only when received. Expenditures are generally recorded on the accrual basis, except that unexpended appropriations at December 31, unless canceled by the governing body, are reported as expenditures with offsetting appropriation reserves. Appropriation reserves are available, until lapsed at the close of the succeeding fiscal year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are credited to the results of operations. As is the prevailing practice among municipalities and counties in the State, the Township does not record obligations for accumulated unused vacation and sick pay.

Local Budget Law (N.J.S.A. 40A:4-1 et seq.)

The foundation of the State local finance system is the annual cash basis budget. Every local unit, including the Township, must adopt an annual operating budget in the form required by the Division. Certain items of revenue and appropriation are regulated by law and the proposed operating budget cannot be finally adopted until it has been certified by the Director, or in the case of a local unit's examination of its own budget as described herein, such budget cannot be finally adopted until a local examination certificate has been approved by the Chief Financial Officer and governing body of the local unit. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service and the Director, or in the case of the local examination, the local unit may review the adequacy of such appropriations. Among other restrictions, the Director or, in the case of local examination, the local unit may examine the budget with reference to all estimates of revenue and the following appropriations: (a) payment of interest and debt redemption charges, (b) deferred charges and statutory expenditures, (c) cash deficit of the preceding year, (d) reserve for uncollected taxes, and (e) other reserves and non-disbursement items. Taxes levied are a product of total appropriations, less non-tax revenues, plus a reserve predicated on the prior year's collection experience.

The Director, in reviewing the budget, has no authority over individual operating appropriations, unless a specific amount is required by law, but the Director's budgetary review functions, focusing on anticipated revenues, and serves to protect the solvency of the local unit. Local budgets, by law and regulation, must be in balance on a "cash basis", i.e., the total of anticipated revenues must equal the total of appropriation. N.J.S.A. 40A:4-22. If in any year the Township's expenditures exceed its realized revenues for that year, then such excess (deficit) must be raised in the succeeding year's budget.

In accordance with the Local Budget Law and related regulations, (i) each local unit, with a population of 10,000 persons, must adopt and annually revise a six (6) year capital program (ii) each local unit, with a population under 10,000 persons, must adopt (with some exceptions) and annually revise a three (3) year capital program. See "CAPITAL IMPROVEMENT PROGRAM" herein.

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities, in addition to the general taxing power upon real property. For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate section of the budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities. Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "current" or operating budget.

State Supervision (N.J.S.A. 52:27BB-1 et seq.)

State law authorizes State officials to supervise fiscal administration in any municipality which is in default on its obligations; which experiences severe tax collection problems for two (2) successive years; which has a deficit greater than four percent (4%) of its tax levy for two (2) successive years; which has failed to make payments due and owing to the State, county, school district or special district for two (2) consecutive years; which has an appropriation in its annual budget for the liquidation of debt which exceeds twenty-five percent (25%) of its total operating appropriations (except dedicated revenue appropriations) for the previous budget year; or which has been subject to a judicial determination of gross failure to comply with the Local Bond Law, the Local Budget Law or the Local Fiscal Affairs Law which substantially jeopardizes its fiscal integrity. State officials are authorized to continue such supervision for as long as any of the conditions exist and until the municipality operates for a fiscal year without incurring cash deficit.

Limitations on Expenditures ("Cap Law") (N.J.S.A. 40A:4-45.1, et seq.)

N.J.S.A. 40A:4-45.3 places limits on municipal tax levies and expenditures. This law is commonly known as the "Cap Law" (the "Cap Law"). The Cap Law provides that the Township shall limit any increase in its budget to 2.5% or the Cost-Of-Living Adjustment, whichever is less, of the previous year's final appropriations, subject to certain exceptions. The Cost-Of-Living Adjustment is defined as the rate of annual percentage increase, rounded to nearest half percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services produced by the United States Department of Commerce for the year preceding the current year as announced by the Director. However, in each year in which the Cost-Of-Living Adjustment is equal to or less than 2.5%, the Township may, by ordinance, approved by a majority vote of the full membership of the governing body, provide that the final appropriations of the Township for such year be increased by a percentage rate that is greater than the Cost-Of-Living Adjustment, but not more than 3.5% over the previous year's final appropriations. See N.J.S.A. 40A:4-45.14. In addition, N.J.S.A. 40A:4-45.15a restored "CAP" banking to the Local Budget Law. Municipalities are permitted to appropriate available "CAP Bank" in either of the next two (2) succeeding years' final appropriations. Along with the permitted increases for total general appropriations there are certain items that are allowed to increase outside the "CAP".

Additionally, P.L. 2010, c.44 imposes a 2% cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for capital expenditures, including debt service, increases in pension contributions in excess of 2%, certain increases in health care costs in excess of 2%, and extraordinary costs incurred by a local unit directly related to a declared emergency. The governing body of a local unit may request approval, through a public question submitted to the legal voters residing in its territory, to increase the amount to be raised by taxation, and voters may approve increases above 2% not otherwise permitted under the law by an affirmative vote of 50%.

The Division of Local Government Services has advised that counties and municipalities must comply with both budget "CAP" and the tax levy limitation. Neither the tax levy limitation nor the "CAP" law, however, limits the obligation of the Township to levy *ad valorem* taxes upon all taxable property within the boundaries of the Township to pay debt service on bonds and notes, including the Notes.

Deferral of Current Expenses

Supplemental appropriations made after the adoption of the budget and determination of the tax rate may be authorized by the governing body of a local unit, including the Township, but only to meet unforeseen circumstances, to protect or promote public health, safety, morals or welfare, or to provide temporary housing or public assistance prior to the next succeeding fiscal year. However, with certain exceptions described below, such appropriations must be included in full as a deferred charge in the following year's budget. Any emergency appropriation must be declared by resolution according to the definition provided in N.J.S.A. 40A:4-48 and approved by at least two-thirds of the full membership of the

governing body and shall be filed with the Director. If such emergency appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director is required. N.J.S.A. 40A:4-49.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as (i) the repair and reconstruction of streets, roads or bridges damaged by snow, ice, frost, or floods, which may be amortized over three (3) years, and (ii) the repair and reconstruction of streets, roads, bridges or other public property damaged by flood or hurricane, where such expense was unforeseen at the time of budget adoption, the repair and reconstruction of private property damaged by flood or hurricane, tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparations, drainage map preparation for flood control purposes, studies and planning associated with the construction and installation of sanitary sewers, authorized expenses of a consolidated commission, contractually required severance liabilities resulting from the layoff or retirement of employees and the preparation of sanitary and storm system maps, all of which projects set forth in this section (ii) may be amortized over five (5) years. N.J.S.A. 40A:4-53, -54, -55, -55.1. Emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project as described above.

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism. Pursuant to N.J.S.A. 40A:4-58, transfers between major appropriation accounts are prohibited until the last two (2) months of the municipality's fiscal year. Appropriation reserves may be transferred during the first three (3) months of the current fiscal year to the previous fiscal year's budget. N.J.S.A. 40A:4-59. Both types of transfers require a two-thirds vote of the full membership of the governing body. Although sub-accounts within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval. Generally, transfers cannot be made from the down payment account, the capital improvement fund, contingent expenses or from other sources as provided in the statute.

Anticipation of Real Estate Taxes

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. N.J.S.A 40A:4-29 sets limits on the anticipation of delinquent tax collections and provides that, "[t]he maximum which may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year."

In regard to current taxes, N.J.S.A. 40A:4-41(b) provides that, "[r]eceipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of the preceding fiscal year."

This provision requires that an additional amount (the "reserve for uncollected taxes") be added to the tax levy required to balance the budget so that when the percentage of the prior year's tax collection is applied to the combined total, the sum will at least equal the tax levy required to balance the budget. The reserve requirement is calculated as follows:

Total of Local, County, and School Levies	- Anticipated Revenues	=	Cash Required from Taxes to Support Local Municipal Budget and Other Taxes
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<u>Cash Required from Taxes to Support Local Municipal Budget and Other Taxes</u>	=	Amount to be
Prior Year's Percentage of Current Tax Collection (or Lesser %)		Raised by Taxation

Anticipation of Miscellaneous Revenues

N.J.S.A 40A:4-26 provides that, "[n]o miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit."

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years of such grants rarely coincide with a municipality's calendar fiscal year. Grant revenues are fully realized in the year in which they are budgeted by the establishment of accounts receivable and offsetting reserves.

Local Examination of Budgets (N.J.S.A. 40A:4-78(b))

Chapter 113 of the Laws of New Jersey of 1996 (N.J.S.A. 40A:4-78(b)) authorizes the Local Finance Board to adopt rules that permit certain municipalities to assume the responsibility, normally granted to the Director, of conducting the annual budget examination required by the Local Budget Law. Since 1997 the Local Finance Board has developed regulations that allow "eligible" and "qualifying" municipalities to locally examine their budget every two (2) of three (3) years.

Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)

The Local Fiscal Affairs, N.J.S.A. 40A:5-1 et seq., as amended and supplemented (the "Local Fiscal Affairs Law"), regulates the non-budgetary financial activities of local governments. An annual, independent audit of the local unit's accounts for the previous year must be performed by a Registered Municipal Accountant licensed in the State of New Jersey. The audit, conforming to the Division of Local Government Services, in the New Jersey Department of Community Affairs (the "Division") "Requirements of Audit", must be completed within six (6) months (June 30) after the close of the Township's fiscal year (December 31), includes recommendations for improvement of the local unit's financial procedures. The audit report must be filed with the Township Clerk and is available for review during regular municipal business hours and shall, within five (5) days thereafter be filed with the Director of the Division (the "Director"). A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within thirty (30) days of the Township Clerk's receipt of the audit report. Accounting methods utilized in the conduct of the audit conform to practices prescribed by the Division, which practices differ in some respects from generally accepted accounting principals.

Annual Financial Statement (N.J.S.A. 40A:5-12 et seq.)

An annual financial statement ("Annual Financial Statement") which sets forth the financial condition of a local unit for the fiscal year must be filed with the Division not later than January 26 (in the case of a county) and not later than February 10 (in the case of a municipality) after the close of the calendar fiscal year, such as the Township, or not later than August 10 of the State fiscal year for those municipalities which operate on the State fiscal year. The Annual Financial Statement is prepared either by the Chief Financial Officer or the Registered Municipal Accountant for the local unit. It reflects the results of operations for the year of the Current and Utility Funds. If the statement of operations results in a cash deficit, the deficit must be included in full in the succeeding year's budget. The entire annual audit report is filed with the clerk of the local unit and is available for review during business hours.

Investment of Municipal Funds

Investment of funds by municipalities is governed by N.J.S.A. 40A:5-14 et seq. Such statute requires municipalities to adopt a cash management plan pursuant to the requirements outlined by said statute. Once a municipality adopts a cash management plan it must deposit or invest its funds pursuant

to such plan. N.J.S.A. 40A:5-15.1 provides for the permitted securities a municipality may invest in pursuant to its cash management plan. Some of the permitted securities are as follows: (a) obligations of, or obligations guaranteed by, the United States of America ("Government Obligations"), (b) Government money market mutual funds which invest in securities permitted under the statute, (c) bonds of certain Federal Government agencies having a maturity date not greater than 397 days from the date of purchase, (d) bonds or other obligations of the particular municipality or school districts of which the local unit is a part or within which the school district is located, and (e) bonds or other obligations having a maturity date not greater than 397 days from the date of purchase and approved by the Division of Investment, in the New Jersey Department of the Treasury. Municipalities are required to deposit their funds in banks satisfying certain security requirements set forth in N.J.S.A. 17:9-41 *et seq.* Municipalities are required to deposit their funds in interest-bearing bank accounts to the extent practicable and other permitted investments.

CAPITAL IMPROVEMENT PROGRAM

In accordance with the Local Budget Law, the Township must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six (6) years as a general improvement program. The Capital Budget and Capital Improvement Program must be adopted as part of the annual budget pursuant to N.J.A.C. 5:30-4. The Capital Budget does not by itself confer any authorization to raise or expend funds, rather it is a document used for planning. Specific authorization to expend funds for such purposes must be granted, by a separate bond ordinance, by inclusion of a line item in the Capital Improvement Section of the budget, by an ordinance taking money from the Capital Improvement Fund, or other lawful means.

TAX ASSESSMENT AND COLLECTION

Assessment and Collection of Taxes

Property valuations (assessments) are determined on true values as arrived at by the cost approach, market data approach and capitalization of net income (where applicable). Current assessments are the result of maintaining new assessments on a "like" basis with established comparable properties for newly assessed or purchased properties resulting in a decline of the assessment ratio to true value to its present level. This method assures equitable treatment to like property owners. Because of the escalation of property resale values, annual adjustments could not keep pace with the rising values.

Upon the filing of certified adopted budgets by the Township, the local school district and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provisions for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 *et seq.* Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special district.

For calendar year municipalities, tax bills are sent in June of the current fiscal year. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. The August and November tax bills are determined as the full tax levied for municipal, county and school purposes for the current municipal fiscal year, less the amount charged as the February and May installments for municipal, county and school purposes in the current fiscal year. The amounts due for the February and May installments are determined as by the municipal governing body as either one-quarter or one-half of the full tax levied for municipal, county or school purposes for the preceding fiscal year.

Fiscal year municipalities follow the same general rationale for the billing of property taxes, however billing is processed semi-annually. The provisions of P.L. 1994, C. 72 changed the procedures

for State fiscal year billing originally established in P.L. 1991, C. 75. Chapter 72 moves the billing calculation back on a calendar year basis, which permits tax levies to be proved more readily than before.

The formula used to calculate tax bills under P.L. 1994, C. 72 are as follows:

The third and fourth installments, for municipal purposes, would equal one-half of an estimated annual tax levy, plus the balance of the full tax levied during the current tax year for school, county and special district purposes. The balance of the full tax for non-municipal purposes is calculated by subtracting amounts due on a preliminary basis from the full tax requirement for the tax year. The first and second installments, for municipal purposes, will be calculated on a percentage of the previous years billing necessary to bill the amount required to collect the full tax levy, plus the non-municipal portion, which represents the amount payable to each taxing district for the period of January 1 through June 30.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent (8%) on the first \$1,500 of the delinquency and, then eighteen percent (18%) per annum on any amount in excess of \$1,500. A penalty of up to six percent (6%) of the delinquency in excess of \$10,000 may be imposed on a taxpayer who fails to pay that delinquency prior to the end of the tax year in which the taxes become delinquent. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State Statutes. Tax title liens are periodically assigned to the Director of Law (as defined herein) for in rem foreclosures in order to acquire title to these properties.

The provisions of chapter 99 of the Laws of New Jersey of 1997 allow a municipality to sell its total property tax levy to the highest bidder either by public sale with sealed bids or by public auction. The purchaser shall pay the total property tax levy bid amount in quarterly installments or in one annual installment. Property taxes will continue to be collected by the municipal tax collector and the purchaser will receive as a credit against his payment obligation the amount of taxes paid to the tax collector. The purchaser is required to secure his payment obligation to the municipality by an irrevocable letter of credit or surety bond. The purchaser is entitled to receive, all delinquent taxes and other municipal charges owing, due and payable upon collection by the tax collector. The statute sets forth bidding procedures, minimum bidding terms and requires the review and approval of the sale by the Division.

Tax Appeals

New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessed valuation that the taxpayer deems excessive. The taxpayer has a right to file a petition on or before the 1st day of April of the current tax year for its review. The County Board of Taxation and the Tax Court of New Jersey have the authority after a hearing to increase, decrease or reject the appeal petition. Adjustments by the County Board of Taxation are usually concluded within the current tax year and reductions are shown as cancelled or remitted taxes for that year. If the taxpayer believes the decision of the County Board of Taxation to be incorrect, appeal of the decision may be made to the Tax Court of New Jersey. State tax court appeals tend to take several years to conclude by settlement or trial and any losses in tax collection from prior years, after an unsuccessful trial or by settlement, are charged directly to operations.

TAX MATTERS

Exclusion of Interest on the Notes From Gross Income for Federal Tax Purposes

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Notes in order to assure that interest on the Notes will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Failure of the Township to comply with such requirements may cause interest on the Notes to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Notes. The Township will make certain representations in its tax certificate, which will be

executed on the date of issuance of the Notes, as to various tax requirements. The Township has covenanted to comply with the provisions of the Code applicable to the Notes and has covenanted not to take any action or fail to take any action that would cause interest on the Notes to lose the exclusion from gross income under Section 103 of the Code. Bond Counsel will rely upon the representations made in the tax certificate and will assume continuing compliance by the Township with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the Notes from gross income for federal income tax purposes and with respect to the treatment of interest on the Notes for the purposes of alternative minimum tax.

Assuming the Township observes its covenants with respect to compliance with the Code, Archer & Greiner P.C., Bond Counsel to the Township, is of the opinion that, under existing law, interest on the Notes is not includable for Federal income tax purposes in the gross income of the owners of the Notes pursuant to Section 103 of the Code. Interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing federal alternative minimum tax; however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under the Code.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Notes from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and enforcement of the Code or those regulations by the IRS.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the Township or the owners of the Notes regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Notes, under current IRS procedures, the IRS will treat the Township as the taxpayer and the beneficial owners of the Notes will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including, but not limited to, selection of the Notes for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Notes.

Payments of interest on tax-exempt obligations, including the Notes, are generally subject to IRS Form 1099-INT information reporting requirements. If a Note owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Bank Qualification

The Notes constitute "qualified tax-exempt obligations" as defined in and for the purpose of Section 265(b)(3)(B) of the Code.

Additional Federal Income Tax Consequences of Holding the Notes

Prospective purchasers of the Notes should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Notes, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits,

taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations.

Bond Counsel expresses no opinion regarding any federal tax consequences other than its opinion with regard to the exclusion of interest on the Notes from gross income pursuant to Section 103 of the Code and interest on the Notes not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Notes should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Notes.

Changes in Federal Tax Law Regarding the Notes

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State of New Jersey. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Notes will not have an adverse effect on the tax status of interest on the Notes or the market value or marketability of the Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax) or repeal (or reduction in the benefit) of the exclusion of interest on the Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

State Taxation

Bond Counsel is of the opinion that, based upon existing law, interest on the Notes and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act.

ADDITIONALLY, EACH PURCHASER OF THE NOTES SHOULD CONSULT HIS OR HER OWN ADVISOR REGARDING ANY CHANGES IN THE STATUS OF PENDING OR PROPOSED FEDERAL OR NEW JERSEY STATE TAX LEGISLATION, ADMINISTRATIVE ACTION TAKEN BY TAX AUTHORITIES, COURT DECISIONS OR LITIGATION.

ALL POTENTIAL PURCHASERS OF THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE.

Other Tax Consequences

Except as described above, Bond Counsel expresses no opinion with respect to any Federal, state, local or foreign tax consequences of ownership of the Notes. Bond Counsel renders its opinion under existing statutes, regulations, rulings and court decisions as of the date of issuance of the Notes and assumes no obligation to update its opinion after such date of issuance to reflect any future action, fact, circumstance, change in law or interpretation, or otherwise. Bond Counsel expresses no opinion as to the effect, if any, on the tax status of the interest on the Notes paid or to be paid as a result of any action hereafter taken or not taken in reliance upon an opinion of other counsel.

See APPENDIX C for the complete text of the proposed form of Bond Counsel's legal opinion with respect to the Notes.

ALL POTENTIAL PURCHASERS OF THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES (INCLUDING BUT NOT LIMITED TO THOSE LISTED ABOVE) OF THE OWNERSHIP OF THE NOTES.

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutional building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any obligations of the Township, including the Notes, and such Notes are authorized security for any and all public deposits.

RISK TO HOLDERS OF NOTES

It is understood that the rights of the holders of the Notes, and the enforceability thereof, may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Municipal Bankruptcy

THE TOWNSHIP HAS NOT AUTHORIZED THE FILING OF A BANKRUPTCY PETITION. THIS REFERENCE TO THE BANKRUPTCY CODE OR THE STATE STATUTE SHOULD NOT CREATE ANY IMPLICATION THAT THE TOWNSHIP EXPECTS TO UTILIZE THE BENEFITS OF ITS PROVISIONS, OR THAT IF UTILIZED, SUCH ACTION WOULD BE APPROVED BY THE LOCAL FINANCE BOARD, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCE OF PAYMENT OF AND SECURITY FOR THE NOTES, OR THAT THE BANKRUPTCY CODE COULD NOT BE AMENDED AFTER THE DATE HEREOF.

The undertakings of the Township should be considered with reference to 11 U.S.C. §101 *et seq.*, as amended and supplemented (the "Bankruptcy Code"), and other bankruptcy laws affecting creditors' rights and municipalities in general. The Bankruptcy Code permits the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to certain debts owed, and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount and more than one half in number of the allowed claims of at least one (1) impaired class. The Bankruptcy Code specifically does not limit or impair the power of a state to control by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Code.

The Bankruptcy Code provides that special revenue acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by such debtor before the commencement of such bankruptcy case. However, special revenues acquired by the debtor after commencement of the case shall continue to be available to pay debt service secured by those revenues. Furthermore, the Bankruptcy Code provided that a transfer of property of a debtor to or for the benefit of any holder of a bond or note, on account of such bond or note, may be avoided pursuant to certain preferential transfer provisions set forth in such act.

Reference should also be made to N.J.S.A. 52:27-40 *et seq.* which provides that a local unit, including the Township, has the power to file a petition in bankruptcy with any United States Court or court in bankruptcy under the provisions of the Bankruptcy Code, for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts; provided, however, the approval of the Local Finance Board, as successor to the Municipal Finance Commission, must be obtained.

Remedies of Holders of Notes (N.J.S.A. 52:27-1 et seq.)

If the Township defaults for over sixty (60) days in the payment of the principal of or interest on any bonds or notes outstanding, any holder of such bonds or notes may bring an action against the Township in the Superior Court of New Jersey (the "Superior Court") to obtain a judgment that the Township is so in default. Once a judgment is entered by the Superior Court to the effect that the Township is in default, the Municipal Finance Commission (the "Commission") would become operative in the Township. The Commission was created in 1931 to assist in the financial rehabilitation of municipalities which were in default in their obligations. The powers and duties of the Commission are exercised within the Division, which constitutes the Commission.

The Commission exercises direct supervision over the finances and accounts of any municipality which has been adjudged by the Superior Court to be in default of its obligations. The Commission continues in force in such municipalities until all bonds, notes or other indebtedness of the municipality which have fallen due, and all bonds or notes which will fall due within one (1) year (except tax anticipation or revenue anticipation notes), and the interest thereon, have been paid, funded or refunded, or the payment thereof has been adequately provided for by a cash reserve, at which time the Commission's authority over such municipality ceases. The Commission is authorized to supervise tax collections and assessments, to approve the funding or refunding of bonds, notes or other indebtedness of the municipality which the Commission has found to be outstanding and unpaid, and to approve the adjustment or composition of claims of creditors and the readjustment of debts under the Bankruptcy Code.

COVID-19 DISCLOSURE

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, then President Trump declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy (the "Governor") of the State declared a state of emergency and a public health emergency on March 9, 2020 due to the outbreak of COVID-19, which spread throughout the State and to all counties within the State. In response to the COVID-19 pandemic, federal and state legislation and executive orders were implemented to mitigate the spread of the disease and to provide relief to state and local governments. The pandemic and certain mitigation measures altered the behavior of businesses and people with negative impacts on regional, State and local economies. The national public health emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level. Depending on future circumstances, ongoing actions could be taken by State, federal and local governments and private entities, to mitigate the spread and impacts of COVID-19, its variants or other critical health care challenges.

To date, the overall finances and operations of the Township have not been materially or adversely affected as a result of the COVID-19 pandemic. Nonetheless, the degree of any such impact to the Township's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 pandemic, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what additional actions may be taken by governmental and other health care authorities to manage the COVID-19 pandemic. The continued spread of the outbreak could have a material adverse effect on the Township and its economy.

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by President Biden on March 12, 2021, comprises \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic, which included \$350 billion in relief funds for state and local governments, such as the Township. The Township received certain funding from the Plan, in two equal installments. The deadline to obligate the funds was December 31, 2024. The Township intends to utilize the funding for public safety needs and to

further mitigate the effects of COVID-19 both from a public health and economic standpoint. The final deadline to spend the obligated funds is December 31, 2026.

CERTIFICATES OF THE TOWNSHIP

Upon the delivery of the Notes, the original purchaser shall receive a certificate, in form satisfactory to Bond Counsel and signed by officials of the Township, stating to the best knowledge of said officials, that this Official Statement as of its date did not contain any untrue statement of a material fact, or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and stating, to the best knowledge of said officials, that there has been no material adverse change in the condition, financial or otherwise, of the Township from that set forth in or contemplated by this Official Statement. In addition, the respective original purchaser of the Notes shall also receive certificates in form satisfactory to Bond Counsel evidencing the proper execution and delivery of the Notes and receipt of payment therefor, and a certificate dated as of the date of the delivery of the Notes, and signed by the officers who signed the Notes, stating that no litigation is then pending that would restrain or enjoin the issuance or delivery of the Notes or the levy or collection of taxes to pay the Notes, as applicable, or the interest thereon, or questioning the validity of the statutes or the proceedings under which the Notes, as applicable, are issued, and that neither the corporate existence or boundaries of the Township, nor the title of any of the said officers to the respective offices, is being contested.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Notes are subject to the approval of Bond Counsel, whose approving legal opinion will be delivered with the Notes substantially in the form set forth as APPENDIX C hereto. Certain legal matters with respect to the Notes will be passed on for the Township by its Attorney, Michael L. Collins, Esquire, Red Bank, New Jersey ("Township Attorney").

LITIGATION

To the knowledge of the Township Attorney, there is no litigation of any nature now pending which would restrain or enjoin the issuance or the delivery of the Notes, or the levy or the collection of taxes to pay the principal of or the interest on the Notes, or in any manner questioning the authority or the proceedings for the issuance of the Notes or for the levy or the collection of taxes to pay the principal of or the interest on the Notes, or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers. Moreover, to the knowledge of the Township Attorney, no litigation is presently pending that, in the opinion of the Township Attorney, would have a material adverse impact on the financial condition of the Township if adversely decided. A Certificate to such effect will be executed by the Township Attorney and delivered to the Underwriter at the closing.

COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS

The Township has covenanted for the benefit of the holders of the Notes to provide notices of the occurrence of certain enumerated events with respect to the Notes, as set forth in section (b)(5)(i)(C) of the Rule (the "Notices"). The Notices will be filed by the Township with the Municipal Securities Rulemaking Board and with a state information depository, if any. The specific nature of the Notices will be detailed in a certificate (the "Note Certificate") to be executed on behalf of the Township by its Chief Financial Officer, in the form appearing in APPENDIX D hereto, such Note Certificate to be delivered concurrently with the delivery of the Notes. This covenant is being made by the Township to assist the purchaser of the Notes in complying with the Rule.

The Township previously failed to timely pay debt service on its \$14,180,000 General Improvement Bonds, Series 2019 on November 1, 2020. Due to an error by The Depository Trust

Company (“DTC”) providing payment instructions to the Board of Education rather than the Township, the debt service payment was made on November 4, 2020 as soon as the wire instructions from DTC was made available to the Township. NW Financial Group, LLC, Bloomfield, New Jersey, serves as dissemination agent to the Township.

PREPARATION OF OFFICIAL STATEMENT

Bond Counsel has participated in the preparation and review of this Official Statement, but has not participated in the collection of statistical and financial information contained in APPENDICES A and B and throughout this Official Statement, nor has it verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto.

Holman Frenia & Allison, P.C., Lakewood, New Jersey, Certified Public Accountants and Registered Municipal Accountants (the “Auditor”), takes responsibility for the financial statements to the extent specified in the Independent Auditors’ Report.

The Municipal Advisor (as defined herein) has not participated in the preparation or review of the information contained in this Official Statement, except as hereinafter noted, nor has it verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto.

The Township Attorney has not participated in the preparation of the information contained in this Official Statement, nor has he verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but has reviewed the section under the caption entitled “LITIGATION” and expresses no opinion or assurance other than that which is specifically set forth therein with respect thereto.

All other information has been obtained from sources which the Township considers to be reliable but it makes no warranty, guarantee or other representation with respect to the accuracy and completeness of such information.

RATING

The Notes are not rated.

FINANCIAL STATEMENTS

The unaudited financial statements of the Township as of December 31, 2024, and audited financial statements of the Township as of December 31, 2023, have been prepared by the Auditor. Accordingly, the Auditor takes responsibility for their Accountant’s Compilation Report and Independent Auditor’s Report appearing and set forth in Appendix B attached hereto.

MUNICIPAL ADVISOR

NW Financial Group, LLC, Bloomfield, New Jersey has served as Municipal Advisor to the Township with respect to the issuance of the Notes (the “Municipal Advisor”). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the Appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

UNDERWRITING

The Notes have been purchased from the Township at a public sale by _____ (the "Underwriter") at a purchase price of \$ _____. The Underwriter is obligated to purchase all of the Notes if any Notes are purchased.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to the Township of Holmdel, William E. Antonides, Jr., Chief Financial Officer at (732) 946-2820 or wantonides@holmdeltownship.com; or Heather Litzebauer at NW Financial Group, LLC, Municipal Advisor at (201) 656-0115 or hlitzebauer@nwfinancial.com.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Township and the purchasers or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Notes made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Township since the date hereof.

TOWNSHIP OF HOLMDEL, NEW JERSEY

WILLIAM E. ANTONIDES, JR.,
Chief Financial Officer

DATED: September __, 2025

APPENDIX A

**CERTAIN FINANCIAL AND DEMOGRAPHIC
INFORMATION CONCERNING THE TOWNSHIP OF HOLMDEL**

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INFORMATION REGARDING THE TOWNSHIP¹

The following material presents certain economic and demographic information of the Township of Holmdel (the “Township”), in the County of Monmouth (the “County”), State of New Jersey (the “State”).

General Information

The Township formed in 1696 as part of old Middletown - encompassing what is now Raritan and Matawan Boroughs, as well as the Township and Colts Neck Township. The Township officially became independent in 1857. Its economy then relied heavily on agriculture.

Today, the Township is a growing community of over 16,000 residents in an area covering 17.90 miles. Traversed by the Garden State Parkway, the community is close to highways which provide direct access to beach areas, shopping, employment, institutions of higher learning, historical landmarks and cultural opportunities. The Township is located approximately forty-five miles southeast of New York City, within reach of all forms of transportation.

Form of Government

The Township is governed under the township form of government. The five-member Township Committee is elected directly by the voters at-large in partisan elections to serve three-year terms of office on a staggered basis, with either one or two seats coming up for election each year as part of the November general election in a three-year cycle. At an annual reorganization meeting, the Township Committee selects one of its members to serve as Mayor and another as Deputy Mayor. The Township Committee exercises control over the conduct of municipal business by means of legislation through ordinances or resolutions, approval and adoption of the annual budget and the formulation of policy to be carried out by the staff.

Education

The Township public schools serve students in pre-kindergarten through twelfth grade. The schools in the district are Village Elementary School (grades preK-3), Indian Hill School (grades 4-6), William R. Satz School (grades 7-8) and Holmdel High School (grades 9-12).

Retirement Systems

All full-time permanent or qualified Township employees who began employment after 1944 must enroll in one of two retirement systems depending upon their employment status. These systems were established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are set by State law. The Division of Pensions, within the New Jersey Department of Treasury (the “Division”), is the administrator of the funds with the benefit and contribution levels set by the State. The Township is enrolled in the Public Employees' Retirement System (“PERS”) and the Police and Firemen's Retirement System (“PFRS”).

¹ Source: The Township, unless otherwise indicated.

Pension Information²

Employees who are eligible to participate in a pension plan are enrolled in PERS or PFRS, administered by the Division. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations. The employees contribute a portion of the cost. The Township's share of pension costs in 2024, which is based upon the annual billings received from the State, amounted to \$789,121 for PERS and \$1,949,413 for PFRS.

Employment and Unemployment Comparisons

For the following years, the New Jersey Department of Labor reported the following annual average employment information for the Township, the County, and the State:

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Township</u>				
2024	8,318	8,013	305	3.7%
2023	8,281	8,010	271	3.3%
2022	8,199	7,946	253	3.1%
2021	7,994	7,596	398	5.0%
2020	7,869	7,336	533	6.8%
<u>County</u>				
2024	339,123	325,289	13,834	4.1%
2023	338,284	325,147	13,137	3.9%
2022	334,576	322,603	11,973	3.6%
2021	329,326	309,251	20,075	6.1%
2020	326,911	298,052	28,859	8.8%
<u>State</u>				
2024	4,898,008	4,676,064	221,944	4.5%
2023	4,867,113	4,659,779	207,334	4.3%
2022	4,756,002	4,572,879	183,123	3.9%
2021	4,654,243	4,342,075	312,168	6.7%
2020	4,643,700	4,204,301	439,399	9.5%

Source: New Jersey Department of Labor, Office of Research and Planning, Division of Labor Market and Demographic Research, Bureau of Labor Force Statistics, Local Area Unemployment Statistics

² Source: State of New Jersey Department of Treasury, Division of Pensions and Benefits

Income (as of 2023)

	<u>Township</u>	<u>County</u>	<u>State</u>
Median Household Income	\$172,566	\$122,727	\$101,050
Median Family Income	195,602	155,779	123,892
Per Capita Income	93,486	65,545	53,118

Source: US Bureau of the Census, 2023 American Community Survey 5-Year Estimates

Population

The following tables summarize population increases and the decreases for the Township, the County, and the State.

	<u>Township</u>		<u>County</u>		<u>State</u>	
<u>Year</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2024 est.	17,488	0.51%	647,520	0.61%	9,500,851	2.28%
2020	17,400	3.74	643,615	2.10	9,288,994	5.65
2010	16,773	6.29	630,380	2.45	8,791,894	4.49
2000	15,781	36.85	615,301	11.24	8,414,350	8.85
1990	11,532	36.52	553,124	9.93	7,730,188	4.96
1980	8,447	38.09	503,173	8.95	7,365,001	2.75
1970	6,117	106.73	461,849	38.11	7,168,164	18.15
1960	2,959	--	334,401	--	6,066,782	--

Source: United States Department of Commerce, Bureau of the Census

Largest Taxpayers

The ten largest taxpayers in the Township and their assessed valuations are listed below:

<u>Taxpayers</u>	<u>2024 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Kimco Realty Corp	\$57,509,000	0.97%
Holmdel Commons, LLC C/O Kimco Realty	53,690,000	0.90%
Holmdel Realty Development LLC	33,110,200	0.56%
Bayshore Healthcare	27,000,000	0.46%
National Realty & Development Corp	26,200,000	0.44%
Lowe's Home Ctr/Tax Dept	17,474,000	0.29%
Safeguard Properties, LLC	12,540,700	0.21%
Holmdel Investments, LLC	12,012,900	0.20%
Holmdel Realty Garden Group, LLC	10,336,000	0.17%
Holmdel Venture/Bergman Realty	<u>8,715,100</u>	<u>0.15%</u>
Total	<u>\$258,587,900</u>	<u>4.36%</u>

Source: Comprehensive Annual Financial Report of the School District and Municipal Tax Assessor

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2024U	\$93,781,679	\$93,015,107	99.18%
2023	91,525,173	90,792,379	99.20%
2022	87,927,965	87,342,638	99.33%
2021	88,112,434	87,450,396	99.25%
2020	87,992,666	87,260,311	99.17%

U: Unaudited

Source: Annual Audit Reports of the Township

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2024U	\$163,556	\$696,692	\$860,248	0.92%
2023	162,505	689,008	851,513	0.93%
2022	153,929	538,031	691,959	0.79%
2021	197,918	612,778	810,696	0.92%
2020	178,650	690,389	869,039	0.99%

U: Unaudited

Source: Annual Audit Reports of the Township

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2024U	\$0
2023	0
2022	0
2021	0
2020	0

U: Unaudited

Source: Annual Audit Reports of the Township

Tax Rates per \$100 of Net Valuations Taxable and Allocations

The table below lists the tax rates for Township residents for the past five (5) years.

<u>Year</u>	<u>Municipal</u>	<u>Local School</u>	<u>County</u>	<u>Total</u>
2024	\$0.285	\$1.079	\$0.212	\$1.576
2023	0.302	1.105	0.220	1.627
2022	0.342	1.224	0.247	1.813
2021	0.365	1.360	0.281	2.006
2020	0.365	1.385	0.289	2.039

Source: Abstract of Ratables and State of New Jersey – Property Taxes

Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2024	\$5,926,370,200	\$5,411,716,008	109.51%	\$7,580,850	\$5,419,296,858
2023	5,557,392,400	5,362,208,028	103.64	7,507,564	5,369,715,592
2022	4,830,125,500	5,049,791,427	95.65	7,333,671	5,057,125,098
2021	4,358,122,800	4,533,100,478	96.14	7,423,814	4,540,524,292
2020	4,300,226,300	4,355,982,881	98.72	7,099,933	4,363,082,814

Source: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations

Classification of Ratables

The table below lists the comparative assessed valuation for each classification of real property within the Township for the past five (5) years.

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2024	\$60,155,400	\$5,327,723,800	\$28,808,700	\$451,701,100	\$43,213,600	\$14,767,600	\$5,926,370,200
2023	46,903,000	5,006,280,600	27,700,600	422,959,100	40,717,900	12,831,200	5,557,392,400
2022	54,796,000	4,298,775,500	23,683,000	403,909,700	38,577,800	10,383,500	4,830,125,500
2021	52,307,500	3,867,226,300	19,043,300	373,194,400	36,740,700	9,610,600	4,358,122,800
2020	59,134,900	3,787,165,900	19,646,700	382,502,100	41,957,200	9,819,500	4,300,226,300

Source: Abstract of Ratables and State of New Jersey – Property Value Classification

Financial Operations

The following table summarizes the Township's Current Fund budget for the past five (5) fiscal years ending December 31. The following summary should be used in conjunction with the tables in the sourced documents from which it is derived.

Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Fund Balance Utilized	\$3,600,000	\$5,080,000	\$5,127,000	\$6,185,000	\$8,185,000
Miscellaneous Revenues	6,958,625	8,112,468	9,831,691	9,167,881	8,948,791
Receipts from Delinquent Taxes	600,000	550,000	550,000	530,000	530,000
Amount to be Raised by Taxation	<u>14,848,687</u>	<u>14,832,641</u>	<u>14,832,276</u>	<u>14,832,272</u>	<u>14,832,272</u>
Total Revenue:	<u>\$26,007,313</u>	<u>\$28,575,108</u>	<u>\$30,340,968</u>	<u>\$30,715,153</u>	<u>\$32,496,064</u>
<u>Appropriations</u>					
General Appropriations	\$20,295,410	\$20,883,540	\$22,807,529	\$23,125,196	\$25,427,363
Operations (Excluded from CAPS)	560,052	879,333	843,069	857,413	752,282
Deferred Charges	0	26,550	0	29,020	0
Capital Improvement Fund	275,000	1,158,000	250,000	0	300,000
Municipal Debt Service	3,501,923	4,486,591	5,201,114	5,426,979	4,696,017
Reserve for Uncollected Taxes	<u>1,374,928</u>	<u>1,141,093</u>	<u>1,239,256</u>	<u>1,276,545</u>	<u>1,320,403</u>
Total Appropriations:	<u>\$26,007,313</u>	<u>\$28,575,108</u>	<u>\$30,340,968</u>	<u>\$30,715,153</u>	<u>\$32,496,064</u>

Source: Annual Adopted Budgets of the Township

Fund Balance

Current Fund

The following table lists the Township's fund balance and the amount utilized in the succeeding year's budget for the Current Fund for the past five (5) fiscal years ending December 31.

Fund Balance - Current Fund

	<u>Balance</u>	<u>Utilized in Budget</u>
<u>Year</u>	<u>12/31</u>	<u>of Succeeding Year</u>
2024U	\$10,500,288	\$8,185,000
2023	9,908,609	6,185,000
2022	7,708,082	5,127,000
2021	7,247,960	5,080,000
2020	4,767,953	3,600,000

U: Unaudited

Source: Annual Audit Reports of the Township

Sewer Utility Operating Fund

The following table lists the Township's fund balance and the amount utilized in the succeeding year's budget for the Sewer Utility Operating Fund for the past five (5) fiscal years ending December 31.

Fund Balance		
<u>Sewer Utility Operating Fund</u>		
	Balance	Utilized in Budget
<u>Year</u>	<u>12/31</u>	<u>of Succeeding Year</u>
2024U	\$741,542	\$356,200
2023	1,068,669	671,000
2022	1,299,783	700,000
2021	1,228,728	758,476
2020	1,475,471	700,000

U: Unaudited

Source: Annual Audit Reports of the Township

Swimming Pool Utility Operating Fund

The following table lists the Township's fund balance and the amount utilized in the succeeding year's budget for the Swimming Pool Utility Operating Fund for the past five (5) fiscal years ending December 31.

Fund Balance		
<u>Swimming Pool Utility Operating Fund</u>		
	Balance	Utilized in Budget
<u>Year</u>	<u>12/31</u>	<u>of Succeeding Year</u>
2024U	\$336,851	\$191,343
2023	336,851	227,500
2022	350,009	127,540
2021	405,918	155,000
2020	74,485	50,000

U: Unaudited

Source: Annual Audit Reports of the Township

Township Indebtedness as of December 31, 2024

General Purpose Debt

Serial Bonds	\$28,254,000
Bond Anticipation Notes	8,096,250
Bonds and Notes Authorized but Not Issued	4,432,225
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$40,782,475

Local School District Debt

Serial Bonds	\$33,115,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$33,115,000

Self-Liquidating Debt

Serial Bonds	\$0
Bond Anticipation Notes	1,565,684
Bonds and Notes Authorized but Not Issued	0
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$1,565,684

TOTAL GROSS DEBT

\$75,463,159

Less: Statutory Deductions	
General Purpose Debt	\$70,000
Local School District Debt	33,115,000
Self-Liquidating Debt	<u>1,565,684</u>
Total:	\$34,750,684

TOTAL NET DEBT

\$40,712,475

Source: Annual Debt Statement of the Township

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Overlapping Debt (as of December 31, 2024)³

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Township Percentage</u>	<u>Township Share</u>
Local School District	\$33,115,000	100.00%	\$33,115,000
County	1,643,106,400	2.94%	<u>48,326,228</u>
Net Indirect Debt			\$81,441,228
Net Direct Debt			<u>40,712,475</u>
Total Net Direct and Indirect Debt			<u>\$122,153,703</u>

Debt Limit

Average Equalized Valuation Basis (2022, 2023, 2024)	\$5,274,571,821
Permitted Debt Limitation (3 1/2%)	184,610,014
Less: Net Debt	<u>40,712,475</u>
Remaining Borrowing Power	<u>\$143,897,539</u>
Percentage of Net Debt to Average Equalized Valuation	0.772%
 Gross Debt Per Capita based on 2023 population of 17,402	 \$4,336
Net Debt Per Capita based on 2023 population of 17,402	\$2,340

Source: Annual Debt Statement of the Township

³ Township percentage of County debt is based on the Township's share of total equalized valuation in the County.

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APPENDIX B

Unaudited Financial Statements Of The Township
For The Fiscal Year Ended December 31, 2024
Audited Financial Statements Of The Township
For The Fiscal Year Ended December 31, 2023

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**TOWNSHIP OF HOLMDEL
COUNTY OF MONMOUTH, NEW JERSEY**

**ANNUAL COMPREHENSIVE FISCAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2024**

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**TOWNSHIP OF HOLMDEL
COUNTY OF MONMOUTH**

PART I

**INDEPENDENT ACCOUNTANT'S COMPILATION REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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1985 Cedar Bridge Ave., Suite 3 • Lakewood, NJ 08701 • 732.797.1333
194 East Bergen Place • Red Bank, NJ 07701 • 732.747.0010
www.hfacpas.com

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Honorable Mayor and Members
of the Township Committee
Township of Holmdel
County of Monmouth
Holmdel, New Jersey

Management is responsible for the accompanying financial statements of the Township of Holmdel, County of Monmouth, State of New Jersey, which comprise the statement of assets, liabilities reserves and fund balance—regulatory basis as of December 31, 2024 and 2023, and the related statement of operations and changes in fund balance—regulatory basis for the years then ended and the related statement of revenues-regulatory basis, statement of expenditures-regulatory basis for the year ended December 31, 2024 and the related notes to the financial statements in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements were prepared in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Management has elected to omit certain disclosures related to pensions and other post-employment benefits because updated information has not been provided by the New Jersey Division of Pension and Benefits. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Township's financial position and results of operations. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA No. 483

Lakewood, New Jersey
August 28, 2025

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BASIC FINANCIAL STATEMENTS

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TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A

STATEMENT OF ASSETS, LIABILITIES, RESERVES

Sheet 1 of 2

AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$ 23,176,532.94	\$ 23,367,192.70
Cash - Change Funds	1,500.00	1,550.00
Investment in Bond Anticipation Notes	<u>1,861,934.00</u>	<u>378,000.00</u>
	<u>25,039,966.94</u>	<u>23,746,742.70</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	696,692.34	689,008.38
Tax Title Liens Receivable	163,555.76	162,495.11
Delinquent Penalties Receivable	-	26,243.84
Revenue Accounts Receivable	<u>18,236.18</u>	<u>16,728.61</u>
	<u>878,484.28</u>	<u>894,475.94</u>
	<u>25,918,451.22</u>	<u>24,641,218.64</u>
<u>Grant Fund</u>		
Interfund - Current Fund	305,254.95	275,805.93
Grants Receivable	<u>3,659,963.67</u>	<u>114,952.68</u>
	<u>3,965,218.62</u>	<u>390,758.61</u>
	<u>\$ 29,883,669.84</u>	<u>\$ 25,031,977.25</u>

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A

STATEMENT OF ASSETS, LIABILITIES, RESERVES

Sheet 2 of 2

AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Appropriation Reserves	\$ 1,478,894.10	\$ 1,981,602.10
Reserve for Encumbrances	383,550.55	767,322.40
Prepaid State Aid	-	207,084.09
Prepaid Taxes	882,846.14	738,529.73
Due to State of New Jersey (PL 1971, Ch. 20)	7,151.16	6,901.16
Accounts Payable	42,510.01	294,704.08
Due County for Added and Omitted Taxes	35,325.80	-
Local School District Tax Payable	6,875,749.99	5,610,746.97
Reserve for Sale of Municipal Assets	500,000.00	500,000.00
Spending Reserves	2,374,393.54	2,371,380.86
Tax Overpayments	47,023.50	22.58
Due to Board of Education	77,954.75	77,954.75
Due to State for Fees Collected	16,134.00	10,358.00
Due to Monmouth County for PILOT Revenue	3,478.68	87,001.80
Interfunds:		
Other Trust Fund	1,509,411.86	908,718.85
Grant Fund	305,254.95	275,805.93
	<u>14,539,679.03</u>	<u>13,838,133.30</u>
Reserve for Receivables and Other Assets	878,484.28	894,475.94
Fund Balance	<u>10,500,287.91</u>	<u>9,908,609.40</u>
	<u>25,918,451.22</u>	<u>24,641,218.64</u>
<u>Grant Fund</u>		
Appropriated Reserves	3,735,207.56	192,710.94
Reserve for Encumbrances	179,078.03	93,166.92
Unappropriated Reserves	<u>50,933.03</u>	<u>104,880.75</u>
	<u>3,965,218.62</u>	<u>390,758.61</u>
	<u>\$ 29,883,669.84</u>	<u>\$ 25,031,977.25</u>

There were deferred school taxes on December 31, 2024 and 2023 of \$25,147,112.98.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH**CURRENT FUND****Exhibit A-1****COMPARATIVE STATEMENT OF OPERATIONS AND****Sheet 1 of 2****CHANGE IN FUND BALANCE - REGULATORY BASIS**

	<u>2024</u>	<u>2023</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 6,185,000.00	\$ 5,127,000.00
Miscellaneous Revenue Anticipated	17,354,232.87	12,820,605.77
Receipts from Delinquent Taxes	659,921.92	532,971.07
Receipts from Current Taxes	93,015,106.81	90,792,379.34
Non-Budget Revenues	432,211.44	1,620,909.08
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	1,366,425.08	1,328,070.33
Grant Appropriated Reserves Cancelled	30,939.19	7,140.00
Accounts Payable Cancelled	7,667.48	15,978.58
Cancel Old Outstanding Checks	22,466.18	14,942.46
Total Income	<u>119,073,970.97</u>	<u>112,259,996.63</u>
<u>Expenditures</u>		
Budget Appropriations within Caps:		
Operations:		
Salaries and Wages	11,625,300.00	11,139,045.00
Other Expenses	7,968,721.00	8,003,320.00
Deferred Charges and Statutory Expenditures	3,531,175.00	3,665,164.00
Budget Appropriations Excluded from Caps:		
Operations:		
Salaries and Wages	186,064.00	181,526.00
Other Expenses	4,344,407.12	668,611.62
Capital Improvements	-	250,000.00
Municipal Debt Service	5,425,956.77	5,191,032.01
Deferred Charges	29,020.00	-
Total Budget	<u>33,110,643.89</u>	<u>29,098,698.63</u>
Prior Year Revenue Refund	13,811.72	345.00
Tax Appeal Granted	432,428.00	-
County Taxes	12,586,855.20	12,362,847.33
Local District School Taxes	64,045,729.00	61,515,723.00
Local Open Space Taxes	2,076,882.87	1,947,714.99
Grant Receivables Cancelled	30,941.78	7,140.00
Total Expenditures	<u>112,297,292.46</u>	<u>104,932,468.95</u>

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-1

**COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS**

Sheet 2 of 2

	<u>2024</u>	<u>2023</u>
Excess in Revenue	<u>6,776,678.51</u>	<u>7,327,527.68</u>
Fund Balance January 1	<u>9,908,609.40</u>	<u>7,708,081.72</u>
	<u>16,685,287.91</u>	<u>15,035,609.40</u>
Decreased by:		
Utilization as Anticipated Revenue	<u>6,185,000.00</u>	<u>5,127,000.00</u>
Fund Balance December 31	<u>\$ 10,500,287.91</u>	<u>\$ 9,908,609.40</u>

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 1 of 3

	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
	\$ 6,185,000.00	\$ -	\$ 6,185,000.00	\$ -
Fund Balance Anticipated				
<u>Miscellaneous Revenues</u>				
Licenses				
Alcoholic Beverages	14,500.00	-	15,028.70	528.70
Fines and Costs				
Municipal Court	170,000.00	-	290,807.34	120,807.34
Interest and Costs on Taxes	100,000.00	-	193,130.07	93,130.07
Interest on Investments and Deposits	300,000.00	-	1,085,880.42	785,880.42
Payments in Lieu of Taxes	4,450,000.00	-	7,557,599.09	3,107,599.09
Fire Registrations	135,000.00	-	246,367.00	111,367.00
Rental Income	40,000.00	-	204,489.32	164,489.32
Zoning Permits	50,000.00	-	68,857.00	18,857.00
Board of Health	35,000.00	-	32,647.00	(2,353.00)
Uniform Construction Code Fees	850,000.00	-	990,433.00	140,433.00
State Aid:				
Energy Receipts Taxes	2,009,031.00	-	2,009,030.72	(0.28)
Watershed Moratorium Offset Aid	5,076.00	-	5,076.00	-
Reserve for Municipal Relief Aid	207,084.09	-	207,084.09	-
Shared Service Agreement:				
Colts Neck Township				
Compost Site	45,000.00	-	-	(45,000.00)
Borough of Lakehurst				
Chief Financial Officer	90,938.00	-	90,938.02	0.02
Borough of Sea Bright				
Fiscal Officer	43,876.00	-	43,876.08	0.08
Borough of Allenhurst				
Chief Financial Officer	45,612.50	-	45,612.48	(0.02)
Qualified Purchasing Agent	5,637.50	-	5,637.48	(0.02)
Borough of Rumson				
Compost Site	45,000.00	-	40,759.82	(4,240.18)

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 2 of 3

	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Special Items of Revenue:				
Federal and State Revenues Off-Set with Appropriations:				
ARP - Firefighter Grant	\$ 50,000.00	\$ -	\$ 50,000.00	\$ -
Bayshore Distracted Driving Enforcement	14,700.00	-	14,700.00	-
Bayshore Saturation Patrol	17,780.00	-	17,780.00	-
Body Armor Fund	3,251.49	-	3,251.49	-
Bullet Proof Vest Program	-	8,130.21	8,130.21	-
Clean Communities Program	50,932.56	57,849.52	108,782.08	-
Drunk Driving Enforcement Fund	4,200.00	-	4,200.00	-
Municipal Alliance on Drug and Alcohol Abuse	-	12,710.00	12,710.00	-
National Opioid Settlement	35,696.70	64,368.54	100,065.24	-
NJ DOT - Crawfords Road Improvements	-	3,500,000.00	3,500,000.00	-
Recycling Tonnage Grant	24,378.10	-	24,378.10	-
Stormwater Grant	15,000.00	10,000.00	25,000.00	-
Sustainable Jersey	-	20,000.00	20,000.00	-
Other Special Items:				
Comcast Franchise Fee	103,553.12	-	103,553.12	-
Developers Off-Site Contribution	9,000.00	-	9,000.00	-
Fund Balance - Assessment Trust Fund	9,909.42	-	9,909.42	-
Reserve for Library Debt Service	50,000.00	-	50,000.00	-
Uniform Fire Safety Act	20,000.00	-	41,795.28	21,795.28
Verizon Franchise Fee	117,724.30	-	117,724.30	-
Total Miscellaneous Revenues	<u>9,167,880.78</u>	<u>3,673,058.27</u>	<u>17,354,232.87</u>	<u>4,513,293.82</u>
Receipts from Delinquent Taxes	530,000.00	-	659,921.92	129,921.92
	<u>15,882,880.78</u>	<u>3,673,058.27</u>	<u>24,199,154.79</u>	<u>4,643,215.74</u>
Amount to be Raised by Taxes for Support of Municipal Budget	14,832,272.02	-	15,582,184.69	749,912.67
Budget Totals	<u>30,715,152.80</u>	<u>3,673,058.27</u>	<u>39,781,339.48</u>	<u>5,393,128.41</u>
Non-Budget Revenues	-	-	432,211.44	432,211.44
	<u>\$ 30,715,152.80</u>	<u>\$ 3,673,058.27</u>	<u>\$ 40,213,550.92</u>	<u>\$ 5,825,339.85</u>

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 3 of 3

Allocation of Delinquent Tax Collections

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ <u><u>659,921.92</u></u>
----------------------------	-----------------------------

Analysis of Realized Revenues

Allocation of Current Tax Collections

Revenue from Collections	\$ 93,015,106.81
Allocated to Local School, County and Local Open Space Taxes	<u>78,709,467.07</u>
Balance for Support of Municipal Budget Appropriations	<u>14,305,639.74</u>
Add: Appropriation "Reserve for Uncollected Taxes"	<u>1,276,544.95</u>
Amount for Support of Municipal Budget Appropriations	\$ <u><u>15,582,184.69</u></u>

Analysis of Non-Budget Revenues

Miscellaneous Revenue not Anticipated:

Administrative Fee, Chapter 20, P.L. 1971	\$ 1,169.15
Alarm Permits - Police Department	4,600.00
Board of Health	21,705.00
Cancelled old Escrow Balances	6,835.16
Certified Lists	480.00
Code Enforcement	17,967.00
Copies	450.00
Delinquent Penalty on Taxes	26,243.84
DMV Inspection Fees	4,500.00
Duplicate Bill Fee	775.00
Gun Permits and Firearm ID	26,155.00
Impound and Towing Fees	35,521.50
Insurance Reimbursements	2,200.00
Interest of Delinquent PILOTS	8,534.98
Interest of Water Assessments	447.58
Litigation Settlement	100,000.00
Miscellaneous Other	9,769.22
PILOT Administrative Fee	21,503.78
Planning Board	24,374.92
Police Reports	3,035.00
Recycling	5,037.42
Refunds	1,523.33
Road Opening	11,125.00
Sale of Assets	110.98
Septic Application	8,850.00
Solicitors License	700.00
Special Duty Administrative Fee	59,276.25
Tax Sale Advertisement Costs	1,811.96
Towing License	2,100.00
TRC Fees	9,750.00
Unclaimed Property	3,949.37
Zoning Board and Zoning Determination	<u>11,710.00</u>
	\$ <u><u>432,211.44</u></u>

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 1 of 7

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<u>OPERATIONS WITHIN CAPS</u>					
<u>General Government</u>					
Administrative and Executive					
Salaries and Wages:					
Governing Body	\$ 23,000.00	\$ 23,000.00	\$ 22,968.32	\$ 31.68	\$ -
Administrator's Office	335,000.00	335,000.00	331,926.36	3,073.64	-
Municipal Clerk's Office	190,400.00	200,900.00	200,890.71	9.29	-
Other Expenses:					
Administrator's Office	87,000.00	92,500.00	90,837.67	1,662.33	-
Municipal Clerk's Office	50,000.00	48,500.00	39,620.96	8,879.04	-
Elections					
Salaries and Wages	700.00	700.00	-	700.00	-
Other Expenses	4,700.00	4,740.00	4,740.00	-	-
Financial Administration					
Salaries and Wages	165,000.00	125,000.00	117,100.06	7,899.94	-
Other Expenses	43,000.00	21,000.00	19,717.20	1,282.80	-
Audit Services					
Other Expenses	17,400.00	17,400.00	17,250.00	150.00	-
Information Technology					
Salaries and Wages	170,000.00	170,000.00	169,648.08	351.92	-
Other Expenses	241,000.00	241,000.00	196,420.63	44,579.37	-
Collection of Taxes					
Salaries and Wages	140,000.00	140,000.00	112,840.66	27,159.34	-
Other Expenses	11,000.00	12,000.00	10,173.00	1,827.00	-
Assessment of Taxes					
Salaries and Wages	216,000.00	216,000.00	214,298.15	1,701.85	-
Other Expenses:					
Miscellaneous	17,000.00	17,000.00	10,251.94	6,748.06	-
Legal Services and Costs					
Other Expenses	270,000.00	180,000.00	144,143.47	35,856.53	-
Municipal Prosecutor					
Other Expenses	50,100.00	50,100.00	50,000.04	99.96	-
Engineering Services and Costs					
Other Expenses	103,000.00	93,000.00	80,884.78	12,115.22	-
Public Buildings and Grounds					
Other Expenses	287,000.00	273,000.00	260,647.08	12,352.92	-

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 2 of 7

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.)					
Planning Board					
Salaries and Wages	91,000.00	86,000.00	78,993.85	7,006.15	-
Other Expenses	16,000.00	16,000.00	10,219.82	5,780.18	-
Zoning Board of Adjustment					
Other Expenses	24,000.00	15,000.00	4,856.25	10,143.75	-
Environmental Commission					
Other Expenses	1,000.00	1,000.00	471.64	528.36	-
Township Planner					
Other Expenses	10,000.00	10,000.00	-	10,000.00	-
Insurance					
Group Insurance Plan for Employees	1,825,616.00	1,880,616.00	1,800,225.47	80,390.53	-
Other Insurance Premiums	473,100.00	498,100.00	478,376.19	19,723.81	-
Payments in Lieu	50,000.00	90,000.00	84,972.46	5,027.54	-
Public Safety					
Aid to Volunteer Fire Companies					
Salaries and Wages	17,500.00	17,500.00	15,312.57	2,187.43	-
Holmdel Fire Company Number 2					
Police	132,000.00	132,000.00	130,574.52	1,425.48	-
Salaries and Wages - Officers	6,475,000.00	6,625,000.00	6,447,375.21	177,624.79	-
Salaries and Wages - Non Officers	710,000.00	710,000.00	691,592.12	18,407.88	-
Other Expenses	443,475.00	475,475.00	446,997.75	28,477.25	-
Shared Service					
Holmdel Township Board of Education					
School Resource Officer	50,000.00	50,000.00	50,000.00	-	-
Class III SLEO	300,000.00	300,000.00	300,000.00	-	-
First Aid Organization - Contribution	125,000.00	125,000.00	20,841.17	104,158.83	-
Emergency Management Services					
Other Expenses	19,000.00	19,000.00	12,682.50	6,317.50	-
Fire Hydrant Service	700,000.00	701,000.00	556,115.73	144,884.27	-
Public Defender					
Other Expenses	24,000.00	24,000.00	24,000.00	-	-

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 3 of 7

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Municipal Court					
Salaries and Wages	55,100.00	55,100.00	55,000.08	99.92	-
Other Expenses	1,500.00	1,500.00	500.00	1,000.00	-
<u>Public Works</u>					
Road Repairs and Maintenance					
Salaries and Wages	1,008,000.00	993,000.00	981,588.54	11,411.46	-
Other Expenses	265,000.00	325,000.00	277,868.72	47,131.28	-
Drainage and Stormwater Management					
Other Expenses	9,000.00	15,500.00	12,890.00	2,610.00	-
Recycling					
Other Expenses	400,000.00	400,000.00	373,666.63	26,333.37	-
Garbage and Trash Removal					
Other Expenses	110,000.00	122,000.00	112,463.84	9,536.16	-
Central Repair Facility					
Salaries and Wages	428,500.00	425,000.00	422,659.30	2,340.70	-
Other Expenses	325,000.00	360,000.00	346,750.38	13,249.62	-
Snow Removal					
Other Expenses	358,280.00	110,240.00	48,643.50	61,596.50	-
<u>Health and Welfare</u>					
Animal Control					
Other Expenses	16,000.00	19,000.00	14,722.20	4,277.80	-
<u>Recreation and Education</u>					
Senior and Veteran Services					
Other Expenses	17,000.00	17,000.00	14,345.19	2,654.81	-
Recreation					
Salaries and Wages	215,000.00	215,000.00	209,433.23	5,566.77	-
Other Expenses	7,000.00	7,000.00	6,148.96	851.04	-
Maintenance of Parks and Playgrounds					
Salaries and Wages	119,000.00	119,000.00	105,770.52	13,229.48	-
Expenses in Participation in Free County Library					
Other Expenses	19,500.00	19,500.00	8,497.12	11,002.88	-

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 4 of 7

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Uniform Construction Code - Appropriations Offset by</u>					
<u>Dedicated Revenues (N.J.A.C. 5:23-4.17)</u>					
State Uniform Construction Code					
Construction Official					
Salaries and Wages	670,000.00	670,000.00	642,024.99	27,975.01	-
Other Expenses	106,000.00	93,500.00	77,560.70	15,939.30	-
Code Enforcement					
Salaries and Wages	95,500.00	95,500.00	71,945.05	23,554.95	-
Other Expenses	1,050.00	1,050.00	295.00	755.00	-
Uniform Fire Safety Act C. 393					
Salaries and Wages	268,600.00	313,600.00	313,418.44	181.56	-
Other Expenses	4,000.00	4,000.00	3,353.07	646.93	-
<u>Unclassified</u>					
Utilities:					
Electricity	115,000.00	145,000.00	117,684.54	27,315.46	-
Street Lighting	120,000.00	120,000.00	108,210.78	11,789.22	-
Telephone	160,000.00	215,000.00	203,446.73	11,553.27	-
Water	75,000.00	85,000.00	63,944.65	21,055.35	-
Natural Gas	45,000.00	45,000.00	24,047.43	20,952.57	-
Sewer	2,000.00	2,000.00	2,000.00	-	-
Gasoline	370,000.00	264,000.00	203,650.22	60,349.78	-
Accumulated Sick Leave	50,000.00	50,000.00	50,000.00	-	-
Community Events					
Other Expenses	70,000.00	70,000.00	58,322.77	11,677.23	-
Condo Services Act	180,000.00	180,000.00	106,456.39	73,543.61	-
Total Operations within Caps	<u>19,594,021.00</u>	<u>19,594,021.00</u>	<u>18,285,275.33</u>	<u>1,308,745.67</u>	
Detail:					
Salaries and Wages	11,443,300.00	11,625,300.00	11,289,758.70	335,541.30	-
Other Expenses	<u>8,150,721.00</u>	<u>7,968,721.00</u>	<u>6,995,516.63</u>	<u>973,204.37</u>	-

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 5 of 7

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN CAPS</u>					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	649,762.00	649,762.00	649,762.00	-	-
Social Security System	925,000.00	925,000.00	879,357.79	45,642.21	-
Police and Firemen's Retirement System of N.J.	1,949,413.00	1,949,413.00	1,949,413.00	-	-
Unemployment Insurance	2,000.00	2,000.00	-	2,000.00	-
Defined Contribution Retirement Plan	5,000.00	5,000.00	2,756.28	2,243.72	-
Total Deferred Charges and Statutory Expenditures within CAPS	<u>3,531,175.00</u>	<u>3,531,175.00</u>	<u>3,481,289.07</u>	<u>49,885.93</u>	<u>-</u>
Total General Appropriations for Municipal Purposes within CAPS	<u>23,125,196.00</u>	<u>23,125,196.00</u>	<u>21,766,564.40</u>	<u>1,358,631.60</u>	<u>-</u>
<u>OPERATIONS EXCLUDED FROM CAPS</u>					
Length of Service Awards Program					
Fire Department	25,000.00	25,000.00	25,000.00	-	-
First Aid	55,300.00	55,300.00	42,940.00	12,360.00	-
Shared Service Agreements:					
Colts Neck Township					
Compost Site	45,000.00	45,000.00	-	45,000.00	-
Municipal Court	240,000.00	240,000.00	240,000.00	-	-
Monmouth County					
9-1-1 Network	20,110.00	20,110.00	20,110.00	-	-
SCAT	15,000.00	15,000.00	3,920.00	11,080.00	-
Borough of Lakehurst					
Chief Financial Officer	90,938.00	90,938.00	90,938.00	-	-
Borough of Sea Bright					
Fiscal Officer	43,876.00	43,876.00	43,876.00	-	-
Borough of Rumson					
Compost Site	45,000.00	45,000.00	-	45,000.00	-
Borough of Allenhurst					
Chief Financial Officer	45,612.50	45,612.50	45,612.50	-	-
Qualified Purchasing Agent	5,637.50	5,637.50	5,637.50	-	-
Total Other Operations Excluded from CAPS	<u>631,474.00</u>	<u>631,474.00</u>	<u>518,034.00</u>	<u>113,440.00</u>	<u>-</u>

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Exhibit A-3
Sheet 6 of 7

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Public and Private Programs Offset by Revenues					
ARP - Firefighter Grant	50,000.00	50,000.00	50,000.00	-	-
Bayshore Distracted Driving Enforcement	14,700.00	14,700.00	14,700.00	-	-
Bayshore Saturation Patrol	17,780.00	17,780.00	17,780.00	-	-
Body Armor Fund	3,251.49	3,251.49	3,251.49	-	-
Bullet Proof Vest Program	-	8,130.21	8,130.21	-	-
Clean Communities Program	50,932.56	108,782.08	108,782.08	-	-
Drunk Driving Enforcement Fund	4,200.00	4,200.00	4,200.00	-	-
Matching Funds for Grants	6,822.50	6,822.50	-	6,822.50	-
Municipal Alliance on Drug and Alcohol Abuse					
State Share	-	12,710.00	12,710.00	-	-
Local Share	3,177.50	3,177.50	3,177.50	-	-
National Opioid Settlement	35,696.70	100,065.24	100,065.24	-	-
NJ DOT - Crawfords Road Improvements	-	3,500,000.00	3,500,000.00	-	-
Recycling Tonnage Grant	24,378.10	24,378.10	24,378.10	-	-
Stormwater Grants	15,000.00	25,000.00	25,000.00	-	-
Sustainable Jersey	-	20,000.00	20,000.00	-	-
Total Public and Private Programs Offset by Revenues Excluded from CAPS	225,938.85	3,898,997.12	3,892,174.62	6,822.50	-
Total Operations Excluded from CAPS	857,412.85	4,530,471.12	4,410,208.62	120,262.50	-
Detail:					
Salaries and Wages	186,064.00	186,064.00	186,064.00	-	-
Other Expenses	671,348.85	4,344,407.12	4,224,144.62	120,262.50	-
MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS					
Payment of Bond Principal	3,146,500.00	3,146,500.00	3,146,500.00	-	-
Payment of Bond Anticipation Notes	800,000.00	800,000.00	800,000.00	-	-
Interest on Bonds	842,979.00	842,979.00	842,975.81	-	3.19
Interest on Notes	258,120.00	258,120.00	257,120.00	-	1,000.00
M.C.I.A. Capital Lease					
Principal	297,000.00	297,000.00	297,000.00	-	-
Interest	82,380.00	82,380.00	82,360.96	-	19.04
Total Municipal Debt Service Excluded from CAPS	5,426,979.00	5,426,979.00	5,425,956.77	-	1,022.23
<u>DEFERRED CHARGES - MUNICIPAL - EXCLUDED FROM CAPS</u>					
Transferred to Board of Education of Use of					
Local Schools (N.J.S.A. 40:48-17.1 & 17.3)					
Total General Appropriations - Excluded from CAPS	6,284,391.85	9,957,450.12	9,836,165.39	120,262.50	1,022.23

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 7 of 7

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>DEFERRED CHARGES</u>					
Unfunded Capital Ordinances	29,020.00	29,020.00	29,020.00	-	-
Subtotal General Appropriations	29,438,607.85	33,111,666.12	31,631,749.79	1,478,894.10	1,022.23
Reserve for Uncollected Taxes	1,276,544.95	1,276,544.95	1,276,544.95	-	-
Total General Appropriations	<u>\$ 30,715,152.80</u>	<u>\$ 34,388,211.07</u>	<u>\$ 32,908,294.74</u>	<u>\$ 1,478,894.10</u>	<u>\$ 1,022.23</u>
 Budget					
Added by N.J.S. 40A:4-87	<u>\$ 30,715,152.80</u>	<u>3,673,058.27</u>			
	<u>\$ 34,388,211.07</u>				
 Disbursements			<u>\$ 27,356,024.62</u>		
Reserve for:					
Encumbrances			383,550.55		
Uncollected Taxes			1,276,544.95		
Interfund - Grant Fund			<u>3,892,174.62</u>		
			<u>\$ 32,908,294.74</u>		

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

TRUST FUNDS

Exhibit B

STATEMENT OF ASSETS, LIABILITIES, RESERVES

Sheet 1 of 2

AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
Assessment Trust Fund:		
Cash	\$ 14,026.14	\$ 12,409.42
Assessments Receivable	9,193.11	20,719.25
	<u>23,219.25</u>	<u>33,128.67</u>
 Animal Control Trust Fund:		
Cash	<u>114.85</u>	<u>770.88</u>
 Other Trust Fund:		
Cash	7,155,072.47	5,371,034.97
Investment in Bond Anticipation Notes	3,200,000.00	4,150,000.00
Interfund - Current Fund	1,509,411.86	908,718.85
Police Special Duty Receivable	19,463.24	59,296.24
Open Space Grant Receivable	272,000.00	-
	<u>12,155,947.57</u>	<u>10,489,050.06</u>
 Length of Service Awards Program Fund (LOSAP):		
Funds Held by Trustee	<u>1,529,487.29</u>	<u>1,308,815.29</u>
	<u>\$ 13,708,768.96</u>	<u>\$ 11,831,764.90</u>

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

TRUST FUNDS

Exhibit B

STATEMENT OF ASSETS, LIABILITIES, RESERVES

Sheet 2 of 2

AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>Liabilities and Reserves</u>		
Assessment Trust Fund:		
Fund Balance	\$ 11,526.14	\$ 9,909.42
Prepaid Assessment	2,500.00	2,500.00
Reserve for Assessments and Liens	9,193.11	20,719.25
	<u>23,219.25</u>	<u>33,128.67</u>
Animal Control Trust Fund:		
Reserve for Animal Control Fund Expenditures	113.65	770.88
Due to State of New Jersey	1.20	-
	<u>114.85</u>	<u>770.88</u>
Other Trust Fund:		
Miscellaneous Reserves	10,374,535.71	9,580,331.21
Open Space and Recreation Trust:		
Open Space Reserve	1,711,352.65	908,718.85
Reserve for Encumbrances	70,059.21	-
	<u>12,155,947.57</u>	<u>10,489,050.06</u>
Length of Service Awards Program Fund (LOSAP):		
Reserve for Length of Service Awards Program (LOSAP)	<u>1,529,487.29</u>	<u>1,308,815.29</u>
	<u>\$ 13,708,768.96</u>	<u>\$ 11,831,764.90</u>

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

ASSESSMENT TRUST FUND

Exhibit B-1

STATEMENT OF FUND BALANCE

Balance December 31, 2023	\$ 9,909.42
Increased by:	
Collection of Unpledged Assessments	<u>11,526.14</u>
	21,435.56
Decreased by:	
Fund Balance Anticipated in Current Fund	<u>9,909.42</u>
Balance December 31, 2024	\$ <u><u>11,526.14</u></u>

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C

STATEMENT OF ASSETS, LIABILITIES, RESERVES

AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$ 1,920,327.12	\$ 4,469,427.14
Due from M.C.I.A.	-	82,876.31
Grants Receivable with Offsetting Reserve	219,420.00	219,420.00
Deferred Charges to Future Taxation:		
Funded	28,254,000.00	31,639,000.00
Unfunded	12,528,475.00	13,112,870.00
Leased Assets under Capital Leases	1,479,000.00	1,776,000.00
	<u>\$ 44,401,222.12</u>	<u>\$ 51,299,593.45</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Capital Improvement Fund	\$ 32,556.40	\$ 179,181.40
Improvement Authorizations:		
Funded	1,532,682.02	2,370,510.56
Unfunded	3,081,598.15	6,502,086.68
Reserve for Encumbrances	1,362,484.65	1,448,877.91
General Serial Bonds	28,254,000.00	31,639,000.00
M.C.I.A. Lease Payable	1,479,000.00	1,776,000.00
Bond Anticipation Notes	8,096,250.00	6,800,000.00
Reserve for:		
Curbs and Sidewalks	190,487.85	190,487.85
Debt Service - Library Contribution	70,000.00	70,000.00
Grant Receivable	219,420.00	219,420.00
Fund Balance	<u>82,743.05</u>	<u>104,029.05</u>
	<u>\$ 44,401,222.12</u>	<u>\$ 51,299,593.45</u>

On December 31, 2024 and December 31, 2023, there were bonds and notes authorized but not issued of \$4,432,225.00 and \$6,312,870.00, respectively.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-1

STATEMENT OF FUND BALANCE - REGULATORY BASIS

Balance December 31, 2023	\$ 104,029.05
Increased by:	
Premium on Sale of Notes	<u>2,714.00</u>
	106,743.05
Decreased by:	
Appropriation to Finance Improvement Authorizations	<u>24,000.00</u>
Balance December 31, 2024	\$ <u><u>82,743.05</u></u>

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

SEWER UTILITY FUND

Exhibit D

STATEMENT OF ASSETS, LIABILITIES, RESERVES

Sheet 1 of 2

AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
Operating Fund:		
Cash and Cash Equivalents	\$ 1,095,714.91	\$ 1,340,809.03
Receivables with Full Reserves:		
Consumer Accounts Receivable	475,020.27	398,988.28
Total Operating Fund	<u>1,570,735.18</u>	<u>1,739,797.31</u>
Capital Fund:		
Cash and Cash Equivalents	675,735.99	1,427,748.15
Fixed Capital	6,880,564.13	6,846,627.59
Fixed Capital Authorized and Uncompleted	3,886,740.00	3,886,740.00
Total Capital Fund	<u>11,443,040.12</u>	<u>12,161,115.74</u>
	<u>\$ 13,013,775.30</u>	<u>\$ 13,900,913.05</u>

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

SEWER UTILITY FUND

Exhibit D

STATEMENT OF ASSETS, LIABILITIES, RESERVES

Sheet 2 of 2

AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Operating Fund:		
Appropriation Reserves	\$ 183,822.76	\$ 241,783.30
Reserve for Encumbrances	90,583.28	15,187.53
Accounts Payable	56,716.56	-
Prepaid Rents	5,223.50	4,569.05
Accrued Interest on Notes	17,826.66	10,600.00
	<u>354,172.76</u>	<u>272,139.88</u>
 Reserve for Receivables	 475,020.27	 398,988.28
Operating Fund Balance	741,542.15	1,068,669.15
Total Operating Fund	<u>1,570,735.18</u>	<u>1,739,797.31</u>
 Capital Fund:		
Capital Improvement Fund	475,187.54	475,187.54
Improvement Authorizations:		
Funded	26,000.73	26,000.73
Unfunded	764,759.49	1,011,386.92
Reserve for Encumbrances	96,528.23	544,123.76
Reserve for:		
Amortization	6,880,564.13	6,846,627.59
Deferred Amortization	2,000,000.00	1,850,000.00
Bond Anticipation Notes	1,200,000.00	1,350,000.00
Fund Balance	-	57,789.20
Total Capital Fund	<u>11,443,040.12</u>	<u>12,161,115.74</u>
	<u>\$ 13,013,775.30</u>	<u>\$ 13,900,913.05</u>

On December 31, 2024 and 2023, there were bonds and notes authorized but not issued of \$686,740.00.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

SEWER UTILITY FUND

Exhibit D-1

COMPARATIVE STATEMENT OF OPERATIONS AND

CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>2024</u>	<u>2023</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 671,000.00	\$ 700,000.00
Sewer Rents	2,990,251.73	3,182,079.47
Miscellaneous Revenue not Anticipated	100,080.41	107,019.00
Special Items:		
Fund Balances Anticipated:		
Utility Capital Fund	57,789.20	-
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	162,517.52	91,787.85
Total Income	<u>3,981,638.86</u>	<u>4,080,886.32</u>
<u>Expenditures</u>		
Operating	3,202,825.00	3,171,688.00
Capital Improvements	57,789.20	75,000.00
Debt Service	194,891.66	185,500.00
Deferred Charges and Statutory Expenditures	182,260.00	179,812.00
Total Budget	<u>3,637,765.86</u>	<u>3,612,000.00</u>
Total Expenditures	<u>3,637,765.86</u>	<u>3,612,000.00</u>
Excess in Revenue	343,873.00	468,886.32
Fund Balance January 1	1,068,669.15	1,299,782.83
	1,412,542.15	1,768,669.15
Decreased by:		
Utilization by Sewer Operating Budget	<u>671,000.00</u>	<u>700,000.00</u>
Fund Balance December 31	<u>\$ 741,542.15</u>	<u>\$ 1,068,669.15</u>

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

SEWER UTILITY FUND

Exhibit D-2

STATEMENT OF SEWER UTILITY CAPITAL FUND BALANCE

REGULATORY BASIS

Balance December 31, 2023	\$ <u>57,789.20</u>
Decreased by:	
Payment to Operating Fund as Anticipated Revenue	<u>57,789.20</u>
Balance December 31, 2024	\$ <u><u>-</u></u>

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

SEWER UTILITY OPERATING FUND

Exhibit D-3

STATEMENT OF REVENUES - REGULATORY BASIS

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	\$ 671,000.00	\$ 671,000.00	\$ -
Miscellaneous	-	100,080.41	100,080.41
Sewer Rents	2,912,000.00	2,990,251.73	78,251.73
Special Items:			
Fund Balances Anticipated:			
Sewer Capital Fund	<u>57,789.20</u>	<u>57,789.20</u>	<u>-</u>
	<u>\$ 3,640,789.20</u>	<u>\$ 3,819,121.34</u>	<u>\$ 178,332.14</u>
<u>Analysis of Miscellaneous Revenue</u>			
Hookup Fees		\$ 10,890.00	
Interest on Delinquent Sewer Rents		9,837.86	
Interest on Deposits		79,152.73	
Other		<u>199.82</u>	
		<u>\$ 100,080.41</u>	

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

SEWER UTILITY OPERATING FUND

Exhibit D-4

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating					
Salaries and Wages	\$ 750,000.00	\$ 757,000.00	\$ 756,808.40	\$ 191.60	\$ -
Other Expenses	910,875.00	903,875.00	768,567.40	135,307.60	-
Treatment Costs	1,379,950.00	1,379,950.00	1,359,090.00	20,860.00	-
Shared Service MRRSA	162,000.00	162,000.00	162,000.00	-	-
Capital Improvements					
Capital Outlay	57,789.20	57,789.20	33,936.54	23,852.66	-
Debt Service					
Payment of Note Principal	150,000.00	150,000.00	150,000.00	-	-
Interest on Notes	47,915.00	47,915.00	44,891.66	-	3,023.34
Statutory Expenditures					
Public Employees Retirement System	124,760.00	124,760.00	124,760.00	-	-
Contribution to Social Security System	57,500.00	57,500.00	53,889.10	3,610.90	-
	<u>\$ 3,640,789.20</u>	<u>\$ 3,640,789.20</u>	<u>\$ 3,453,943.10</u>	<u>\$ 183,822.76</u>	<u>\$ 3,023.34</u>
Reserve for Encumbrances			\$ 90,583.28		
Disbursements			3,318,468.16		
Accrued Interest on Notes			<u>44,891.66</u>		
			<u>\$ 3,453,943.10</u>		

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

GENERAL FIXED ASSETS ACCOUNT GROUP

Exhibit F

STATEMENT OF ASSETS AND LIABILITIES - REGULATORY BASIS

DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
General Fixed Assets:		
Land	\$ 19,958,921.24	\$ 19,958,921.24
Buildings	11,471,665.33	11,471,665.33
Equipment	7,872,783.59	7,434,746.69
Vehicles	8,435,101.67	7,926,119.90
	<u>\$ 47,738,471.83</u>	<u>\$ 46,791,453.16</u>
<u>Liabilities</u>		
Investment in General Fixed Assets	<u>\$ 47,738,471.83</u>	<u>\$ 46,791,453.16</u>

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

SWIM POOL UTILITY FUND

Exhibit S

STATEMENT OF ASSETS, LIABILITIES, RESERVES

AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
Operating Fund:		
Cash and Cash Equivalents	\$ 476,443.40	\$ 419,093.86
Total Operating Fund	<u>476,443.40</u>	<u>419,093.86</u>
Capital Fund:		
Cash and Cash Equivalents	280,135.36	620,070.14
Fixed Capital	838,797.92	823,797.92
Fixed Capital Authorized and Uncompleted	<u>445,800.00</u>	<u>445,800.00</u>
Total Capital Fund	<u>1,564,733.28</u>	<u>1,889,668.06</u>
	<u>\$ 2,041,176.68</u>	<u>\$ 2,308,761.92</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Operating Fund:		
Appropriation Reserves	\$ 98,451.16	\$ 74,858.54
Reserve for Encumbrances	72,248.98	4,355.96
Accrued Interest on Notes	<u>5,432.43</u>	<u>3,028.00</u>
	<u>176,132.57</u>	<u>82,242.50</u>
Operating Fund Balance	<u>300,310.83</u>	<u>336,851.36</u>
Total Operating Fund	<u>476,443.40</u>	<u>419,093.86</u>
Capital Fund:		
Improvement Authorizations:		
Funded	-	34,668.02
Unfunded	-	381,510.00
Reserve for Encumbrances	87,225.36	14,492.12
Capital Improvement Fund	142,910.00	142,910.00
Reserve for Debt Service	50,000.00	50,000.00
Reserve for Amortization	838,797.92	823,797.92
Deferred Reserve for Amortization	80,116.00	64,290.00
Bond Anticipation Notes	<u>365,684.00</u>	<u>378,000.00</u>
Total Capital Fund	<u>1,564,733.28</u>	<u>1,889,668.06</u>
	<u>\$ 2,041,176.68</u>	<u>\$ 2,308,761.92</u>

On December 31, 2024 and 2023, there were bonds and notes authorized but not issued of \$0.00 and \$3,510.00, respectively.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

SWIM POOL UTILITY OPERATING FUND

Exhibit S-1

COMPARATIVE STATEMENT OF OPERATIONS AND

CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>2024</u>	<u>2023</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 227,500.00	\$ 127,540.00
Membership Fees	518,413.00	571,975.00
Miscellaneous Revenue not Anticipated	126,828.56	66,696.29
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	78,237.54	9,720.91
Outstanding Check Cancelled	975.00	-
Total Income	<u>951,954.10</u>	<u>775,932.20</u>
<u>Expenditures</u>		
Operating	575,200.00	554,500.00
Capital Improvements	115,000.00	15,000.00
Debt Service	25,185.63	52,000.00
Deferred Charges and Statutory Expenditures	45,609.00	40,000.00
Total Budget	<u>760,994.63</u>	<u>661,500.00</u>
Refund of Prior Year Revenue	-	50.00
Total Expenditures	<u>760,994.63</u>	<u>661,550.00</u>
Excess in Revenue	190,959.47	114,382.20
Fund Balance January 1	<u>336,851.36</u>	<u>350,009.16</u>
	527,810.83	464,391.36
Decreased by:		
Utilization by Swim Pool Operating Budget	<u>227,500.00</u>	<u>127,540.00</u>
Fund Balance December 31	<u><u>\$ 300,310.83</u></u>	<u><u>\$ 336,851.36</u></u>

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

SWIM POOL UTILITY OPERATING FUND

Exhibit S-2

STATEMENT OF REVENUES - REGULATORY BASIS

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	\$ 227,500.00	\$ 227,500.00	\$ -
Miscellaneous	-	126,828.56	126,828.56
Membership Fees	<u>534,000.00</u>	<u>518,413.00</u>	<u>(15,587.00)</u>
	<u>\$ 761,500.00</u>	<u>\$ 872,741.56</u>	<u>\$ 111,241.56</u>

Analysis of Miscellaneous Revenue

Interest on Deposits	\$ 36,965.82
Swim Pool Guess Passes	33,156.00
Snack Bar Rental Fees	10,201.50
Miscellaneous Receipts	<u>46,505.24</u>
	<u>\$ 126,828.56</u>

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

SWIM POOL UTILITY OPERATING FUND

Exhibit S-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	<u>Appropriated</u>		<u>Expended</u>		<u>Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operating	\$ 355,000.00	\$ 355,000.00	\$ 333,071.59	\$ 21,928.41	\$ -
Salaries and Wages	220,200.00	220,200.00	175,170.89	45,029.11	-
Other Expenses					
Capital Improvements:					
Capital Outlay	15,000.00	15,000.00	15,000.00	-	-
Improvements to Pool Facility	100,000.00	100,000.00	71,838.36	28,161.64	-
Debt Service					
Payment of Note Principal	12,316.00	12,316.00	12,316.00	-	-
Interest on Notes	13,375.00	13,375.00	12,869.63	-	505.37
Deferred Charges					
Unfunded Capital Ordinance	3,510.00	3,510.00	3,510.00	-	-
Statutory Expenditures					
Contribution to:					
Public Employees Retirement System	14,599.00	14,599.00	14,599.00	-	-
Social Security System	27,500.00	27,500.00	24,168.00	3,332.00	-
	<u>\$ 761,500.00</u>	<u>\$ 761,500.00</u>	<u>\$ 662,543.47</u>	<u>\$ 98,451.16</u>	<u>\$ 505.37</u>
Reserve for Encumbrances			\$ 72,248.98		
Disbursements			577,424.86		
Accrued Interest on Notes			12,869.63		
			<u>\$ 662,543.47</u>		

**TOWNSHIP OF HOLMDEL
COUNTY OF MONMOUTH, NEW JERSEY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS **YEAR ENDED DECEMBER 31, 2024**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of the Township of Holmdel, County of Monmouth, New Jersey (the "Township"), include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Township as required by N.J.S. 40A:5-5. The financial statements of the Township do not include the operations of the Board of Education, first aid organization or volunteer fire companies which are subject to separate audits.

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organizations; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Township is obligated for the debt of the organization.

Except as noted below, the financial statements of the Township of Holmdel include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Holmdel, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Township of Holmdel do not include the operations of the local school district, inasmuch as their activities are administered by a separate board.

B. Descriptions of Funds

The GASB is the recognized standard-setting body for establishing governmental generally accepted accounting and financial reporting principles.

The accounting policies of the Township conform to the accounting principles applicable to municipalities which have been prescribed by the Division. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township accounts for its financial transactions through the following separate funds which differs from the fund structure required by generally accepted accounting principles ("GAAP"):

Current Fund - revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

Assessment Trust Fund - used to account for the financing of local improvements deemed to benefit the properties against which assessments are levied.

Animal Control Trust Fund - animal license revenues and expenditures.

Other Trust Fund - sundry deposits held for satisfactory completion of specific work; receipts and disbursements for dedicated purposes.

See independent accountant's compilation report.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED) **YEAR ENDED DECEMBER 31, 2024**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Descriptions of Funds (Continued)

General Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

Sewer Utility Operating Fund - revenues and expenditures necessary to operate a municipally-owned sewer collection system from user fees.

Sewer Utility Assessment Trust Fund - used to account for the financing of local utility improvements deemed to benefit the properties against which assessments are levied.

Sewer Utility Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of sewer capital facilities, other than those acquired through the Sewer Utility Operating Fund, including the status of bonds and notes authorized for said purposes.

Swim Pool Utility Operating Fund - revenues and expenditures necessary to operate a municipally-owned swimming pool from user fees.

Swim Pool Utility Capital Fund - receipt and disbursement of funds used for acquisition of capital facilities necessary to maintain and expand the municipally-owned swimming pool.

General Fixed Assets Account Group - used to account for fixed assets used in general government operations.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from GAAP applicable to local governmental units. The more significant differences are as follows:

A modified accrual basis of accounting is followed with minor exceptions.

Property Taxes and Other Revenues - property taxes and other revenues are recognized on a cash basis. Receivables for property taxes and other items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's Current Fund. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant Revenues - Federal and State grants, entitlement or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township's budget. Federal and State grant revenues received for purposes of capital projects financed by capital ordinances are recognized when received. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

See independent accountant's compilation report.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED) **YEAR ENDED DECEMBER 31, 2024**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures - unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances - contractual orders at December 31, are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves - are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Deferred Charges - the regulatory basis of accounting utilized by the Township requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the respective balance sheets. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance. The status of deferred charges at December 31, 2024 is set forth in Note 8.

Compensated Absences - expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the Current Fund and the remaining obligations be recorded as a long-term obligation. The compensated absence liability at December 31, 2024 is set forth in Note 4.

Fund Balance - fund balances included in the current fund and utility operating funds represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Property Acquired for Taxes - is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded at its market value.

School Taxes - The Township is responsible for levying, collecting, and remitting school taxes for the Holmdel Township School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district for the period from July 1 to June 30, increased by the amount deferred at December 31, 2023 and decreased by the amount deferred at December 31, 2024.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED) **YEAR ENDED DECEMBER 31, 2024**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

County Taxes - The Township is responsible for levying, collecting, and remitting county taxes for the County of Monmouth. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital and utility capital funds. Where an improvement is a "Local Improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Sale of Municipal Assets - cash proceeds from the sale of Township owned property may be reserved until utilized as an item of anticipated revenue in a subsequent year budget. Year end balances of such proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period that the terms of sales contracts become legally enforceable.

Interfunds - Advances in the Current Fund are reported as interfund receivables with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve.

Cash and Cash Equivalents - Cash and cash equivalents include petty cash, change funds, and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

New Jersey municipal units are required by N.J.S.A 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. *N.J.S.A.40A:5-15.1* provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A.17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the government

See independent accountant's compilation report.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Cash and Cash Equivalents (Continued)

The cash management plan adopted by the Township requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires that the cost of inventories be reflected on the balance sheet until utilized and expended.

Reserve for Uncollected Taxes - The inclusion of the "reserve for uncollected taxes" appropriation in the Township's annual budget protects the Township from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Right to Use Leased Assets - the Township is obligated under a number of leases with the Monmouth County Improvement Authority. The related obligations are presented in Note 12 and are presented on the General Capital and Sewer Utility Capital Fund Balance Sheets in accordance with the regulatory reporting requirements. Interest and principal is charged to the budget based upon the cash basis. GAAP requires that the leased assets and related obligations be accounted for at present value in the General Fixed Assets Account Group and the General Long-Term Debt Group, respectively. GAAP also requires that the effective interest method be utilized to determine the interest expense.

General Fixed Assets - In accordance with the New Jersey Administrative Code, as promulgated by the Division, which differs in certain respects from GAAP, the Township is required to develop a fixed assets accounting and reporting system. Fixed assets acquired prior to December 31, 1996 are based on an inspection and appraisal prepared by an independent firm. All general fixed assets acquired after January 1, 1997 are recorded at cost.

Fixed assets used in governmental operations (general fixed assets) are required to be accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets are required to be valued at historical cost or estimated historical cost if actual historical cost is not available.

Depreciation is not recorded in the General Fixed Assets Account Group.

Expenditures for construction in progress are required to be recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

See independent accountant's compilation report.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Utility Fixed Assets - Accounting for utility fund “fixed capital” remains unchanged.

Property and equipment purchased by the Water-Sewer Utility Fund and Swim Pool Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contribution in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital funds represent charges to operations for the costs of acquisitions of property, equipment, and improvements.

Property and equipment of the Water-Sewer Utility Fund and the Swim Pool Utility Fund are not depreciated. Principal payments for Water-Sewer Utility and Swim Pool Utility debt are recorded as expenditures in their respective Statements of Operation.

During 2024 and 2023 the following changes occurred in the fixed assets of the Township:

	Balance Jan. 1, 2024	Expenditures from Current and Capital Funds	Deletions	Balance Dec. 31, 2024
General Fixed Assets Account Group:				
Land	\$ 19,958,921	\$ -	\$ -	\$ 19,958,921
Buildings	11,471,665	-	-	11,471,665
Equipment	7,434,747	821,804	383,767	7,872,784
Vehicles	7,926,120	643,579	134,597	8,435,102
	<u>46,791,453</u>	<u>1,465,383</u>	<u>518,364</u>	<u>47,738,472</u>
Sewer Utility Fund:				
Fixed Capital	6,846,628	-	-	6,846,628
Fixed Capital Authorized and Uncompleted	<u>3,886,740</u>	<u>-</u>	<u>-</u>	<u>3,886,740</u>
	<u>10,733,368</u>	<u>-</u>	<u>-</u>	<u>10,733,368</u>
Swim Pool Utility Fund:				
Fixed Capital	823,798	-	-	823,798
Fixed Capital Authorized and Uncompleted	<u>445,800</u>	<u>-</u>	<u>-</u>	<u>445,800</u>
	<u>1,269,598</u>	<u>-</u>	<u>-</u>	<u>1,269,598</u>
	<u>\$ 58,794,419</u>	<u>\$ 1,465,383</u>	<u>\$ 518,364</u>	<u>\$ 59,741,438</u>

See independent accountant’s compilation report.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Utility Fixed Assets (Continued)

	Balance		Expenditures		Balance
	Jan. 1, 2023		from		Dec. 31, 2023
			Current and	Deletions	
			Capital Funds		
General Fixed Assets Account Group:					
Land	\$ 19,958,921	\$	-	\$ -	\$ 19,958,921
Buildings	10,980,018		491,647	-	11,471,665
Equipment	6,553,114		881,633	-	7,434,747
Vehicles	6,309,134		1,725,655	108,669	7,926,120
	<u>43,801,187</u>		<u>3,098,935</u>	<u>108,669</u>	<u>46,791,453</u>
Sewer Utility Fund:					
Fixed Capital	6,846,628		-	-	6,846,628
Fixed Capital Authorized and Uncompleted	3,886,740		-	-	3,886,740
	<u>10,733,368</u>		<u>-</u>	<u>-</u>	<u>10,733,368</u>
Swim Pool Utility Fund:					
Fixed Capital	823,798		-	-	823,798
Fixed Capital Authorized and Uncompleted	445,800		-	-	445,800
	<u>1,269,598</u>		<u>-</u>	<u>-</u>	<u>1,269,598</u>
	<u>\$ 55,804,153</u>	<u>\$</u>	<u>3,098,935</u>	<u>\$ 108,669</u>	<u>\$ 58,794,419</u>

D. Financial Statements

The GASB Codification requires the financial statements of a governmental unit to be presented in accordance with GAAP. The Township presents its financial statements in accordance with another comprehensive basis of accounting as promulgated by the Division which differs from the financial statements required by GAAP. In addition, the Division requires the financial statements to be referenced to the supplementary schedules. This practice differs from GAAP.

E. Budgets and Budgetary Accounting

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by the Division in accordance with applicable statutes.

F. Impact of Recently Issued Accounting Principles

Recent Accounting Pronouncements

The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB adopts accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. The municipalities in the State of New Jersey do not prepare their financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. There are no recent GASB pronouncements that would have a significant impact on the Township's financial statements.

See independent accountant's compilation report.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED) **YEAR ENDED DECEMBER 31, 2024**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Accounting and Financial Reporting for Pensions

Under the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68 "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date" (an amendment of GASB Statement No. 68), local government employers (or non-employer contributing entity in a special funding situation) are required to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year.

If a state or local government employer or non-employer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or non-employer contributing entity that arise from other types of events.

Under GAAP, municipalities are required to recognize their proportionate share of net pension liability, deferred outflows of resources, deferred inflows of resources on the Statement of Net Position and the proportionate share of the pension related expense on the Statement of Activities.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c)(2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68.

In May of 2021, the New Jersey Division of Local Government Services issued Local Finance Notice 2021-10 which allows local units to disclose the most recently available information as it relates to the New Jersey Division of Pension and Benefits reporting on GASB 68.

H. Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)

The Governmental Accounting Standards Board (GASB) has issued Statement no. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. It also requires the State of New Jersey to calculate and allocate to each participating member, for note disclosure purposes only, the OPEB net liability of New Jersey Health Benefits Local Government Retiree Plan (the Plan)

The statement does not alter the amount of funds that must be budgeted for OPEB payment under existing state law.

See independent accountant's compilation report.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)
(Continued)

Under GAAP, municipalities are required to recognize the OPEB liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 75. The liability required to be displayed by GASB 75 is displayed as a separate line item in the Unrestricted Net Position area of the balance sheet.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the OPEB liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 75 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 75.

In May of 2021, the New Jersey Division of Local Government Services issued Local Finance Notice 2021-10 which allows local units to disclose the most recently available information as it relates to the New Jersey Division of Pension's reporting on GASB 75. As of the date of this report the information for the period ended June 30, 2024 was not available, therefore the information dated June 30, 2023 is disclosed.

NOTE 2. CASH AND CASH EQUIVALENTS

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation ("FDIC"), or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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

The market value of the collateral must equal five percent of the average daily balance of public funds; or If the public funds deposited exceed 75 percent of the funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

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

At year-end the carrying amount of the Township's deposits was \$34,795,603 and the bank balance amount was \$34,973,333. Of this amount \$500,000 was covered by federal depository insurance and a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered \$34,473,333.

See independent accountant's compilation report.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED) **YEAR ENDED DECEMBER 31, 2024**

NOTE 2. CASH AND CASH EQUIVALENTS

B. Investments

a. When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, the Township may use available funds for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the Township:

- (1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (2) Government money market mutual funds.
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (4) Bonds or other obligations of the Township, or bonds or other obligations of school districts of which the Township is a part or within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- (6) Municipal investment pools.
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or
- (8) Agreements for the repurchase of fully collateralized securities, if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

b. Any investment instruments in which the security is not physically held by the Township shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Township and prevent unauthorized use of such investments.

c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

See independent accountant's compilation report.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED) **YEAR ENDED DECEMBER 31, 2024**

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature within one year. Collateralization of Fund investments is generally not required. "Other Than State" participants contribute up to one twentieth of one percent per year of the value of the aggregate units owned by them to establish a Reserve Fund, which is supplemented by the proportional interest of "Other Than State" participants in gains on investment transactions realized. The Reserve Fund is available to cover losses of "Other Than State" participants occasioned by the bankruptcy of an issuer of an investment held by the Fund and losses on sales of securities.

The Township investments at December 31, 2024 were \$5,061,934. This consisted of Bond Anticipation Notes loaned from the Current Fund or Other Trust Fund to the Capital Funds.

C. Cash Management Plan

In accordance with N.J.S. 40A:5-14, every municipality shall adopt a cash management plan and shall deposit and invest its funds pursuant to that plan. The plan shall be approved annually by majority vote of the governing and may be modified from time to time in order to reflect changes in federal or state law or regulations. The chief financial officer shall be charged with administering the plan.

When an investment in bonds maturing in more than one year is authorized, the maturity of those bonds shall approximate the prospective use of the funds invested.

The plan also requires a monthly report to the governing body summarizing all investments made or redeemed since the previous report and shall include, at a minimum, the specific detailed information as set forth in the statute.

D. Credit Risk Categories

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following categories described below:

	<u>Bank Balance</u>	
	<u>2024</u>	<u>2023</u>
<u>Depository Account</u>		
Insured:		
FDIC	\$ 250,000	\$ 250,000
NCUA	250,000	-
GUDPA	34,473,333	36,861,526
Escrow Deposits		
Uninsured	<u>5,061,934</u>	<u>4,528,000</u>
	<u>\$ 40,035,267</u>	<u>\$ 41,639,526</u>

See independent accountant's compilation report.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED) **YEAR ENDED DECEMBER 31, 2024**

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

D. Credit Risk Categories (Continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Township does not have a formal policy for custodial credit risk. As a means of limiting the Township's exposure to fair value losses arising from interest rates, all investment maturities are less than one year.

The Township has no foreign currency risk exposure

State law limits investments as noted above.

During the year, the Township had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of the year, no such investments were held by the Township.

The Township places no limit on the amount that may be invested in any one issuer. At the close of the year, the Township had investments in Bond Anticipation Notes loaned from the Current Fund or Other Trust Fund to the Capital Funds.

NOTE 3. DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general municipal capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes are issued to temporarily finance capital projects, prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid. A second legal installment must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance and so on. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the municipality at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

A. Long-Term Debt

The Township's long-term debt is summarized as follows:

General Capital Fund - Serial Bonds

4.00% to 5.00% Refunding Bonds Issued, March 24, 2016, installment maturities to December 1, 2028	\$ 1,840,000
4.00% to 5.00% General Improvement Serial Bonds Issued December 21, 2019, installment maturities to December 1, 2019	4,465,000
2.00% General Improvement Serial Bonds Issued May 1, 2019, installment maturities to May 1, 2029	7,930,000
1.00% to 4.00% General Improvement Serial Bonds Issued November 22, 2023, installment maturities to November 15, 2037	<u>14,019,000</u>
	\$ <u>28,254,000</u>

See independent accountant's compilation report.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

The General Capital Fund bonds mature serially in installments to the year 2037. Aggregate debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 3,475,000	\$ 791,840
2026	3,540,000	677,290
2027	3,650,000	560,490
2028	3,743,000	437,590
2029	3,590,000	310,520
2030-2034	6,356,000	777,120
2035-2037	<u>3,900,000</u>	<u>156,000</u>
Total	\$ <u>28,254,000</u>	\$ <u>3,710,850</u>

B. Short-Term Debt (Continued)

On December 31, 2024, the Township's outstanding Bond Anticipation Notes were as follows:

General Capital Fund

<u>Ordinance Number</u>	<u>General Capital Fund</u>	<u>Amount</u>	<u>Interest Rate</u>
2022-07	Various Capital Improvements	\$ 2,000,000	3.82%
2022-07	Various Capital Improvements	1,900,000	3.75%
2023-07	Various Capital Improvements	2,100,000	3.75%
2023-07	Various Capital Improvements	600,000	3.75%
2023-11, 15	Various Capital Improvements	<u>1,496,250</u>	3.82%
		\$ <u>8,096,250</u>	

<u>Ordinance Number</u>	<u>Sewer Utility Capital Fund</u>	<u>Amount</u>	<u>Interest Rate</u>
2022-08	Sewer Utility Improvements	\$ <u>1,200,000</u>	3.82%

<u>Ordinance Number</u>	<u>General Capital Fund</u>	<u>Amount</u>	<u>Interest Rate</u>
2019-29	Various Capital Improvements	\$ <u>365,684</u>	3.82%

See independent accountant's compilation report.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

NOTE 3. DEBT (CONTINUED)

C. Bonds and Notes Authorized but not Issued

At December 31 the Township had authorized but not issued bonds and notes as follows:

	<u>2024</u>	<u>2023</u>
General Capital Fund	\$ 4,432,225	\$ 6,312,870
Sewer Utility Capital Fund	686,740	686,740
Swim Pool Utility Capital Fund	-0-	3,510

D. Borrowing Power

New Jersey statutes limit the debt of a municipality to 3.5% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Township's statutory net debt at December 31, 2024 was .750%. The Township's remaining borrowing power is 2.750%.

The summary of municipal debt for the last three years and the calculation of statutory net debt is presented in the Supplementary Data section of this report.

E. Summary of Debt Activity

During 2024 and 2023 the following changes occurred in the debt of the Township:

	<u>Balance</u> <u>Jan. 1, 2024</u>		<u>Issued</u>		<u>Retired</u>		<u>Balance</u> <u>Dec. 31, 2024</u>		<u>Due Within</u> <u>One Year</u>
General Debt:									
Serial Bonds	\$ 31,639,000	\$	-	\$	3,385,000	\$	28,254,000	\$	3,475,000
Bond Anticipation Notes	6,800,000		5,825,000		4,528,750		8,096,250		8,096,250
Sewer Utility Fund Debt:									
Bond Anticipation Notes	1,350,000		-		150,000		1,200,000		1,200,000
Swim Utility Fund Debt:									
Bond Anticipation Notes	378,000		-		12,316		365,684		365,684
	<u>\$ 39,789,000</u>	<u>\$</u>	<u>5,825,000</u>	<u>\$</u>	<u>8,063,750</u>	<u>\$</u>	<u>37,550,250</u>	<u>\$</u>	<u>12,771,250</u>

	<u>Balance</u> <u>Jan. 1, 2023</u>		<u>Issued</u>		<u>Retired</u>		<u>Balance</u> <u>Dec. 31, 2023</u>		<u>Due Within</u> <u>One Year</u>
General Debt:									
Serial Bonds	\$ 34,894,000	\$	-	\$	3,255,000	\$	31,639,000	\$	3,385,000
Bond Anticipation Notes	3,500,000		4,000,000		700,000		6,800,000		6,800,000
Sewer Utility Fund Debt:									
Bond Anticipation Notes	1,500,000		-		150,000		1,350,000		1,350,000
Swim Utility Fund Debt:									
Bond Anticipation Notes	420,000		-		42,000		378,000		378,000
	<u>\$ 39,894,000</u>	<u>\$</u>	<u>4,000,000</u>	<u>\$</u>	<u>4,105,000</u>	<u>\$</u>	<u>39,789,000</u>	<u>\$</u>	<u>11,535,000</u>

See independent accountant's compilation report.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

NOTE 4. ACCRUED UNUSED SICK BENEFITS

GASB Statement No. 101, *Compensated Absences*, requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's liability related to unused vacation, sick pay and compensation time. The Township permits certain employees, within limits, to accumulate unused vacation, sick pay and compensation time, which may be taken as time off or paid at a later date at an agreed upon rate. In accordance with New Jersey accounting principles, this unused accumulated absence amount is not reported as a liability in the accompanying financial statements.

Under current policies and in accordance with N.J.S.A. 40A:9-10.2, unused sick leave is paid at an agreed upon rate upon separation of employment. Excess unused sick leave above the statutory cap is not paid out upon separation and lapses unless used. However, a liability is recognized under GASB 101 to the extent such leave is expected to be used as time off. It is estimated that accrued benefits for compensated absences, in accordance with GASB Statement No. 101, are valued at \$1,070,579 at December 31, 2024.

This estimate includes leave that is expected to be paid upon separation from service, and sick leave and compensation time to the extent that such leave is more likely than not to be used by employees as paid time off, based on historical usage patterns.

The Township adopted GASB Statement No. 101 during the year ended December 31, 2024. As a result, the compensated absences liability disclosed above reflects the revised recognition criteria under this standard.

NOTE 5. FUND BALANCES APPROPRIATED

The fund balances at December 31 which have been appropriated and included as anticipated revenue in the introduced municipal budget for the year ending December 31 of the succeeding years are as follows:

	<u>2024</u>	<u>2023</u>
Current Fund	\$ 8,185,000	\$ 6,185,000
Sewer Utility Fund	365,200	671,000
Swim Pool Utility Fund	191,343	227,500

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED) **YEAR ENDED DECEMBER 31, 2024**

NOTE 6. TAXES AND SEWER CHARGES COLLECTED IN ADVANCE

Taxes and sewer charges collected in advance set forth as cash liabilities in the financial statements, are as follows:

	<u>Balance December 31</u>	
	<u>2024</u>	<u>2023</u>
Prepaid Taxes	\$ 882,846	\$ 738,530
Prepaid Sewer Utility Charges	5,224	4,569

NOTE 7. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

New Jersey statutes require that taxable valuation of real property be prepared by the Township Tax Assessor as of October 1 in each year and filed with the County Board of Taxation (the "Board") by January 10 of the following year. Upon the filing of certified adopted budgets by the Township, Regional School District and County, the tax rate is struck by the Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Township Tax Collector (the "Collector") on or before May 13th.

Tax bills are prepared then mailed by the Collector of the Township annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition, the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The N.J. Statutes allow a grace period of 10 days for each payment period and the Township granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% or 18% of the amount delinquent. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

NOTE 8. DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED

Upon the authorization of capital projects, the Township establishes deferred charges for the cost of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to the New Jersey Statutes Annotated 40A:2-4, the Township may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Township raises the debt requirements for the particular year in the current budget. As funds are raised, the deferred charges are reduced.

NOTE 9. SCHOOL TAXES

Local District School Taxes have been raised and liabilities deferred. Section 13 of P.L. 1991, C. 63 required that any municipality that levied school taxes on a school year basis shall defer from the 1991 municipal purposes tax levy at least 25% of the amount allowable to be deferred (which is 50% (fifty percent) of the levy). The remainder of the allowable amount shall be deferred from the levy in each of the next three years (1992-1994). The amounts so deferred shall be regarded as fund balance and shall be used to offset the local property tax levy for local purposes. See independent accountant's compilation report.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

NOTE 9. SCHOOL TAXES (CONTINUED)

In 1992 at least 50% of the amount allowable to be deferred from the 1992 tax levy was required to offset the 1993 local property tax levy and the total amount of deferral at December 31, 1993 was 75% of the amount allowable to be deferred based on the 1993 tax levy.

In 1994 Section 13, P.L. 1991, C. 63 was amended to provide municipalities with the option to determine the percentage if any of the amount allowable to be deferred to offset the local property tax levy for local purposes.

	<u>Local District School Tax</u>	
	<u>Balance December 31</u>	
	<u>2024</u>	<u>2023</u>
Balance of Tax	\$ 32,022,863	\$ 30,757,860
Deferred	<u>25,147,113</u>	<u>25,147,113</u>
Tax Payable	\$ <u>6,875,750</u>	\$ <u>5,610,747</u>

NOTE 10. LEASE OBLIGATIONS

As described in Note 1, the Township has entered a Capital Equipment Pooled Lease with the Monmouth County Improvement Authority. The Lease in 2022 is for \$2,329,000 with interest rates between 4% and 5% installment maturities through October 2031. The balance at December 31, 2024 is \$1,479,000.

Following are the maturities and debt schedule for the outstanding principal and interest on the leases:

<u>Year Ending December 31</u>	<u>General Capital</u>	
	<u>Principal</u>	<u>Interest and Fees</u>
2025	\$ 312,000	\$ 67,530
2026	328,000	51,930
2027	154,000	38,810
2028	160,000	32,650
2029	166,000	26,250
2030-2031	<u>359,000</u>	<u>27,150</u>
	\$ <u>1,479,000</u>	\$ <u>244,320</u>

The Township 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. The Township is a member of the Mid-Jersey Municipal Joint Insurance Fund, and the Municipal Excess Liability Fund, public entity risk pools currently operating as a common risk management and insurance programs for municipalities within the state. The Township pays an actuarially determined annual assessment to Mid-Jersey Municipal Joint Insurance Fund for its insurance coverage and that of the Municipal Excess Liability Fund. Supplemental assessments may be levied to supplement the funds. The Township has not been notified on any supplemental assessments.

See independent accountant's compilation report.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED) **YEAR ENDED DECEMBER 31, 2024**

NOTE 11. RISK MANAGEMENT

The Township 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. The Township is a member of the Mid-Jersey Municipal Joint Insurance Fund, and the Municipal Excess Liability Fund, public entity risk pools currently operating as a common risk management and insurance programs for municipalities within the state. The Township pays an actuarially determined annual assessment to Mid-Jersey Municipal Joint Insurance Fund for its insurance coverage and that of the Municipal Excess Liability Fund. Supplemental assessments may be levied to supplement the funds. The Township has not been notified on any supplemental assessments.

NOTE 12. CONTINGENT LIABILITIES

State and Federal Financial Assistance

The Township receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2024, the Township estimates that no material liabilities will result from such audits.

Pending Litigation

There are actions which have been instituted against the Township which are either in the discovery stage or whose final outcome cannot be determined at the present time. In the opinion of the administration, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Township.

It is the opinion of the Township officials that there is no litigation threatened or pending that would materially affect the financial position of the Township or adversely affect the Township's ability to levy, collect and enforce the collection of taxes or other revenue for the payment of its bonds or other obligations.

The Township officials believe that negligence and other types of liability suits, of which the Township is aware, appear to be within the stated policy limits and would be deferred by the respective carriers.

Lease Guarantee

The Township adopted two ordinances wherein it guarantees the payment of principal and interest on three capital leases between the Holmdel Township Board of Education and the Monmouth County Improvement Authority. The outstanding principal balance at December 31, 2024 is \$976,000.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2024:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ -	\$ 1,814,667
Grant Fund	305,255	-
Other Trust Fund	1,509,412	-
	<u>\$ 1,814,667</u>	<u>\$ 1,814,667</u>

NOTE 14. UNEMPLOYMENT COMPENSATION INSURANCE

Effective January 1, 1978, most municipal employees were eligible for unemployment compensation insurance (N.J.S.A. 43:21-3 et seq.) The Township has elected to provide a self-insured plan whereby the municipal cost and employee contributions are deposited in a trust fund from which claims, if any, will be paid. A portion of funds collected from employees are transmitted to the State. The Reserve for Unemployment Trust at December 31, 2024 and 2023 is \$101,718 and \$136,827, respectively.

NOTE 15. DEFERRED COMPENSATION

The Township has instituted a Deferred Compensation Plan ("Plan") pursuant to Section 457 of the Internal Revenue Code and P.L. 1977, C. 381; P.L. 1978, C. 39; P.L. 1980, C. 78; and P.L. 1997, C. 116 of the Statutes of New Jersey.

The Plan is an arrangement whereby a public employer may establish a Plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more of the types of investments permitted under the governing regulations.

The Township has engaged a private contractor to administer the Plan.

NOTE 16. LENGTH OF SERVICE AWARD PROGRAM

The Township has established a Volunteer Length of Service Award Plan ("LOSAP") ("Plan") to ensure retention of the Township's volunteer firefighters and first aid squad members. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a length of service award plan under Section 457(e)11 of the Internal Revenue Code".

Annual Contributions - The annual contribution to be made by the Township for each active volunteer member shall be \$1,580 per year of active emergency service, commencing with the year 2005.

Appropriations - Appropriations for the purpose of funding the Township's LOSAP shall be included as a separate line item in the Township's budget, commencing with the year 2005.

See independent accountant's compilation report.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED) **YEAR ENDED DECEMBER 31, 2024**

NOTE 16. LENGTH OF SERVICE AWARD PROGRAM ("LOSAP") (CONTINUED)

Periodic Increases - Notwithstanding the provisions above, the annual contribution to be made by the Township for each active volunteer member shall be subject to periodic increases based upon the "consumer price index factor" pursuant to subsection f. of section 3 of P.L. 1997, c. 388 (N.J.S.A. 40A:14-185).

Criteria for Eligibility; Contributions; Points - Any active volunteer member shall be eligible to participate in the LOSAP Plan immediately upon commencement of the member's performance of active voluntary services in the emergency service organization. Annual contributions shall only be made by the Township, however, for those active volunteer members who have earned the minimum number of points for performing certain volunteer services on a yearly basis.

Determination as to Eligibility - Each emergency service organization shall provide to the Township Administrator, acting as the Plan Administrator of LOSAP Plan, a certified list as to the active volunteer members who are initially eligible to participate in the Plan and those who are eligible to participate as each January 1 thereafter. The Plan Administrator shall forward said certified list to the Township Committee for approval, in accordance with the provision of N.J.A.C. 5:30-14.10. The decision of the Township Committee as to such active member's eligibility shall be binding upon the Plan Administrator, participants, beneficiaries and any and all other persons having an interest hereunder, subject to appropriate judicial review.

Terms of Participation - The Plan Administrator shall have the right to require any active volunteer member at the time of his or her becoming a participant to agree, in writing, to be bound by the terms, covenants and conditions of the LOSAP and accompanying trust. Each participant shall furnish to the Plan Administrator all pertinent information required for the administration of the LOSAP. The Plan Administrator shall rely upon all such information furnished.

Vesting - The active volunteer member shall not be permitted to receive a distribution of the fund in his or her LOSAP account until the completion of a five-year vesting period.

Termination of Service - Any participant who terminates service as an active volunteer member shall cease to participate hereunder. A former participant may resume participation immediately upon returning to the service of the emergency service organization as an active volunteer member. Any active volunteer member who terminates service with the emergency service organization, subsequently returns to service and again becomes a participant shall be treated as a new participant for purposes of eligibility unless said participant was fully vested prior to his or her termination from service.

Reporting Requirements - The LOSAP Trust Fund has not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough's financial statements as part of our audit of the Borough's financial statements.

N.J.A.C.5:30-14.49 requires that the Borough perform a separate review report of the Plan in accordance with the American Institute of Certified Public Accountants Statements for Accounting and Auditing Review Services.

See independent accountant's compilation report.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

NOTE 17. TAX ABATEMENT

The Township has entered into several tax abatement agreements in order to provide incentives to redevelop areas that are in need of improvement or to create economic growth. These agreements are authorized under various New Jersey state statutes. The following represent the Township's tax abatement agreements for the year ended December 31, 2023:

<u>PILOT Billing</u>	<u>Taxes if Paid in Full</u>	<u>Abated Taxes</u>
\$ 4,082,156	\$ 6,114,266	\$ 2,032,110
2,608,622	3,867,511	1,258,889

NOTE 18. SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2024 and August 28, 2025, the date the financial statements were available to be issued.

On March 25, 2025 an Ordinance authorizing the Acquisition and the Payment of a Portion of the Purchase Price of Real Property by and in the Township of Holmdel, in the County of Monmouth, State of New Jersey; and appropriating \$4,500,000 therefor and authorizing the issuance of \$4,285,714 in Bonds or Notes to finance the same.

On April 8, 2025 an Ordinance authorizing the Road and Safety Improvements to Crawfords Corner Road, by and in the Township of Holmdel, in the County of Monmouth, State of New Jersey; and appropriating \$1,500,000 therefor and authorizing the issuance of \$1,500,000 in Bonds or Notes to finance the same.

On May 27, 2025 an Ordinance authorizing Improvements to the Senior Community Center and Other Municipal Facilities, by and in the Township of Holmdel, in the County of Monmouth, State of New Jersey; and appropriating \$250,000 therefor and authorizing the issuance of \$238,095 in Bonds or Notes to finance the same.

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**TOWNSHIP OF HOLMDEL
COUNTY OF MONMOUTH, NEW JERSEY**

**AUDIT REPORT FOR THE
YEAR ENDED DECEMBER 31, 2023**

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**TOWNSHIP OF HOLMDEL
COUNTY OF MONMOUTH**

PART I

**INDEPENDENT AUDITORS' REPORTS
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Township Committee
Township of Holmdel
County of Monmouth
Holmdel, New Jersey

Opinions

We have audited the accompanying financial statements of the various funds and account group of the Township of Holmdel, which comprise the statements of assets, liabilities, reserves and fund balance – regulatory basis as of December 31, 2023 and 2022, and the related statements of operations and changes in fund balance – regulatory basis for the years then ended and the statements of revenues – regulatory basis and statement of expenditures – regulatory basis for the year ended December 31, 2023, and the related notes to the financial statements, as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance – regulatory basis of the Township of Holmdel, as of December 31, 2023 and 2022, and the results of its operations and changes in fund balance – regulatory basis for the years then ended and the statements of revenues – regulatory basis, statements of expenditures – regulatory basis for the year ended December 31, 2023, in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township of Holmdel, as of December 31, 2023 and 2022, or the results of its operations and changes in fund balance for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township of Holmdel 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.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by the Township of Holmdel, on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible 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.

Auditor's 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 auditor's report that includes our opinion. 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 generally accepted auditing standards, *Government Auditing Standards*, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey 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 generally accepted auditing standards, *Government Auditing Standards*, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, 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(s) 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 Township of Holmdel'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township of Holmdel's ability to continue as a going concern for a reasonable period of time.

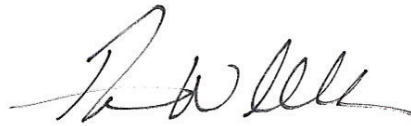
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2024, on our consideration of the Township of Holmdel'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 solely 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 Township of Holmdel 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 Township of Holmdel's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read 'R. W. Allison', written in a cursive style.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA No. 483

Lakewood, New Jersey
June 21, 2024

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Certified Public Accountants + Advisors

1985 Cedar Bridge Ave., Suite 3 • Lakewood, NJ 08701 • 732.797.1333

194 East Bergen Place • Red Bank, NJ 07701 • 732.747.0010

www.hfacpas.com

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

Honorable Mayor and Members
of the Township Committee
Township of Holmdel
County of Monmouth
Holmdel, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements-regulatory basis of the Township of Holmdel, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 21, 2024. Our report indicated that the Township's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

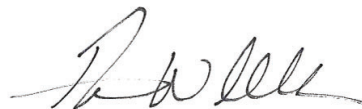
As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, 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 Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read 'R. W. Allison', written in a cursive style.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA No. 483

Lakewood, New Jersey
June 21, 2024

BASIC FINANCIAL STATEMENTS

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TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A

STATEMENT OF ASSETS, LIABILITIES, RESERVES

Sheet 1 of 2

AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$ 23,367,192.70	\$ 20,937,431.07
Cash - Change Funds	1,550.00	1,550.00
Investment in Bond Anticipation Notes	378,000.00	420,000.00
	<u>23,746,742.70</u>	<u>21,358,981.07</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	689,008.38	538,030.54
Tax Title Liens Receivable	162,495.11	153,928.95
Delinquent Penalties Receivable	26,243.84	12,796.34
Revenue Accounts Receivable	16,728.61	150,756.07
	<u>894,475.94</u>	<u>855,511.90</u>
	<u>24,641,218.64</u>	<u>22,214,492.97</u>
<u>Grant Fund</u>		
Interfund - Current Fund	275,805.93	1,906,400.20
Grants Receivable	114,952.68	80,579.48
	<u>390,758.61</u>	<u>1,986,979.68</u>
	<u>\$ 25,031,977.25</u>	<u>\$ 24,201,472.65</u>

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

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A

STATEMENT OF ASSETS, LIABILITIES, RESERVES

Sheet 2 of 2

AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Appropriation Reserves	\$ 1,981,602.10	\$ 1,495,246.88
Reserve for Encumbrances	767,322.40	1,372,804.05
Prepaid State Aid	207,084.09	103,563.94
Prepaid Taxes	738,529.73	709,563.85
Due to State of New Jersey (PL 1971, Ch. 20)	6,901.16	7,527.18
Accounts Payable	294,704.08	94,946.70
Due County for Added and Omitted Taxes	-	30,630.17
Local School District Tax Payable	5,610,746.97	4,462,416.97
Reserve for Sale of Municipal Assets	500,000.00	500,000.00
Spending Reserves	2,371,380.86	2,308,468.09
Tax Overpayments	22.58	3,489.01
Due to Board of Education	77,954.75	
Due to State for Fees Collected	10,358.00	24,215.00
Due to Monmouth County for PILOT Revenue	87,001.80	84,386.39
Interfunds:		
Other Trust Fund	908,718.85	547,240.92
Grant Fund	275,805.93	1,906,400.20
	<u>13,838,133.30</u>	<u>13,650,899.35</u>
Reserve for Receivables and Other Assets	894,475.94	855,511.90
Fund Balance	<u>9,908,609.40</u>	<u>7,708,081.72</u>
	<u>24,641,218.64</u>	<u>22,214,492.97</u>
<u>Grant Fund</u>		
Appropriated Reserves	192,710.94	840,908.81
Reserve for Encumbrances	93,166.92	175,178.04
Unappropriated Reserves	<u>104,880.75</u>	<u>970,892.83</u>
	<u>390,758.61</u>	<u>1,986,979.68</u>
	<u>\$ 25,031,977.25</u>	<u>\$ 24,201,472.65</u>

There were deferred school taxes on December 31, 2023 and 2022 of \$25,147,112.98.

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

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH**CURRENT FUND****Exhibit A-1****COMPARATIVE STATEMENT OF OPERATIONS AND****Sheet 1 of 2****CHANGE IN FUND BALANCE - REGULATORY BASIS**

	<u>2023</u>	<u>2022</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 5,127,000.00	\$ 5,080,000.00
Miscellaneous Revenue Anticipated	12,820,605.77	11,844,354.31
Receipts from Delinquent Taxes	532,971.07	663,271.29
Receipts from Current Taxes	90,792,379.34	87,342,637.96
Non-Budget Revenues	1,620,909.08	855,955.78
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	1,328,070.33	957,196.42
Grant Appropriated Reserves Cancelled	7,140.00	7,076.96
Accounts Payable Cancelled	15,978.58	75.31
Cancel Old Outstanding Checks	14,942.46	-
Interfunds Returned	-	133,777.45
Total Income	<u>112,259,996.63</u>	<u>106,884,345.48</u>
<u>Expenditures</u>		
Budget Appropriations within Caps:		
Operations:		
Salaries and Wages	11,139,045.00	10,317,395.00
Other Expenses	8,003,320.00	7,180,686.00
Deferred Charges and Statutory Expenditures	3,665,164.00	3,385,459.00
Budget Appropriations Excluded from Caps:		
Operations:		
Salaries and Wages	181,526.00	174,443.00
Other Expenses	668,611.62	1,737,206.41
Capital Improvements	250,000.00	1,158,000.00
Municipal Debt Service	5,191,032.01	4,461,965.08
Deferred Charges	-	26,550.00
Total Budget	<u>29,098,698.63</u>	<u>28,441,704.49</u>
Prior Year Revenue Refund	345.00	9,250.00
Prior Year Deduction Disallowed	-	15.75
County Taxes	12,362,847.33	11,970,426.14
Local District School Taxes	61,515,723.00	59,219,063.00
Local Open Space Taxes	1,947,714.99	1,696,687.29
Grant Receivables Cancelled	7,140.00	7,076.96
Total Expenditures	<u>104,932,468.95</u>	<u>101,344,223.63</u>

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

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-1

**COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS**

Sheet 2 of 2

	<u>2023</u>	<u>2022</u>
Excess in Revenue	\$ <u>7,327,527.68</u>	\$ <u>5,540,121.85</u>
Fund Balance January 1	<u>7,708,081.72</u>	<u>7,247,959.87</u>
	<u>15,035,609.40</u>	<u>12,788,081.72</u>
Decreased by:		
Utilization as Anticipated Revenue	<u>5,127,000.00</u>	<u>5,080,000.00</u>
Fund Balance December 31	\$ <u><u>9,908,609.40</u></u>	\$ <u><u>7,708,081.72</u></u>

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

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 1 of 3

	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
	\$ 5,127,000.00	\$ -	\$ 5,127,000.00	\$ -
Fund Balance Anticipated				
<u>Miscellaneous Revenues</u>				
Licenses				
Alcoholic Beverages	14,500.00	-	14,694.00	194.00
Fines and Costs				
Municipal Court	170,000.00	-	231,332.64	61,332.64
Interest and Costs on Taxes	125,000.00	-	141,595.09	16,595.09
Payments in Lieu of Taxes	4,423,852.00	-	6,709,849.08	2,285,997.08
Uniform Construction Code Fees	850,000.00	-	1,392,562.00	542,562.00
State Aid:				
Energy Receipts Taxes	1,999,080.00	-	1,999,080.48	.48
Watershed Moratorium Offset Aid	5,076.00	-	5,076.00	-
Reserve for Municipal Relief Aid	103,563.94	-	103,563.94	-
Shared Service Agreement:				
Holmdel Township Board of Education				
Class III SLEO	100,000.00	-	30,488.63	(69,511.37)
Colts Neck Township				
Compost Site	45,000.00	-	-	(45,000.00)
Borough of Lakehurst				
Chief Financial Officer	88,720.00	-	88,720.00	-
Borough of Sea Bright				
Fiscal Officer	42,806.00	-	45,812.04	3,006.04
Borough of Allenhurst				
Chief Financial Officer	44,500.00	-	44,499.95	(.05)
Qualified Purchasing Agent	5,500.00	-	5,499.96	(.04)
Borough of Rumson				
Compost Site	45,000.00	-	43,653.46	(1,346.54)

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

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 2 of 3

	<u>Anticipated Budget</u>	<u>Special N.J.S. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Special Items of Revenue:				
Federal and State Revenues Off-Set with Appropriations:				
Bayshore Distracted Driving Enforcement	\$ 14,700.00	\$ -	\$ 14,700.00	\$ -
Bayshore Saturation Patrol	30,598.00	-	30,598.00	-
Body Armor Fund	2,809.84	-	2,809.84	-
Bullet Proof Vest Program	7,298.78	7,068.60	14,367.38	-
Municipal Alliance on Drug and Alcohol Abuse	12,710.00	-	12,710.00	-
National Opioid Settlement	11,123.40	-	11,123.40	-
Recycling Tonnage Grant	34,409.50	-	34,409.50	-
Other Special Items:				
American Rescue Plan	956,959.59	-	956,959.59	-
Comcast Franchise Fee	103,442.35	-	103,442.35	-
Developers Off-Site Contribution	9,000.00	-	9,000.00	-
Fire Registrations	139,000.00	-	262,649.00	123,649.00
Fund Balance - Assessment Trust Fund	9,384.49	-	9,384.49	-
Fund Balance - General Capital Fund	100,000.00	-	100,000.00	-
Rental Revenue	150,000.00	-	194,317.17	44,317.17
Reserve for Library Debt Service	50,000.00	-	50,000.00	-
Reserve for Municipal Alliance	3,177.50	-	3,177.50	-
Uniform Fire Safety Act	16,000.00	-	36,050.31	20,050.31
Verizon Franchise Fee	118,479.97	-	118,479.97	-
Total Miscellaneous Revenues	<u>9,831,691.36</u>	<u>7,068.60</u>	<u>12,820,605.77</u>	<u>2,981,845.81</u>
Receipts from Delinquent Taxes	550,000.00	-	532,971.07	(17,028.93)
	<u>15,508,691.36</u>	<u>7,068.60</u>	<u>18,480,576.84</u>	<u>2,964,816.88</u>
	14,832,276.48	-	16,205,349.84	1,373,073.36
Amount to be Raised by Taxes for Support of Municipal Budget	<u>30,340,967.84</u>	<u>7,068.60</u>	<u>34,685,926.68</u>	<u>4,337,890.24</u>
Budget Totals			1,620,909.08	1,620,909.08
Non-Budget Revenues	<u>-</u>	<u>-</u>		
	<u>\$ 30,340,967.84</u>	<u>\$ 7,068.60</u>	<u>\$ 36,306,835.76</u>	<u>\$ 5,958,799.32</u>

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

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 3 of 3

Allocation of Delinquent Tax Collections

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ <u><u>532,971.07</u></u>
----------------------------	-----------------------------

Analysis of Realized Revenues

Allocation of Current Tax Collections

Revenue from Collections	\$ 90,792,379.34
--------------------------	------------------

Allocated to Local School, County and

Local Open Space Taxes	<u>75,826,285.32</u>
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Balance for Support of Municipal Budget Appropriations	<u>14,966,094.02</u>
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Add: Appropriation "Reserve for Uncollected Taxes"	<u>1,239,255.82</u>
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Amount for Support of Municipal Budget Appropriations	\$ <u><u>16,205,349.84</u></u>
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Analysis of Non-Budget Revenues

Miscellaneous Revenue not Anticipated:

Administrative Fee, Chapter 20, P.L. 1971	\$ 1,191.42
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Alarm Permits - Police Department	3,700.00
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Board of Health - Township Clerk	44,873.00
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Cancelled old Escrow Balances - Finance Department	52,568.35
--	-----------

Certified Lists	500.00
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Code Enforcement - Community Development	31,589.00
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Copies	513.18
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Delinquent Penalty on Taxes - Tax Collector	12,796.34
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Duplicate Bill Fee - Tax Collector	865.00
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Federal Emergency Management	294,728.13
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Gun Permits and Firearm ID - Police Department	24,763.00
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Impound and Towing Fees - Police Department	32,287.01
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Insurance Reimbursements	3,697.50
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Interest of Delinquent PILOTS - Tax Collector	23,717.43
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Interest of Water Assessments - Tax Collector	662.42
---	--------

Interest on Deposits	820,090.39
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Miscellaneous Other	31,786.10
---------------------	-----------

PILOT Administrative Fee - Tax Collector	28,763.74
--	-----------

Planning Board - Community Development	7,095.00
--	----------

Police Reports	3,065.00
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Recycling	1,731.59
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Refunds	2,300.05
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Road Opening - Community Development	10,250.00
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Sale of Assets	45,146.81
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Septic Application - Tax Office	8,900.00
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Solicitors License - Tax Collector	1,600.00
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Special Duty Administrative Fee - Police Department	40,591.00
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Tax Sale Advertisement Costs - Tax Collector	1,235.62
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Taxi License - Township Clerk	150.00
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Towing License - Police Department	600.00
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TRC Fees - Community Development	3,500.00
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Zoning Board and Zoning Determination - Community Development	<u>85,652.00</u>
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	\$ <u><u>1,620,909.08</u></u>
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The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 1 of 7

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<u>OPERATIONS WITHIN CAPS</u>					
<u>General Government</u>					
Administrative and Executive					
Salaries and Wages:					
Governing Body	\$ 22,195.00	\$ 22,195.00	\$ 22,191.84	\$ 3.16	\$ -
Administrator's Office	315,000.00	358,500.00	356,498.20	2,001.80	-
Municipal Clerk's Office	180,250.00	190,750.00	188,549.29	2,200.71	-
Other Expenses:					
Administrator's Office	70,500.00	70,500.00	64,009.99	6,490.01	-
Municipal Clerk's Office	26,700.00	26,700.00	17,303.49	9,396.51	-
Elections					
Other Expenses	4,500.00	4,500.00	4,300.00	200.00	-
Financial Administration					
Salaries and Wages	146,000.00	153,000.00	144,653.99	8,346.01	-
Other Expenses	17,000.00	17,000.00	17,000.00	-	-
Audit Services					
Other Expenses	16,250.00	16,250.00	14,750.00	1,500.00	-
Information Technology					
Salaries and Wages	156,000.00	174,500.00	172,562.89	1,937.11	-
Other Expenses	502,760.00	502,760.00	424,328.30	78,431.70	-
Collection of Taxes					
Salaries and Wages	116,000.00	117,000.00	109,823.87	7,176.13	-
Other Expenses	6,200.00	8,200.00	6,539.87	1,660.13	-
Assessment of Taxes					
Salaries and Wages	204,000.00	221,750.00	219,122.99	2,627.01	-
Other Expenses:					
Miscellaneous	55,900.00	55,900.00	11,858.57	44,041.43	-
Legal Services and Costs					
Other Expenses	270,000.00	270,000.00	170,909.53	99,090.47	-
Municipal Prosecutor					
Other Expenses	50,100.00	50,100.00	50,000.04	99.96	-
Engineering Services and Costs					
Other Expenses	105,000.00	105,000.00	67,584.27	37,415.73	-
Public Buildings and Grounds					
Other Expenses	259,400.00	279,400.00	264,477.88	14,922.12	-

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

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 2 of 7

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.)					
Planning Board					
Salaries and Wages	\$ 70,000.00	\$ 70,100.00	\$ 70,000.08	\$ 99.92	\$ -
Other Expenses	16,260.00	16,260.00	12,866.32	3,393.68	-
Zoning Board of Adjustment					
Other Expenses	21,450.00	21,450.00	4,859.08	16,590.92	-
Environmental Commission					
Other Expenses	1,500.00	1,500.00	400.00	1,100.00	-
Township Planner					
Other Expenses	10,000.00	10,000.00	-	10,000.00	-
Insurance					
Group Insurance Plan for Employees	1,838,000.00	1,554,700.00	1,505,644.79	49,055.21	-
Other Insurance Premiums	430,000.00	430,000.00	401,530.21	28,469.79	-
Payments in Lieu	70,000.00	70,000.00	62,032.51	7,967.49	-
Public Safety					
Aid to Volunteer Fire Companies					
Holmdel Fire Company Number 2	125,000.00	125,000.00	125,000.00	-	-
Police					
Salaries and Wages - Officers	5,392,240.41	5,392,240.41	5,270,725.90	121,514.51	-
Salaries and Wages - Non Officers	725,000.00	725,000.00	658,256.72	66,743.28	-
Other Expenses	369,400.00	369,400.00	353,254.16	16,145.84	-
ARP Funds					
Salaries and Wages - Officers	956,959.59	956,959.59	956,959.59	-	-
Shared Service					
Holmdel Township Board of Education					
School Resource Officer	50,000.00	50,000.00	50,000.00	-	-
Class III SLEO	128,000.00	128,000.00	86,655.00	41,345.00	-
First Aid Organization - Contribution	125,000.00	125,000.00	80,815.05	44,184.95	-
Emergency Management Services					
Other Expenses	10,000.00	10,000.00	3,894.00	6,106.00	-
Fire Hydrant Service	700,000.00	700,000.00	504,467.37	195,532.63	-
Public Defender					
Other Expenses	24,000.00	24,000.00	24,000.00	-	-

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

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 3 of 7

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Municipal Court					
Salaries and Wages	\$ 55,000.00	\$ 55,100.00	\$ 55,000.08	\$ 99.92	\$ -
Other Expenses	2,000.00	2,000.00	460.00	1,540.00	-
<u>Public Works</u>					
Road Repairs and Maintenance					
Salaries and Wages	950,000.00	950,000.00	893,629.44	56,370.56	-
Other Expenses	232,000.00	232,000.00	208,364.70	23,635.30	-
Drainage and Stormwater Management					
Other Expenses	7,000.00	7,000.00	6,839.65	160.35	-
Recycling					
Other Expenses	375,000.00	375,000.00	375,000.00	-	-
Garbage and Trash Removal					
Other Expenses	115,000.00	115,000.00	96,163.76	18,836.24	-
Central Repair Facility					
Salaries and Wages	390,000.00	423,000.00	416,784.30	6,215.70	-
Other Expenses	329,500.00	379,500.00	336,004.00	43,496.00	-
Snow Removal					
Other Expenses	440,000.00	440,000.00	50,754.71	389,245.29	-
<u>Health and Welfare</u>					
Animal Control					
Other Expenses	16,000.00	16,000.00	2,791.13	13,208.87	-
<u>Recreation and Education</u>					
Senior and Veteran Services					
Other Expenses	10,000.00	10,000.00	10,000.00	-	-
Recreation					
Salaries and Wages	190,000.00	200,000.00	188,872.34	11,127.66	-
Other Expenses	13,000.00	13,000.00	12,528.38	471.62	-
Maintenance of Parks and Playgrounds					
Salaries and Wages	105,000.00	105,000.00	90,088.23	14,911.77	-
Other Expenses	63,000.00	63,000.00	48,383.33	14,616.67	-
Expenses in Participation in Free County Library					
Other Expenses	9,500.00	9,500.00	5,956.69	3,543.31	-

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

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 4 of 7

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Uniform Construction Code - Appropriations Offset by</u>					
<u>Dedicated Revenues (N.J.A.C. 5:23-4.17)</u>					
State Uniform Construction Code					
Construction Official					
Salaries and Wages	\$ 575,000.00	\$ 610,000.00	\$ 610,000.00	\$ -	\$ -
Other Expenses	33,800.00	34,300.00	34,057.50	242.50	-
Code Enforcement					
Salaries and Wages	89,700.00	95,700.00	95,118.49	581.51	-
Other Expenses	800.00	900.00	733.34	166.66	-
Uniform Fire Safety Act C. 393					
Salaries and Wages	240,000.00	248,250.00	248,169.90	80.10	-
Other Expenses	7,500.00	7,500.00	4,523.95	2,976.05	-
<u>Unclassified</u>					
Utilities:					
Electricity	115,000.00	115,000.00	79,114.34	35,885.66	-
Street Lighting	120,000.00	120,000.00	109,774.74	10,225.26	-
Telephone	145,000.00	160,000.00	149,919.64	10,080.36	-
Water	70,000.00	75,000.00	63,007.68	11,992.32	-
Natural Gas	45,000.00	45,000.00	25,906.09	19,093.91	-
Sewer	2,000.00	2,000.00	2,000.00	-	-
Gasoline	370,000.00	370,000.00	246,090.87	123,909.13	-
Accumulated Sick Leave	250,000.00	250,000.00	250,000.00	-	-
Community Events					
Other Expenses	10,000.00	10,000.00	10,000.00	-	-
Condo Services Act	180,000.00	180,000.00	106,885.34	73,114.66	-
Total Operations within Caps	<u>19,142,365.00</u>	<u>19,142,365.00</u>	<u>17,330,748.41</u>	<u>1,811,616.59</u>	-
Detail:					
Salaries and Wages	10,948,345.00	11,139,045.00	10,829,040.65	310,004.35	-
Other Expenses	8,194,020.00	8,003,320.00	6,501,707.76	1,501,612.24	-

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

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN CAPS</u>					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	\$ 670,880.00	\$ 670,880.00	\$ 670,880.00	\$ -	\$ -
Social Security System	895,000.00	895,000.00	847,201.09	47,798.91	-
Police and Firemen's Retirement System of N.J.	2,092,284.00	2,092,284.00	2,092,284.00	-	-
Unemployment Insurance	2,000.00	2,000.00	-	2,000.00	-
Defined Contribution Retirement Plan	5,000.00	5,000.00	333.40	4,666.60	-
Total Deferred Charges and Statutory Expenditures within CAPS	<u>3,665,164.00</u>	<u>3,665,164.00</u>	<u>3,610,698.49</u>	<u>54,465.51</u>	<u>-</u>
Total General Appropriations for Municipal Purposes within CAPS	<u>22,807,529.00</u>	<u>22,807,529.00</u>	<u>20,941,446.90</u>	<u>1,866,082.10</u>	<u>-</u>

OPERATIONS EXCLUDED FROM CAPS

Length of Service Awards Program					
Fire Department	30,000.00	30,000.00	28,440.00	1,560.00	-
First Aid	45,000.00	45,000.00	45,000.00	-	-
Shared Service Agreements:					
Holmdel Township Board of Education					
Class III SLEO	100,000.00	100,000.00	100,000.00	-	-
Colts Neck Township					
Compost Site	45,000.00	45,000.00	-	45,000.00	-
Municipal Court	235,000.00	235,000.00	235,000.00	-	-
Monmouth County					
9-1-1 Network	19,716.00	19,716.00	19,716.00	-	-
SCAT	15,000.00	15,000.00	1,040.00	13,960.00	-
Borough of Lakehurst					
Chief Financial Officer	88,720.00	88,720.00	88,720.00	-	-
Borough of Sea Bright					
Fiscal Officer	42,806.00	42,806.00	42,806.00	-	-
Borough of Rumson					
Compost Site	45,000.00	45,000.00	-	45,000.00	-
Borough of Allenhurst					
Chief Financial Officer	44,500.00	44,500.00	44,500.00	-	-
Qualified Purchasing Agent	5,500.00	5,500.00	5,500.00	-	-
Total Other Operations Excluded from CAPS	<u>716,242.00</u>	<u>716,242.00</u>	<u>610,722.00</u>	<u>105,520.00</u>	<u>-</u>

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

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 6 of 7

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<u>Public and Private Programs Offset by Revenues</u>					
Bayshore Distracted Driving Enforcement	\$ 14,700.00	\$ 14,700.00	\$ 14,700.00	\$ -	\$ -
Bayshore Saturation Patrol	30,598.00	30,598.00	30,598.00	-	-
Body Armor Fund	2,809.84	2,809.84	2,809.84	-	-
Bullet Proof Vest Program	7,298.78	14,367.38	14,367.38	-	-
Matching Funds for Grants	10,000.00	10,000.00	-	10,000.00	-
Municipal Alliance on Drug and Alcohol Abuse					
State Share	12,710.00	12,710.00	12,710.00	-	-
Local Share	3,177.50	3,177.50	3,177.50	-	-
National Opioid Settlement	11,123.40	11,123.40	11,123.40	-	-
Recycling Tonnage Grant	34,409.50	34,409.50	34,409.50	-	-
Total Public and Private Programs Offset by Revenues Excluded from CAPS	126,827.02	133,895.62	123,895.62	10,000.00	-
Total Operations Excluded from CAPS	843,069.02	850,137.62	734,617.62	115,520.00	-
Detail:					
Salaries and Wages	181,526.00	181,526.00	181,526.00	-	-
Other Expenses	661,543.02	668,611.62	553,091.62	115,520.00	-
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS</u>					
Capital Improvement Fund	250,000.00	250,000.00	250,000.00	-	-
<u>MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS</u>					
Payment of Bond Principal	3,016,500.00	3,016,500.00	3,016,500.00	-	-
Payment of Bond Anticipation Notes	700,000.00	700,000.00	700,000.00	-	-
Interest on Bonds	926,744.00	926,744.00	926,742.75	-	1.25
Interest on Notes	58,100.00	58,100.00	58,100.00	-	-
M.C.I.A. Capital Lease					
Principal	389,000.00	389,000.00	389,000.00	-	-
Interest	110,770.00	110,770.00	100,689.26	-	-
Total Municipal Debt Service Excluded from CAPS	5,201,114.00	5,201,114.00	5,191,032.01	-	10,080.74
Total General Appropriations - Excluded from CAPS	6,294,183.02	6,301,251.62	6,175,649.63	115,520.00	10,081.99

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

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 7 of 7

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Subtotal General Appropriations	\$ 29,101,712.02	\$ 29,108,780.62	\$ 27,117,096.53	\$ 1,981,602.10	\$ 10,081.99
Reserve for Uncollected Taxes	1,239,255.82	1,239,255.82	1,239,255.82	-	-
Total General Appropriations	\$ 30,340,967.84	\$ 30,348,036.44	\$ 28,356,352.35	\$ 1,981,602.10	\$ 10,081.99
Budget Added by N.J.S. 40A:4-87		\$ 30,340,967.84			
		7,068.60			
		\$ 30,348,036.44			
Disbursements			\$ 26,183,878.51		
Capital Note Paydown			42,000.00		
Reserve for:					
Encumbrances			767,322.40		
Uncollected Taxes			1,239,255.82		
Interfund - Grant Fund			123,895.62		
			\$ 28,356,352.35		

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

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

TRUST FUNDS

Exhibit B

STATEMENT OF ASSETS, LIABILITIES, RESERVES

Sheet 1 of 2

AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Assessment Trust Fund:		
Cash	\$ 12,409.42	\$ 11,884.49
Assessments Receivable	20,719.25	30,628.67
	<u>33,128.67</u>	<u>42,513.16</u>
Animal Control Trust Fund:		
Cash	<u>770.88</u>	<u>8,007.70</u>
Other Trust Fund:		
Cash	5,371,034.97	4,330,644.76
Investment in Bond Anticipation Notes	4,150,000.00	5,000,000.00
Interfund - Current Fund	908,718.85	547,240.92
Police Special Duty Receivable	59,296.24	127,252.67
	<u>10,489,050.06</u>	<u>10,005,138.35</u>
Length of Service Awards Program Fund (LOSAP):		
Funds Held by Trustee	<u>1,308,815.29</u>	<u>1,128,431.53</u>
	<u>\$ 11,831,764.90</u>	<u>\$ 11,184,090.74</u>

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

TRUST FUNDS

Exhibit B

STATEMENT OF ASSETS, LIABILITIES, RESERVES

Sheet 2 of 2

AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>Liabilities and Reserves</u>		
Assessment Trust Fund:		
Fund Balance	\$ 9,909.42	\$ 9,384.49
Prepaid Assessment	2,500.00	2,500.00
Reserve for Assessments and Liens	20,719.25	30,628.67
	<u>33,128.67</u>	<u>42,513.16</u>
Animal Control Trust Fund:		
Reserve for Animal Control Fund Expenditures	<u>770.88</u>	<u>8,007.70</u>
Other Trust Fund:		
Miscellaneous Reserves	9,580,331.21	9,457,897.43
Open Space and Recreation Trust	908,718.85	547,240.92
	<u>10,489,050.06</u>	<u>10,005,138.35</u>
Length of Service Awards Program Fund (LOSAP):		
Reserve for Length of Service Awards Program (LOSAP)	<u>1,308,815.29</u>	<u>1,128,431.53</u>
	<u>\$ 11,831,764.90</u>	<u>\$ 11,184,090.74</u>

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

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

ASSESSMENT TRUST FUND

Exhibit B-1

STATEMENT OF FUND BALANCE

Balance December 31, 2022	\$ 9,384.49
Increased by:	
Collection of Unpledged Assessments	9,909.42
	<u>19,293.91</u>
Decreased by:	
Fund Balance Anticipated in Current Fund	<u>9,384.49</u>
Balance December 31, 2023	\$ <u><u>9,909.42</u></u>

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

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C

STATEMENT OF ASSETS, LIABILITIES, RESERVES

AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$ 4,469,427.14	\$ 4,725,927.61
Due from M.C.I.A.	82,876.31	77,522.81
Grants Receivable	-	90,931.94
Grants Receivable with Offsetting Reserve	219,420.00	-
Deferred Charges to Future Taxation:		
Funded	31,639,000.00	34,894,000.00
Unfunded	13,112,870.00	5,887,870.00
Leased Assets under Capital Leases	1,776,000.00	2,165,000.00
	<u>\$ 51,299,593.45</u>	<u>\$ 47,841,252.36</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Capital Improvement Fund	\$ 179,181.40	\$ 64,181.40
Improvement Authorizations:		
Funded	2,370,510.56	1,043,517.27
Unfunded	6,502,086.68	2,315,820.90
Reserve for Encumbrances	1,448,877.91	2,809,790.83
General Serial Bonds	31,639,000.00	34,894,000.00
M.C.I.A. Lease Payable	1,776,000.00	2,165,000.00
Bond Anticipation Notes	6,800,000.00	3,500,000.00
Reserve for:		
Curbs and Sidewalks	190,487.85	190,487.85
Debt Service - Library Contribution	70,000.00	70,000.00
Grant Receivable	219,420.00	-
Fund Balance	104,029.05	788,454.11
	<u>\$ 51,299,593.45</u>	<u>\$ 47,841,252.36</u>

On December 31, 2023 and December 31, 2022, there were bonds and notes authorized but not issued of \$6,312,870.00 and \$2,387,870.00, respectively.

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

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-1

STATEMENT OF FUND BALANCE - REGULATORY BASIS

Balance December 31, 2022			\$ 788,454.11
Increased by:			
Premium on Sale of Notes	\$ 14,000.00		
Improvement Authorizations Cancelled	<u>66,574.94</u>		
		<u>80,574.94</u>	
			<u>869,029.05</u>
Decreased by:			
Anticipated in Current Fund as			
Revenue	100,000.00		
Appropriation to Finance Improvement			
Authorizations	<u>665,000.00</u>		
		<u>765,000.00</u>	
Balance December 31, 2023			\$ <u><u>104,029.05</u></u>

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

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

SEWER UTILITY FUND

Exhibit D

STATEMENT OF ASSETS, LIABILITIES, RESERVES

Sheet 1 of 2

AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Operating Fund:		
Cash and Cash Equivalents	\$ 1,340,809.03	\$ 1,484,363.27
Receivables with Full Reserves:		
Consumer Accounts Receivable	398,988.28	410,595.53
Total Operating Fund	<u>1,739,797.31</u>	<u>1,894,958.80</u>
Capital Fund:		
Cash and Cash Equivalents	1,427,748.15	2,562,458.45
Fixed Capital	6,846,627.59	6,846,627.59
Fixed Capital Authorized and Uncompleted	3,886,740.00	3,886,740.00
Total Capital Fund	<u>12,161,115.74</u>	<u>13,295,826.04</u>
	<u>\$ 13,900,913.05</u>	<u>\$ 15,190,784.84</u>

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

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

SEWER UTILITY FUND

Exhibit D

STATEMENT OF ASSETS, LIABILITIES, RESERVES

Sheet 2 of 2

AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Operating Fund:		
Appropriation Reserves	\$ 241,783.30	\$ 67,286.65
Reserve for Encumbrances	15,187.53	111,469.31
Prepaid Rents	4,569.05	5,824.48
Accrued Interest on Notes	10,600.00	-
	<u>272,139.88</u>	<u>184,580.44</u>
 Reserve for Receivables	398,988.28	410,595.53
Operating Fund Balance	1,068,669.15	1,299,782.83
Total Operating Fund	<u>1,739,797.31</u>	<u>1,894,958.80</u>
 Capital Fund:		
Capital Improvement Fund	475,187.54	470,819.29
Improvement Authorizations:		
Funded	26,000.73	39,198.71
Unfunded	1,011,386.92	1,651,231.00
Reserve for Encumbrances	544,123.76	1,023,213.75
Reserve for Encumbrances - Preliminary Costs	-	6,946.50
Reserve for:		
Amortization	6,846,627.59	6,846,627.59
Deferred Amortization	1,850,000.00	1,700,000.00
Bond Anticipation Notes	1,350,000.00	1,500,000.00
Fund Balance	57,789.20	57,789.20
Total Capital Fund	<u>12,161,115.74</u>	<u>13,295,826.04</u>
	<u>\$ 13,900,913.05</u>	<u>\$ 15,190,784.84</u>

On December 31, 2023 and 2022, there were bonds and notes authorized but not issued of \$686,740.00.

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

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

SEWER UTILITY FUND

Exhibit D-1

COMPARATIVE STATEMENT OF OPERATIONS AND

CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>2023</u>	<u>2022</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 700,000.00	\$ 758,475.73
Sewer Rents	3,182,079.47	3,151,952.45
Miscellaneous Revenue not Anticipated	107,019.00	207,339.99
Special Items:		
Fund Balances Anticipated:		
Sewer Assessment Fund	-	4,524.27
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	91,787.85	65,237.76
Total Income	<u>4,080,886.32</u>	<u>4,187,530.20</u>
<u>Expenditures</u>		
Operating	3,171,688.00	3,155,000.00
Capital Improvements	75,000.00	46,000.00
Debt Service	185,500.00	-
Deferred Charges and Statutory Expenditures	179,812.00	157,000.00
Total Expenditures	<u>3,612,000.00</u>	<u>3,358,000.00</u>
Excess in Revenue	468,886.32	829,530.20
Fund Balance January 1	1,299,782.83	1,228,728.36
	<u>1,768,669.15</u>	<u>2,058,258.56</u>
Decreased by:		
Utilization by Sewer Operating Budget	<u>700,000.00</u>	<u>758,475.73</u>
Fund Balance December 31	<u>\$ 1,068,669.15</u>	<u>\$ 1,299,782.83</u>

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

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

SEWER UTILITY FUND

Exhibit D-2

STATEMENT OF SEWER UTILITY CAPITAL FUND BALANCE

REGULATORY BASIS

Balance December 31, 2022 and 2023

\$ 57,789.20

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

SEWER UTILITY OPERATING FUND

Exhibit D-3

STATEMENT OF REVENUES - REGULATORY BASIS

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	\$ 700,000.00	\$ 700,000.00	\$ -
Miscellaneous	-	107,019.00	107,019.00
Sewer Rents	<u>2,912,000.00</u>	<u>3,182,079.47</u>	<u>270,079.47</u>
	<u>\$ 3,612,000.00</u>	<u>\$ 3,989,098.47</u>	<u>\$ 377,098.47</u>

Analysis of Miscellaneous Revenue

Hookup Fees	\$ 2,970.00
Interest on Delinquent Sewer Rents	13,370.47
Interest on Deposits	90,480.45
Other	<u>198.08</u>
	<u>\$ 107,019.00</u>

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

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

SEWER UTILITY OPERATING FUND

Exhibit D-4

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriated		Expended	
	Budget	Budget After Modification	Paid or Charged	Reserved
Operating				
Salaries and Wages	\$ 700,000.00	\$ 677,500.00	\$ 663,838.72	\$ 13,661.28
Other Expenses	945,688.00	1,018,188.00	886,148.16	132,039.84
Treatment Costs	1,377,500.00	1,327,500.00	1,326,651.22	848.78
Shared Service MRRSA	148,500.00	148,500.00	135,000.00	13,500.00
Capital Improvements				
Capital Outlay	75,000.00	75,000.00	-	75,000.00
Debt Service				
Payment of Note Principal	150,000.00	150,000.00	150,000.00	-
Interest on Notes	35,500.00	35,500.00	35,500.00	-
Statutory Expenditures				
Public Employees Retirement System	125,812.00	125,812.00	125,812.00	-
Contribution to Social Security System	54,000.00	54,000.00	47,266.60	6,733.40
	<u>\$ 3,612,000.00</u>	<u>\$ 3,612,000.00</u>	<u>\$ 3,370,216.70</u>	<u>\$ 241,783.30</u>
Reserve for Encumbrances			\$ 15,187.53	
Disbursements			3,319,529.17	
Accrued Interest on Notes			<u>35,500.00</u>	
			<u>\$ 3,370,216.70</u>	

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

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

GENERAL FIXED ASSETS ACCOUNT GROUP

Exhibit F

STATEMENT OF ASSETS AND LIABILITIES - REGULATORY BASIS

DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
General Fixed Assets:		
Land	\$ 19,958,921.24	\$ 19,958,921.24
Buildings	11,471,665.33	10,980,018.43
Equipment	7,434,746.69	6,553,114.14
Vehicles	7,926,119.90	6,309,133.54
	<u>\$ 46,791,453.16</u>	<u>\$ 43,801,187.35</u>
<u>Liabilities</u>		
Investment in General Fixed Assets	<u>\$ 46,791,453.16</u>	<u>\$ 43,801,187.35</u>

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

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

SWIM POOL UTILITY FUND

Exhibit S

STATEMENT OF ASSETS, LIABILITIES, RESERVES

AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Operating Fund:		
Cash and Cash Equivalents	\$ 419,093.86	\$ 375,373.15
Total Operating Fund	<u>419,093.86</u>	<u>375,373.15</u>
Capital Fund:		
Cash and Cash Equivalents	620,070.14	566,752.02
Fixed Capital	823,797.92	823,797.92
Fixed Capital Authorized and Uncompleted	445,800.00	445,800.00
Total Capital Fund	<u>1,889,668.06</u>	<u>1,836,349.94</u>
	<u>\$ 2,308,761.92</u>	<u>\$ 2,211,723.09</u>
 <u>Liabilities, Reserves and Fund Balance</u>		
Operating Fund:		
Appropriation Reserves	\$ 74,858.54	\$ 22,263.83
Reserve for Encumbrances	4,355.96	3,100.16
Accrued Interest on Notes	3,028.00	-
	<u>82,242.50</u>	<u>25,363.99</u>
Operating Fund Balance	<u>336,851.36</u>	<u>350,009.16</u>
Total Operating Fund	<u>419,093.86</u>	<u>375,373.15</u>
Capital Fund:		
Improvement Authorizations:		
Funded	34,668.02	3,842.02
Unfunded	381,510.00	423,510.00
Reserve for Encumbrances	14,492.12	-
Capital Improvement Fund	142,910.00	142,910.00
Reserve for Debt Service	50,000.00	-
Reserve for Amortization	823,797.92	823,797.92
Deferred Reserve for Amortization	64,290.00	22,290.00
Bond Anticipation Notes	378,000.00	420,000.00
Total Capital Fund	<u>1,889,668.06</u>	<u>1,836,349.94</u>
	<u>\$ 2,308,761.92</u>	<u>\$ 2,211,723.09</u>

On December 31, 2023 and 2022, there were bonds and notes authorized but not issued of \$3,510.00.

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

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

SWIM POOL UTILITY OPERATING FUND

Exhibit S-1

COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>2023</u>	<u>2022</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 127,540.00	\$ 155,000.00
Membership Fees	571,975.00	609,419.00
Miscellaneous Revenue not Anticipated	66,696.29	14,181.73
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	9,720.91	6,490.71
Total Income	<u>775,932.20</u>	<u>785,091.44</u>
<u>Expenditures</u>		
Operating	554,500.00	512,000.00
Capital Improvements	15,000.00	150,000.00
Debt Service	52,000.00	-
Deferred Charges and Statutory Expenditures	40,000.00	23,000.00
Total Budget	<u>661,500.00</u>	<u>685,000.00</u>
Refund of Prior Year Revenue	50.00	-
Total Expenditures	<u>661,550.00</u>	<u>685,000.00</u>
Excess in Revenue	114,382.20	100,091.44
Fund Balance January 1	<u>350,009.16</u>	<u>404,917.72</u>
	464,391.36	505,009.16
Decreased by:		
Utilization by Swim Pool Operating Budget	<u>127,540.00</u>	<u>155,000.00</u>
Fund Balance December 31	<u><u>\$ 336,851.36</u></u>	<u><u>\$ 350,009.16</u></u>

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

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

SWIM POOL UTILITY OPERATING FUND

Exhibit S-2

STATEMENT OF REVENUES - REGULATORY BASIS

	Anticipated Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 127,540.00	\$ 127,540.00	\$ -
Miscellaneous	-	66,696.29	66,696.29
Membership Fees	533,960.00	571,975.00	38,015.00
	<u>\$ 661,500.00</u>	<u>\$ 766,211.29</u>	<u>\$ 104,711.29</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

SWIM POOL UTILITY OPERATING FUND

Exhibit S-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriated		Expended	
	Budget	Budget After Modification	Paid or Charged	Reserved
Operating				
Salaries and Wages	\$ 320,000.00	\$ 320,000.00	\$ 320,000.00	\$ -
Other Expenses	234,500.00	234,500.00	168,860.17	65,639.83
Capital Improvements:				
Capital Outlay	15,000.00	15,000.00	6,080.85	8,919.15
Debt Service				
Payment of Note Principal	42,000.00	42,000.00	42,000.00	-
Interest on Notes	10,000.00	10,000.00	10,000.00	-
Statutory Expenditures				
Contribution to:				
Public Employees Retirement System	15,000.00	15,000.00	15,000.00	-
Social Security System	25,000.00	25,000.00	24,700.44	299.56
	<u>\$ 661,500.00</u>	<u>\$ 661,500.00</u>	<u>\$ 586,641.46</u>	<u>\$ 74,858.54</u>
Reserve for Encumbrances			\$	
Disbursements			572,285.50	
Accrued Interest on Notes			<u>10,000.00</u>	
			<u>\$ 586,641.46</u>	

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

**TOWNSHIP OF HOLMDEL
COUNTY OF MONMOUTH, NEW JERSEY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of the Township of Holmdel, County of Monmouth, New Jersey (the "Township"), include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Township as required by N.J.S. 40A:5-5. The financial statements of the Township do not include the operations of the Board of Education, first aid organization or volunteer fire companies which are subject to separate audits.

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organizations; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Township is obligated for the debt of the organization.

Except as noted below, the financial statements of the Township of Holmdel include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Holmdel, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Township of Holmdel do not include the operations of the local school district, inasmuch as their activities are administered by a separate board.

B. Descriptions of Funds

The GASB is the recognized standard-setting body for establishing governmental generally accepted accounting and financial reporting principles.

The accounting policies of the Township conform to the accounting principles applicable to municipalities which have been prescribed by the Division. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township accounts for its financial transactions through the following separate funds which differs from the fund structure required by generally accepted accounting principles ("GAAP"):

Current Fund - revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

Assessment Trust Fund - used to account for the financing of local improvements deemed to benefit the properties against which assessments are levied.

Animal Control Trust Fund - animal license revenues and expenditures.

Other Trust Fund - sundry deposits held for satisfactory completion of specific work; receipts and disbursements for dedicated purposes.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Descriptions of Funds (Continued)

General Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

Sewer Utility Operating Fund - revenues and expenditures necessary to operate a municipally-owned sewer collection system from user fees.

Sewer Utility Assessment Trust Fund - used to account for the financing of local utility improvements deemed to benefit the properties against which assessments are levied.

Sewer Utility Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of sewer capital facilities, other than those acquired through the Sewer Utility Operating Fund, including the status of bonds and notes authorized for said purposes.

Swim Pool Utility Operating Fund - revenues and expenditures necessary to operate a municipally-owned swimming pool from user fees.

Swim Pool Utility Capital Fund - receipt and disbursement of funds used for acquisition of capital facilities necessary to maintain and expand the municipally-owned swimming pool.

General Fixed Assets Account Group - used to account for fixed assets used in general government operations.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from GAAP applicable to local governmental units. The more significant differences are as follows:

A modified accrual basis of accounting is followed with minor exceptions.

Property Taxes and Other Revenues - property taxes and other revenues are recognized on a cash basis. Receivables for property taxes and other items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's Current Fund. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant Revenues - Federal and State grants, entitlement or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township's budget. Federal and State grant revenues received for purposes of capital projects financed by capital ordinances are recognized when received. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures - unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances - contractual orders at December 31, are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves - are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Deferred Charges - the regulatory basis of accounting utilized by the Township requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the respective balance sheets. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance. The status of deferred charges at December 31, 2023 is set forth in Note 8.

Compensated Absences - expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the Current Fund and the remaining obligations be recorded as a long-term obligation. The compensated absence liability at December 31, 2023 is set forth in Note 4.

Fund Balance - fund balances included in the current fund and utility operating funds represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Property Acquired for Taxes - is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded at its market value.

School Taxes - The Township is responsible for levying, collecting, and remitting school taxes for the Holmdel Township School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district for the period from July 1 to June 30, increased by the amount deferred at December 31, 2022 and decreased by the amount deferred at December 31, 2023.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

County Taxes - The Township is responsible for levying, collecting, and remitting county taxes for the County of Monmouth. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital and utility capital funds. Where an improvement is a "Local Improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Sale of Municipal Assets - cash proceeds from the sale of Township owned property may be reserved until utilized as an item of anticipated revenue in a subsequent year budget. Year end balances of such proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period that the terms of sales contracts become legally enforceable.

Interfunds - Advances in the Current Fund are reported as interfund receivables with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve.

Cash and Cash Equivalents - Cash and cash equivalents include petty cash, change funds, and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

New Jersey municipal units are required by N.J.S.A 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. *N.J.S.A. 40A:5-15.1* provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the government

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Cash and Cash Equivalents (Continued)

The cash management plan adopted by the Township requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires that the cost of inventories be reflected on the balance sheet until utilized and expended.

Reserve for Uncollected Taxes - The inclusion of the "reserve for uncollected taxes" appropriation in the Township's annual budget protects the Township from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Right to Use Leased Assets - the Township is obligated under a number of leases with the Monmouth County Improvement Authority. The related obligations are presented in Note 12 and are presented on the General Capital and Sewer Utility Capital Fund Balance Sheets in accordance with the regulatory reporting requirements. Interest and principal is charged to the budget based upon the cash basis. GAAP requires that the leased assets and related obligations be accounted for at present value in the General Fixed Assets Account Group and the General Long-Term Debt Group, respectively. GAAP also requires that the effective interest method be utilized to determine the interest expense.

General Fixed Assets - In accordance with the New Jersey Administrative Code, as promulgated by the Division, which differs in certain respects from GAAP, the Township is required to develop a fixed assets accounting and reporting system. Fixed assets acquired prior to December 31, 1996 are based on an inspection and appraisal prepared by an independent firm. All general fixed assets acquired after January 1, 1997 are recorded at cost.

Fixed assets used in governmental operations (general fixed assets) are required to be accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets are required to be valued at historical cost or estimated historical cost if actual historical cost is not available.

Depreciation is not recorded in the General Fixed Assets Account Group.

Expenditures for construction in progress are required to be recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Utility Fixed Assets - Accounting for utility fund “fixed capital” remains unchanged.

Property and equipment purchased by the Water-Sewer Utility Fund and Swim Pool Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contribution in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital funds represent charges to operations for the costs of acquisitions of property, equipment, and improvements.

Property and equipment of the Water-Sewer Utility Fund and the Swim Pool Utility Fund are not depreciated. Principal payments for Water-Sewer Utility and Swim Pool Utility debt are recorded as expenditures in their respective Statements of Operation.

During 2023 and 2022 the following changes occurred in the fixed assets of the Township:

	Balance	Expenditures		Balance
	Jan. 1, 2023	from		Dec. 31, 2023
		Current and	Deletions	
		Capital Funds		
General Fixed Assets Account Group:				
Land	\$ 19,958,921	\$ -	\$ -	\$ 19,958,921
Buildings	10,980,018	491,647	-	11,471,665
Equipment	6,553,114	881,633	-	7,434,747
Vehicles	6,309,134	1,725,655	108,669	7,926,120
	<u>43,801,187</u>	<u>3,098,935</u>	<u>108,669</u>	<u>46,791,453</u>
Sewer Utility Fund:				
Fixed Capital	6,846,628	-	-	6,846,628
Fixed Capital Authorized and Uncompleted	<u>3,886,740</u>	<u>-</u>	<u>-</u>	<u>3,886,740</u>
	<u>10,733,368</u>	<u>-</u>	<u>-</u>	<u>10,733,368</u>
Swim Pool Utility Fund:				
Fixed Capital	823,798	-	-	823,798
Fixed Capital Authorized and Uncompleted	<u>445,800</u>	<u>-</u>	<u>-</u>	<u>445,800</u>
	<u>1,269,598</u>	<u>-</u>	<u>-</u>	<u>1,269,598</u>
	<u>\$ 55,804,153</u>	<u>\$ 3,098,935</u>	<u>\$ 108,669</u>	<u>\$ 58,794,419</u>

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Utility Fixed Assets (Continued)

	Balance	Expenditures from		Balance
	Jan. 1, 2022	Current and Capital Funds	Deletions	Dec. 31, 2022
General Fixed Assets Account Group:				
Land	\$ 19,958,921	\$ -	\$ -	\$ 19,958,921
Buildings	6,773,828	4,206,190	-	10,980,018
Equipment	5,966,067	587,047	-	6,553,114
Vehicles	6,187,490	170,444	48,800	6,309,134
	<u>38,886,306</u>	<u>4,963,681</u>	<u>48,800</u>	<u>43,801,187</u>
Sewer Utility Fund:				
Fixed Capital	6,846,628	-	-	6,846,628
Fixed Capital Authorized and Uncompleted	1,200,000	2,686,740	-	3,886,740
	<u>8,046,628</u>	<u>2,686,740</u>	<u>-</u>	<u>10,733,368</u>
Swim Pool Utility Fund:				
Fixed Capital	823,798	-	-	823,798
Fixed Capital Authorized and Uncompleted	-	445,800	-	445,800
	<u>823,798</u>	<u>445,800</u>	<u>-</u>	<u>1,269,598</u>
	<u>\$ 47,756,732</u>	<u>\$ 8,096,221</u>	<u>\$ 48,800</u>	<u>\$ 55,804,153</u>

D. Financial Statements

The GASB Codification requires the financial statements of a governmental unit to be presented in accordance with GAAP. The Township presents its financial statements in accordance with another comprehensive basis of accounting as promulgated by the Division which differs from the financial statements required by GAAP. In addition, the Division requires the financial statements to be referenced to the supplementary schedules. This practice differs from GAAP.

E. Budgets and Budgetary Accounting

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by the Division in accordance with applicable statutes.

F. Impact of Recently Issued Accounting Principles

Recent Accounting Pronouncements

The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB adopts accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. The municipalities in the State of New Jersey do not prepare their financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. There are no recent GASB pronouncements that would have a significant impact on the Township's financial statements.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Accounting and Financial Reporting for Pensions

Under the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68 “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date” (an amendment of GASB Statement No. 68), local government employers (or non-employer contributing entity in a special funding situation) are required to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year.

If a state or local government employer or non-employer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or non-employer contributing entity that arise from other types of events.

Under GAAP, municipalities are required to recognize their proportionate share of net pension liability, deferred outflows of resources, deferred inflows of resources on the Statement of Net Position and the proportionate share of the pension related expense on the Statement of Activities.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c)(2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68.

In May of 2021, the New Jersey Division of Local Government Services issued Local Finance Notice 2021-10 which allows local units to disclose the most recently available information as it relates to the New Jersey Division of Pension and Benefits reporting on GASB 68. As of the date of this report the information for the period ended June 30, 2023 was not available, therefore the information dated June 30, 2022 is disclosed.

H. Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)

The Governmental Accounting Standards Board (GASB) has issued Statement no. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”. This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. It also requires the State of New Jersey to calculate and allocate to each participating member, for note disclosure purposes only, the OPEB net liability of New Jersey Health Benefits Local Government Retiree Plan (the Plan)

The statement does not alter the amount of funds that must be budgeted for OPEB payment under existing state law.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)
(Continued)

Under GAAP, municipalities are required to recognize the OPEB liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 75. The liability required to be displayed by GASB 75 is displayed as a separate line item in the Unrestricted Net Position area of the balance sheet.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the OPEB liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 75 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 75.

In May of 2021, the New Jersey Division of Local Government Services issued Local Finance Notice 2021-10 which allows local units to disclose the most recently available information as it relates to the New Jersey Division of Pension's reporting on GASB 75. As of the date of this report the information for the period ended June 30, 2023 was not available, therefore the information dated June 30, 2022 is disclosed.

NOTE 2. CASH AND CASH EQUIVALENTS

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation ("FDIC"), or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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

The market value of the collateral must equal five percent of the average daily balance of public funds; or If the public funds deposited exceed 75 percent of the funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

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

At year-end the carrying amount of the Township's deposits was \$37,028,556 and the bank balance amount was \$37,111,526. Of this amount \$250,000 was covered by federal depository insurance and a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered \$36,861,526.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

NOTE 2. CASH AND CASH EQUIVALENTS

B. Investments

a. When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, the Township may use available funds for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the Township:

- (1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (2) Government money market mutual funds.
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (4) Bonds or other obligations of the Township, or bonds or other obligations of school districts of which the Township is a part or within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- (6) Municipal investment pools.
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or
- (8) Agreements for the repurchase of fully collateralized securities, if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

b. Any investment instruments in which the security is not physically held by the Township shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Township and prevent unauthorized use of such investments.

c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature within one year. Collateralization of Fund investments is generally not required. "Other Than State" participants contribute up to one twentieth of one percent per year of the value of the aggregate units owned by them to establish a Reserve Fund, which is supplemented by the proportional interest of "Other Than State" participants in gains on investment transactions realized. The Reserve Fund is available to cover losses of "Other Than State" participants occasioned by the bankruptcy of an issuer of an investment held by the Fund and losses on sales of securities.

The Township investments at December 31, 2023 were \$4,528,000. This consisted of Bond Anticipation Notes loaned from the Current Fund or Other Trust Fund to the Capital Funds.

C. Cash Management Plan

In accordance with N.J.S. 40A:5-14, every municipality shall adopt a cash management plan and shall deposit and invest its funds pursuant to that plan. The plan shall be approved annually by majority vote of the governing and may be modified from time to time in order to reflect changes in federal or state law or regulations. The chief financial officer shall be charged with administering the plan.

When an investment in bonds maturing in more than one year is authorized, the maturity of those bonds shall approximate the prospective use of the funds invested.

The plan also requires a monthly report to the governing body summarizing all investments made or redeemed since the previous report and shall include, at a minimum, the specific detailed information as set forth in the statute.

D. Credit Risk Categories

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following categories described below:

	<u>Bank Balance</u>	
	<u>2023</u>	<u>2022</u>
<u>Depository Account</u>		
Insured:		
FDIC	\$ 250,000	\$ 250,000
GUDPA	36,861,526	36,624,541
Escrow Deposits		
Uninsured	<u>4,528,000</u>	<u>5,420,000</u>
	<u>\$ 41,639,526</u>	<u>\$ 42,294,541</u>

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

D. Credit Risk Categories (Continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Township does not have a formal policy for custodial credit risk. As a means of limiting the Township's exposure to fair value losses arising from interest rates, all investment maturities are less than one year.

The Township has no foreign currency risk exposure

State law limits investments as noted above.

During the year, the Township had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of the year, no such investments were held by the Township.

The Township places no limit on the amount that may be invested in any one issuer. At the close of the year, the Township had investments in Bond Anticipation Notes loaned from the Current Fund or Other Trust Fund to the Capital Funds.

NOTE 3. DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general municipal capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes are issued to temporarily finance capital projects, prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid. A second legal installment must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance and so on. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the municipality at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

A. Long-Term Debt

The Township's long-term debt is summarized as follows:

General Capital Fund - Serial Bonds

4.00% to 5.00% Refunding Bonds Issued, March 24, 2016, installment maturities to December 1, 2028	\$ 2,305,000
4.00% to 5.00% General Improvement Serial Bonds Issued December 21, 2019, installment maturities to December 1, 2019	5,235,000
2.00% General Improvement Serial Bonds Issued May 1, 2019, installment maturities to May 1, 2029	9,430,000
1.00% to 4.00% General Improvement Serial Bonds Issued November 22, 2023, installment maturities to November 15, 2037	<u>14,669,000</u>
	\$ <u>31,639,000</u>

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

The General Capital Fund bonds mature serially in installments to the year 2037. Aggregate debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 3,385,000	\$ 897,090
2025	3,475,000	791,840
2026	3,540,000	677,290
2027	3,650,000	560,490
2028	3,743,000	437,590
2029-2033	8,646,000	983,640
2034-2037	<u>5,200,000</u>	<u>260,000</u>
Total	\$ <u>31,639,000</u>	\$ <u>4,607,940</u>

B. Short-Term Debt

On December 31, 2023, the Township's outstanding Bond Anticipation Notes were as follows:

General Capital Fund

<u>Ordinance Number</u>	<u>General Capital Fund</u>	<u>Amount</u>	<u>Interest Rate</u>
2022-07	Various Capital Improvements	\$ 2,800,000	2.79%
2022-07	Various Capital Improvements	\$ 1,900,000	4.50%
2022-23	Improvements to Takolusa Drive	<u>\$ 2,100,000</u>	4.50%
		<u>\$ 6,800,000</u>	

Sewer Utility Capital Fund

<u>Ordinance Number</u>	<u>Sewer Utility Capital Fund</u>	<u>Amount</u>	<u>Interest Rate</u>
2022-08	Sewer Utility Improvements	<u>\$ 1,350,000</u>	2.79%

Swim Utility Capital Fund

<u>Ordinance Number</u>	<u>Swim Utility Capital Fund</u>	<u>Amount</u>	<u>Interest Rate</u>
2019-29	Various Capital Improvements	<u>\$ 378,000</u>	2.79%

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

NOTE 3. DEBT (CONTINUED)

C. Bonds and Notes Authorized but not Issued

At December 31 the Township had authorized but not issued bonds and notes as follows:

	<u>2023</u>	<u>2022</u>
General Capital Fund	\$ 6,312,870	\$ 2,387,870
Sewer Utility Capital Fund	686,740	686,740
Swim Pool Utility Capital Fund	3,510	3,510

D. Borrowing Power

New Jersey statutes limit the debt of a municipality to 3.5% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Township's statutory net debt at December 31, 2023 was .897%. The Township's remaining borrowing power is 2.603%.

The summary of municipal debt for the last three years and the calculation of statutory net debt is presented in the Supplementary Data section of this report.

E. Summary of Debt Activity

During 2023 and 2022 the following changes occurred in the debt of the Township:

	<u>Balance</u> <u>Jan. 1, 2023</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Due Within</u> <u>One Year</u>
General Debt:					
Serial Bonds	\$ 34,894,000	\$ -	\$ 3,255,000	\$ 31,639,000	\$ 3,385,000
Bond Anticipation Notes	3,500,000	4,000,000	700,000	6,800,000	6,800,000
Sewer Utility Fund Debt:					
Bond Anticipation Notes	1,500,000	-	150,000	1,350,000	1,350,000
Swim Utility Fund Debt:					
Bond Anticipation Notes	420,000	-	42,000	378,000	378,000
	<u>\$ 39,894,000</u>	<u>\$ 4,000,000</u>	<u>\$ 4,105,000</u>	<u>\$ 39,789,000</u>	<u>\$ 11,535,000</u>

	<u>Balance</u> <u>Jan. 1, 2022</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Due Within</u> <u>One Year</u>
General Debt:					
Serial Bonds	\$ 38,064,000	\$ -	\$ 3,170,000	\$ 34,894,000	\$ 3,255,000
Green Trust Loans	178,232	-	178,232	-	-
Bond Anticipation Notes	6,299,000	3,500,000	6,299,000	3,500,000	3,500,000
Sewer Utility Fund Debt:					
Bond Anticipation Notes	-	1,500,000	-	1,500,000	1,500,000
Swim Utility Fund Debt:					
Bond Anticipation Notes	-	420,000	-	420,000	420,000
	<u>\$ 44,541,232</u>	<u>\$ 5,000,000</u>	<u>\$ 9,647,232</u>	<u>\$ 39,894,000</u>	<u>\$ 8,255,000</u>

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

NOTE 4. ACCRUED UNUSED SICK BENEFITS

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's liability related to unused sick pay. The Township permits certain employees within limits to accumulate unused sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current cost of such unpaid compensation approximates \$383,128 and \$288,286 at December 31, 2023 and 2022, respectively. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

NOTE 5. FUND BALANCES APPROPRIATED

The fund balances at December 31 which have been appropriated and included as anticipated revenue in the introduced municipal budget for the year ending December 31 of the succeeding years are as follows:

	<u>2023</u>	<u>2022</u>
Current Fund	\$ 6,185,000	\$ 5,127,000
Sewer Utility Fund	671,000	700,000
Swim Pool Utility Fund	227,500	127,540

NOTE 6. TAXES AND SEWER CHARGES COLLECTED IN ADVANCE

Taxes and sewer charges collected in advance set forth as cash liabilities in the financial statements, are as follows:

	<u>Balance December 31</u>	
	<u>2023</u>	<u>2022</u>
Prepaid Taxes	\$ 738,530	\$ 709,564
Prepaid Sewer Utility Charges	4,569	5,824

NOTE 7. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

New Jersey statutes require that taxable valuation of real property be prepared by the Township Tax Assessor as of October 1 in each year and filed with the County Board of Taxation (the "Board") by January 10 of the following year. Upon the filing of certified adopted budgets by the Township, Regional School District and County, the tax rate is struck by the Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Township Tax Collector (the "Collector") on or before May 13th.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

NOTE 7. ASSESSMENT AND COLLECTION OF PROPERTY TAXES (CONTINUED)

Tax bills are prepared then mailed by the Collector of the Township annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The N.J. Statutes allow a grace period of 10 days for each payment period and the Township granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% or 18% of the amount delinquent. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

NOTE 8. DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED

Upon the authorization of capital projects, the Township establishes deferred charges for the cost of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to the New Jersey Statutes Annotated 40A:2-4, the Township may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Township raises the debt requirements for the particular year in the current budget. As funds are raised, the deferred charges are reduced.

NOTE 9. SCHOOL TAXES

Local District School Taxes have been raised and liabilities deferred. Section 13 of P.L. 1991, C. 63 required that any municipality that levied school taxes on a school year basis shall defer from the 1991 municipal purposes tax levy at least 25% of the amount allowable to be deferred (which is 50% (fifty percent) of the levy). The remainder of the allowable amount shall be deferred from the levy in each of the next three years (1992-1994). The amounts so deferred shall be regarded as fund balance and shall be used to offset the local property tax levy for local purposes. In 1992 at least 50% of the amount allowable to be deferred from the 1992 tax levy was required to offset the 1993 local property tax levy and the total amount of deferral at December 31, 1993 was 75% of the amount allowable to be deferred based on the 1993 tax levy.

In 1994 Section 13, P.L. 1991, C. 63 was amended to provide municipalities with the option to determine the percentage if any of the amount allowable to be deferred to offset the local property tax levy for local purposes.

	<u>Local District School Tax</u>	
	<u>Balance December 31</u>	
	<u>2023</u>	<u>2022</u>
Balance of Tax	\$ 30,757,860	\$ 29,609,530
Deferred	<u>25,147,113</u>	<u>25,147,113</u>
Tax Payable	\$ <u>5,610,747</u>	\$ <u>4,462,417</u>

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

NOTE 10. LEASE OBLIGATIONS

As described in Note 1, the Township has entered a Capital Equipment Pooled Lease with the Monmouth County Improvement Authority. The Lease in 2022 is for \$2,329,000 with interest rates between 4% and 5% installment maturities through October 2031. The balance at December 31, 2023 is \$1,776,000.

Following are the maturities and debt schedule for the outstanding principal and interest on the leases:

<u>Year Ending December 31</u>	<u>General Capital</u>	
	<u>Principal</u>	<u>Interest and Fees</u>
2024	\$ 297,000	\$ 82,380
2025	312,000	67,530
2026	328,000	51,930
2027	154,000	38,810
2028	160,000	32,650
2029-2031	<u>525,000</u>	<u>53,400</u>
	<u>\$ 1,776,000</u>	<u>\$ 326,700</u>

The Township 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. The Township is a member of the Mid-Jersey Municipal Joint Insurance Fund, and the Municipal Excess Liability Fund, public entity risk pools currently operating as a common risk management and insurance programs for municipalities within the state. The Township pays an actuarially determined annual assessment to Mid-Jersey Municipal Joint Insurance Fund for its insurance coverage and that of the Municipal Excess Liability Fund. Supplemental assessments may be levied to supplement the funds. The Township has not been notified on any supplemental assessments.

NOTE 11. RISK MANAGEMENT

The Township 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. The Township is a member of the Mid-Jersey Municipal Joint Insurance Fund, and the Municipal Excess Liability Fund, public entity risk pools currently operating as a common risk management and insurance programs for municipalities within the state. The Township pays an actuarially determined annual assessment to Garden State Municipal Joint Insurance Fund for its insurance coverage and that of the Municipal Excess Liability Fund. Supplemental assessments may be levied to supplement the funds. The Township has not been notified on any supplemental assessments.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

NOTE 12. CONTINGENT LIABILITIES

State and Federal Financial Assistance

The Township receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2023, the Township estimates that no material liabilities will result from such audits.

Pending Litigation

There are actions which have been instituted against the Township which are either in the discovery stage or whose final outcome cannot be determined at the present time. In the opinion of the administration, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Township.

It is the opinion of the Township officials that there is no litigation threatened or pending that would materially affect the financial position of the Township or adversely affect the Township's ability to levy, collect and enforce the collection of taxes or other revenue for the payment of its bonds or other obligations.

The Township officials believe that negligence and other types of liability suits, of which the Township is aware, appear to be within the stated policy limits and would be deferred by the respective carriers.

Lease Guarantee

The Township adopted two ordinances wherein it guarantees the payment of principal and interest on three capital leases between the Holmdel Township Board of Education and the Monmouth County Improvement Authority. The outstanding principal balance at December 31, 2023 is \$1,442,000.

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2023:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ -	\$ 1,186,741
Grant Fund	275,806	-
Other Trust Fund	908,719	-
	\$ <u>1,186,741</u>	\$ <u>1,186,741</u>

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED) **YEAR ENDED DECEMBER 31, 2023**

NOTE 14. UNEMPLOYMENT COMPENSATION INSURANCE

Effective January 1, 1978, most municipal employees were eligible for unemployment compensation insurance (N.J.S.A. 43:21-3 et seq.) The Township has elected to provide a self-insured plan whereby the municipal cost and employee contributions are deposited in a trust fund from which claims, if any, will be paid. A portion of funds collected from employees are transmitted to the State. The Reserve for Unemployment Trust at December 31, 2023 and 2022 is \$136,827 and \$153,373, respectively.

NOTE 15. DEFERRED COMPENSATION

The Township has instituted a Deferred Compensation Plan ("Plan") pursuant to Section 457 of the Internal Revenue Code and P.L. 1977, C. 381; P.L. 1978, C. 39; P.L. 1980, C. 78; and P.L. 1997, C. 116 of the Statutes of New Jersey.

The Plan is an arrangement whereby a public employer may establish a Plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more of the types of investments permitted under the governing regulations.

The Township has engaged a private contractor to administer the Plan.

NOTE 16. LENGTH OF SERVICE AWARD PROGRAM

The Township has established a Volunteer Length of Service Award Plan ("LOSAP") ("Plan") to ensure retention of the Township's volunteer firefighters and first aid squad members. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a length of service award plan under Section 457(e)11 of the Internal Revenue Code".

Annual Contributions - The annual contribution to be made by the Township for each active volunteer member shall be \$1,150 per year of active emergency service, commencing with the year 2005.

Appropriations - Appropriations for the purpose of funding the Township's LOSAP shall be included as a separate line item in the Township's budget, commencing with the year 2005.

Periodic Increases - Notwithstanding the provisions above, the annual contribution to be made by the Township for each active volunteer member shall be subject to periodic increases based upon the "consumer price index factor" pursuant to subsection f. of section 3 of P.L. 1997, c. 388 (N.J.S.A. 40A:14-185).

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

NOTE 16. LENGTH OF SERVICE AWARD PROGRAM (“LOSAP”)

Criteria for Eligibility; Contributions; Points - Any active volunteer member shall be eligible to participate in the LOSAP Plan immediately upon commencement of the member’s performance of active voluntary services in the emergency service organization. Annual contributions shall only be made by the Township, however, for those active volunteer members who have earned the minimum number of points for performing certain volunteer services on a yearly basis.

Determination as to Eligibility - Each emergency service organization shall provide to the Township Administrator, acting as the Plan Administrator of LOSAP Plan, a certified list as to the active volunteer members who are initially eligible to participate in the Plan and those who are eligible to participate as each January 1 thereafter. The Plan Administrator shall forward said certified list to the Township Committee for approval, in accordance with the provision of N.J.A.C. 5:30-14.10. The decision of the Township Committee as to such active member’s eligibility shall be binding upon the Plan Administrator, participants, beneficiaries and any and all other persons having an interest hereunder, subject to appropriate judicial review.

Terms of Participation - The Plan Administrator shall have the right to require any active volunteer member at the time of his or her becoming a participant to agree, in writing, to be bound by the terms, covenants and conditions of the LOSAP and accompanying trust. Each participant shall furnish to the Plan Administrator all pertinent information required for the administration of the LOSAP. The Plan Administrator shall rely upon all such information furnished.

Vesting - The active volunteer member shall not be permitted to receive a distribution of the fund in his or her LOSAP account until the completion of a five-year vesting period.

Termination of Service - Any participant who terminates service as an active volunteer member shall cease to participate hereunder. A former participant may resume participation immediately upon returning to the service of the emergency service organization as an active volunteer member. Any active volunteer member who terminates service with the emergency service organization, subsequently returns to service and again becomes a participant shall be treated as a new participant for purposes of eligibility unless said participant was fully vested prior to his or her termination from service.

Reporting Requirements - The LOSAP Trust Fund has not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as part of our audit of the Borough’s financial statements.

N.J.A.C.5:30-14.49 requires that the Borough perform a separate review report of the Plan in accordance with the American Institute of Certified Public Accountants Statements for Accounting and Auditing Review Services.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

NOTE 17. PENSION OBLIGATIONS

The pension information presented in this notes is based upon the latest information provided by the State of New Jersey, Division of Pensions and Benefits.

A. Public Employees' Retirement System (PERS) (Continued)

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

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

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

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

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

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

NOTE 17. PENSION OBLIGATIONS (CONTINUED)

A. Public Employees' Retirement System (PERS) (Continued)

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

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2022 the State's pension contribution was more than the actuarial determined amount. For fiscal year 2021 the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2013 and will be adjusted by the rate of return on the actuarial value of assts. Township contributions to PERS amounted to \$791,363 for 2022.

Components of Net Pension Liability - At December 31, 2022, the Township's proportionate share of the PERS net pension liability is valued to be \$9,470,501. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2021, to the measurement date of June 30, 2022. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2022. The Township's proportion measured as of June 30, 2022, was .06275%, which was an increase of .00672% from its proportion measured as of June 30, 2021.

Collective Balances at December 31, 2022 and December 31, 2021

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Actuarial Valuation Date (including roll forward)	July 1, 2022	July 1, 2021
Deferred Outflows of Resources	\$ 1,796,034	\$ 692,982
Deferred Inflows of Resources	2,026,502	4,883,177
Net Pension Liability	9,470,501	6,637,529
Township's Portion of the Plan's Total		
Net Pension Liability	0.06275%	0.05603%

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

NOTE 17. PENSION OBLIGATIONS (CONTINUED)

A. Public Employees' Retirement System (PERS) (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2022, the Township's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2022 measurement date was a net credit of \$319,564. This credit is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$656,170 to the plan in 2022.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 68,354	\$ 60,278
Changes of assumptions	29,343	1,418,109
Net difference between projected and actual earnings on pension plan investments	391,975	-
Changes in proportion	<u>1,306,362</u>	<u>548,115</u>
	<u>\$ 1,796,034</u>	<u>\$ 2,026,502</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension expense as follows:

<u>Year Ending December 31</u>	<u>PERS</u>
2023	\$ (660,721)
2024	(262,226)
2025	(50,190)
2026	591,986
2027	<u>150,683</u>
	<u>\$ (230,468)</u>

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2023

NOTE 17. PENSION OBLIGATIONS (CONTINUED)

A. Public Employees' Retirement System (PERS) (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Year of Pension Plan Deferral:		
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	5.21	-
June 30, 2020	5.16	-
June 30, 2021	-	5.13
June 30, 2022	-	5.04
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	5.13	5.04
Differences between projected and actual investment earnings on pension plan investments		
Year of Pension Plan Deferral:		
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	5.00	-
June 30, 2022	5.00	-
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21
June 30, 2020	5.16	5.16
June 30, 2021	5.13	5.13
June 30, 2022	5.04	5.04

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

NOTE 17. PENSION OBLIGATIONS (CONTINUED)

A. Public Employees' Retirement System (PERS) (Continued)

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

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%
Mortality Rate Table	Pub-2010
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2018 - June 30, 2021

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.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2023

NOTE 17. PENSION OBLIGATIONS (CONTINUED)

A. Public Employees' Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return (Continued)

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. equity	27.00%	8.12%
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>86.50%</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 these assumptions, the pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Municipal bond rates of 2.16% as of June 30, 2021 and 3.54% as of June 30, 2022 were used in the development of the blended GASB discount rate after the Plan's fiduciary net position was no longer sufficient to make future benefit payments, when applicable. As selected by the State Treasurer, the rates are based on the Bond Buyer GO 20-Bond Municipal Bond Index. As of June 30, 2022, based on the assumptions above, the pension Plan's fiduciary net position is expected to be sufficient to make all projected future benefit payments for current Plan members; therefore, the GASB discount rate as of June 30, 2022 is equal to the long-term rate of return of 7.00%.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

NOTE 17. PENSION OBLIGATIONS (CONTINUED)

A. Public Employees' Retirement System (PERS) (Continued)

Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<u>Decrease</u> <u>(6.00%)</u>	<u>Discount</u> <u>(7.00%)</u>	<u>Increase</u> <u>(8.00%)</u>
Township's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability associated with the Township	\$ 12,896,655	\$ 9,470,501	\$ 7,156,392

B. Police and Firemen's Retirement System (PFRS)

As of the date of this report, the New Jersey Division of Pension and Benefits has not provided updated actuarial valuations for pension obligations for the year ended June 30, 2022. The New Jersey Division of Pension and Benefits will post these reports on their website as they are made available. The footnote below includes the most current information made publicly available, which had a reporting date of June 30, 2021.

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

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represent membership tiers for PFRS:

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year if creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

NOTE 17. PENSION OBLIGATIONS (CONTINUED)

B. Police and Firemen's Retirement System (PFRS) (Continued)

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

Contributions - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2021, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Municipality contributions to PFRS amounted to \$2,022,432 for 2022.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

Net Pension Liability and Pension Expense - At December 31, 2022, the Township's proportionate share of the PFRS net pension liability is valued to be \$17,799,714. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2021, to the measurement date of June 30, 2022. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2022. The Township's proportion measured as of June 30, 2022, was .1556%, which was an increase of .00651% from its proportion measured as of June 30, 2021.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

NOTE 17. PENSION OBLIGATIONS (CONTINUED)

B. Police and Firemen's Retirement System (PFRS) (Continued)

Net Pension Liability and Pension Expense (Continued)

Collective Balances at December 31, 2022 and December 31, 2021

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Actuarial Valuation Date (including roll forward)	July 1, 2022	July 1, 2021
Deferred Outflows of Resources	\$ 4,716,443	\$ 2,450,942
Deferred Inflows of Resources	3,331,106	9,489,118
Net Pension Liability	17,799,714	10,889,948
Township's Portion of the Plan's Total		
Net Pension Liability	0.15550%	0.14900%

Pension Expense and Deferred Outflows/Inflows of Resources - Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2022, the Township's proportionate share of the PFRS expense, calculated by the plan as of the June 30, 2022 measurement date was an expense of \$535,371. This credit is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$1,736,432 to the plan in 2021.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 805,663	\$ 1,090,474
Changes of assumptions	48,782	2,240,632
Net difference between projected and actual earnings on pension plan investments	1,629,931	-
Changes in proportion	<u>2,232,067</u>	<u>-</u>
	\$ <u>4,716,443</u>	\$ <u>3,331,106</u>

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2023

NOTE 17. PENSION OBLIGATIONS (CONTINUED)

B. Police and Firemen's Retirement System (PFRS) (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense as follows:

<u>Year Ending December 31</u>	<u>PFRS</u>		
2023	\$ (443,857)		
2024	(122,525)		
2025	(95,563)		
2026	1,578,517		
2027	457,323		
Thereafter	11,442		
	<u>\$ 1,385,337</u>		
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	
Difference between Expected and Actual Experience			
Year of Pension Plan Deferral:			
June 30, 2017	5.59	-	
June 30, 2018	5.73	-	
June 30, 2019	-	5.92	
June 30, 2020	5.90	-	
June 30, 2021	-	6.17	
June 30, 2022	6.22	-	
Changes of Assumptions			
Year of Pension Plan Deferral:			
June 30, 2017	-	5.59	
June 30, 2018	-	5.73	
June 30, 2019	-	5.92	
June 30, 2020	-	5.90	
June 30, 2021	-	-	
June 30, 2022	-	6.22	

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

NOTE 17. PENSION OBLIGATIONS (CONTINUED)

B. Police and Firemen's Retirement System (PFRS) (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual investment earnings on pension plan investments		
Year of Pension Plan Deferral:		
June 30, 2018	-	5.00
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	-	5.00
June 30, 2022	5.00	-
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2017	5.59	5.59
June 30, 2018	5.73	5.73
June 30, 2019	5.92	5.92
June 30, 2020	5.90	5.90
June 30, 2021	6.17	6.17
June 30, 2022	6.22	6.22

Special Funding Situation - Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the state is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

NOTE 17. PENSION OBLIGATIONS (CONTINUED)

B. Police and Firemen's Retirement System (PFRS) (Continued)

Special Funding Situation (Continued)

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$3,167,827 as of December 31, 2022. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2021, to the measurement date of June 30, 2022. The State's proportion of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2022 was .15551%, which was an increase of .00657% from its proportion measured as of June 30, 2021, which is the same proportion as the Township's.

Township's Proportionate Share of the Net Pension Liability	\$ 17,799,714
State's Proportionate Share of the Net Pension Liability Associated with the Township	<u>3,167,827</u>
Total Net Pension Liability	\$ <u>20,967,541</u>

At December 31, 2022, the State's proportionate share of the PFRS expense, associated with the Township, calculated by the plan as of the June 30, 2022, measurement date was \$365,483.

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

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

NOTE 17. PENSION OBLIGATIONS (CONTINUED)

C. Police and Firemen's Retirement System (PFRS) (Continued)

Actuarial Assumptions (continued)

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all Future Years	3.25 - 15.25 Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010
Period of Actuarial Experience Study upon which Actuarial Assumptions were based	July 1, 2013 - June 30, 2018

Employee mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

NOTE 17. PENSION OBLIGATIONS (CONTINUED)

B. Police and Firemen's Retirement System (PFRS) (Continued)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2021 are summarized in the following table:

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. equity	27.00%	8.12%
Non-U.S. 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	2.00%	4.95%
Private credit	8.00%	8.10%
Investment grade credit	8.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. treasuries	5.00%	1.75%
Risk mitigation strategies	3.00%	4.91%
	<u>100.00%</u>	

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

NOTE 17. PENSION OBLIGATIONS (CONTINUED)

B. Police and Firemen's Retirement System (PFRS) (Continued)

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 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 Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<u>Decrease (6.00%)</u>	<u>Discount (7.00%)</u>	<u>Increase (8.00%)</u>
Township's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability associated with the Township	\$ 24,423,130	\$ 17,799,714	\$ 12,285,688

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

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

As of the date of this report, the New Jersey Division of Pension and Benefits has not provided updated actuarial valuations for other postemployment benefit obligations for the year ended June 30, 2023. The New Jersey Division of Pension and Benefits will post these reports on their website as they are made available. The footnote below includes the most current information made publicly available, which had a reporting date of June 30, 2022.

Allocation Methodology - GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2022 were \$3,361,552,823 and \$12,729,372,321 respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2021 through June 30, 2022. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

Net OPEB Liability - The total 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. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Salary increases*:

Public Employees' Retirement System (PERS)

Rate for all future years 2.75% to 6.55% based on years of service

Police and Firemen's Retirement System (PFRS)

Rate for all future years 3.25% to 16.25% based on years of service

Mortality:

PERS

Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

PFRS

Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

* Salary increases are based on years of service within the respective plan.

Actuarial assumptions used in the July 1, 2021 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021

100% of active members are considered to participate in the Plan upon retirement.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Health Care Trend Assumptions - For pre-Medicare medical benefits, the trend is initially 6.25% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal years through 2023 are reflected. The assumed post-65 medical trend is 4.50% for all future years. For prescription drug benefits, the initial trend rate is 8.00% and decreased to 4.50% long-term rate after seven years.

Discount Rate - The discount rate for June 30, 2022 was 3.54%. This represents the municipal bond return rate as chosen by the State. 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.

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2022:

	<u>12/31/2022</u>	<u>12/31/2021</u>
Collective Deferred Outflows of Resources	\$ 2,993,464,316	\$ 3,001,822,350
Collective Deferred Inflows of Resources	8,504,994,107	6,947,492,748
Collective Net OPEB Liability	16,149,595,478	17,999,781,235
 Township's Portion	 0.389294%	 0.387716%

The collective amounts reported as a deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30</u>	
2023	\$ (1,463,380,541)
2024	(1,464,672,406)
2025	(1,156,630,075)
2026	(516,557,746)
2027	(115,810,526)
2028-2029	<u>(794,478,497)</u>
	 \$ <u>(5,511,529,791)</u>

Changes in Proportion - The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 7.82, 7.82, 7.87, 8.05, 8.14 and 8.04 years for the 2022, 2021, 2020, 2019, 2018 and 2017 amounts, respectively.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Plan Membership - At June 30, 2021, the Program membership consisted of the following:

	<u>June 30, 2021</u>
Active Plan Members	65,360
Retirees Currently Receiving Benefits	<u>33,684</u>
	<u>99,044</u>

Changes in the Total OPEB Liability - The change in the State's Total OPEB liability for the fiscal year ended June 30, 2022 (measurement date June 30, 2021) is as follows:

	<u>2022</u>	<u>2021</u>
Service Cost	\$ 796,654,029	\$ 846,075,674
Interest Cost	401,372,615	413,837,061
Changes of Benefit Terms	402,474,416	2,029,119
Differences Between Expected and Actual Experiences	572,046,963	(1,196,197,410)
Changes of Assumptions	(3,599,550,175)	339,165,715
Contributions From the Employer	(389,490,003)	(325,097,477)
Contributions From Non-Employer Contributing Entity	(45,792,081)	(37,777,433)
Gross Benefit Payments	-	(509,642,373)
Net Investment Income	(235,962)	(201,343)
Administrative Expense	<u>12,334,441</u>	<u>11,334,383</u>
Net Changes	<u>(1,850,185,757)</u>	<u>53,168,289</u>
Total OPEB Liability (Ending)	\$ <u>16,149,595,478</u>	\$ <u>17,999,781,235</u>

Special Funding Situation - Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

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 nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. 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 collective net OPEB liability that is associated with the local participating employer. The participating employer is required to record in the financial statements, as an expense and corresponding revenue, their proportionate share of the OPEB expense allocated to the State of New Jersey under the special funding situation.

TOWNSHIP OF HOLMDEL - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Special Funding Situation (Continued)

The participating employer allocations included in the supplemental schedule of employer special funding allocations and the supplemental schedule of special funding amounts by employer for each employer are provided as each employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the OPEB expense allocated to the State of New Jersey under the special funding situation and include their proportionate share of the collective net OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

The Township, by resolution of the governing body has elected to provide postretirement medical coverage to certain employees under the provisions of Chapter 330, P.L. 1997.

At June 30, 2022 and 2021, the State's proportionate share of the net OPEB liability attributable to the Township for special funding situation is \$13,134,038 and \$14,971,102, respectively.

At June 30, 2022, the Township's and State of New Jersey's proportionate share of the Net OPEB liability were as follows:

Township's Proportionate Share of the Net OPEB Liability	\$ -0-
State of New Jersey's Proportionate Share of Net OPEB Liability Associated with the Township	<u>13,134,038</u>
	\$ <u>13,134,038</u>

NOTE 19. TAX ABATEMENT

The Township has entered into several tax abatement agreements in order to provide incentives to redevelop areas that are in need of improvement or to create economic growth. These agreements are authorized under various New Jersey state statutes. The following represent the Township's tax abatement agreements for the year ended December 31, 2022:

<u>PILOT Billing</u>	<u>Taxes if Paid in Full</u>	<u>Abated Taxes</u>
\$ 4,082,156	\$ 6,114,266	\$ 2,032,110
2,608,622	3,867,511	1,258,889

NOTE 20. SUBSEQUENT EVENTS

None Noted.

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APPENDIX C

FORM OF APPROVING LEGAL OPINION

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ARCHER & GREINER, P.C.
ATTORNEYS AT LAW
Riverview Plaza
10 Highway 35
Red Bank, NJ 07701-5902
732-268-8000
FAX 732-345-8420

September 19, 2025

Mayor and Township Committee of the
Township of Holmdel
Sewell, New Jersey

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Township Committee of the Township of Holmdel, in the County of Monmouth, State of New Jersey (the "Township"), and other proofs submitted to us relative to the issuance and sale of the

\$8,885,000
BOND ANTICIPATION NOTES

TOWNSHIP OF HOLMDEL
IN THE COUNTY OF MONMOUTH
STATE OF NEW JERSEY

DATED: SEPTEMBER 19, 2025

The \$8,885,000 aggregate principal amount of Bond Anticipation Notes (the "Notes") of the Township are dated September 19, 2025, mature September 18, 2026 and bear interest at the rate of ____ and ____ hundredths percentum (____%) per annum. The Notes are issued in fully registered form, without coupons, initially registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), an automated depository for securities and clearing house for securities transactions. Individual purchases of the Notes will be made in book-entry only form in denominations of \$5,000, or in such amount necessary to issue the principal amount of the Note (subject to approval of the Chief Financial Officer of the Township). So long as DTC or its nominee is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made by the Township or a duly designated paying agent directly to Cede & Co., as nominee for DTC.

The bonds in anticipation of which the Notes are issued have been authorized pursuant to various bond ordinances of the Township, having been in all respects duly adopted by the Township Committee, approved by the Mayor, and published as required by law. The Notes are being issued to: (i) refund, on a current basis, prior bond anticipation notes of the Township issued in the aggregate principal amount of \$4,600,000 on September 23, 2024 and maturing September 22, 2025; (ii) refund, on a current basis, prior bond anticipation notes of the Township issued in the aggregate amount of \$4,285,000 on August 11, 2025 and maturing September 22, 2025; and (iii) pay the costs associated with the issuance of the Notes.

We are of the opinion that (i) such proceedings and proofs show lawful authority for the issuance and sale of the Notes pursuant to the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented, (ii) the Notes are valid and legally binding obligations of the Township, and (iii) all the taxable property within the Township is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for the payment of the principal of and interest on the Notes.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance and delivery of the Notes in order for interest thereon to be and remain excludable from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause the interest on the Notes to be included in gross income for Federal income tax purposes retroactive to the date of the issuance of the Notes. The Township has covenanted in its tax certificate relating to the Notes to maintain the exclusion of the interest on the Notes from gross income for Federal income tax purposes pursuant to section 103(a) of the Code.

In our opinion, under existing law, and assuming continuing compliance by the Township with the aforementioned covenant, under existing statutes, regulations, rulings and court decisions, interest on the Notes is not includable for Federal income tax purposes in the gross income of the owners of the Notes pursuant to Section 103 of the Code. Interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing federal alternative minimum tax; however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under the Code.

We are also of the opinion that, under existing laws of the State of New Jersey, interest on the Notes and any gain on the sale thereof is not includable in gross income under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended and supplemented.

We are further of the opinion that the Note constitutes a "qualified tax-exempt obligation" within the meaning of section 265(b)(3)(B) of the Code and, therefore, will be treated as if they were acquired on August 7, 1986 for purposes of the limitations on deductibility by financial institutions of interest expense allocable to tax-exempt interest.

Except as stated in the preceding three (3) paragraphs, we express no opinion as to any Federal, state or local tax consequences of the ownership or disposition of the Note. Furthermore, we express no opinion as to any Federal, state or local tax law consequences with respect to the Note, or the interest thereon, if any action is taken with respect to the Note or the proceeds thereof upon the advice or approval of other bond counsel.

This opinion is qualified to the extent that the enforceability of the rights or remedies with respect to the Notes may be limited by bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined the form of the unexecuted Note and, in our opinion, the form is regular and proper.

We express no opinion as to any matter not set forth above. The opinions expressed above are being rendered on the basis of federal law and the laws of the State of New Jersey as presently enacted and construed, and we assume no responsibility to advise any party as to changes in fact or law subsequent to the date hereof that may affect the opinions expressed above.

This is only an opinion letter and not a warranty or guaranty of the matters discussed herein.

This letter is being provided for your exclusive benefit pursuant to the requirements of the closing of the Notes and may not be provided to (except in connection with the preparation of a closing transcript with respect to the Notes) or relied upon by any other person, party, firm or organization without our prior written consent. Notwithstanding anything to the contrary herein, the undersigned acknowledges that this opinion is a governmental record subject to release under the New Jersey Open Public Records Act, N.J.S.A. 47:1A-1 *et seq.*, as amended and supplemented.

Very truly yours,

ARCHER & GREINER P.C.

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APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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**FORM OF CERTIFICATE OF COMPLIANCE WITH
SECONDARY MARKET DISCLOSURE REQUIREMENTS FOR THE NOTES**

I, WILLIAM E. ANTONIDES, JR., Chief Financial Officer of the Township of Holmdel, in the County of Monmouth, New Jersey (the "Township"), a body politic and corporate organized and existing under the laws of the State of New Jersey, DO HEREBY CERTIFY to [NAME/CITY/STATE], the purchaser (the "Purchaser") of \$8,885,000 aggregate principal amount of Bond Anticipation Notes of the Township dated September 19, 2025 and maturing September 18, 2026 (the "Notes"), in connection with the issuance of the Notes, that pursuant to the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented (the "Rule"), specifically subsections (d)(3) and (b)(5)(i)(C) thereof, the Township will provide notice of certain events (the "Notice") to the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Market Access system ("EMMA") as a PDF file to www.emma.msrb.org, of any of the following events with respect to the Notes herein described, as applicable: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (7) modifications to rights of Note holders, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution or sale of property securing repayment of the Notes, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the Township; (13) the consummation of a merger, consolidation, or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee for the Notes or the change of name of a trustee for the Notes, if material; (15) incurrence of a Financial Obligation (as defined below) of the Township, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Township, any of which affect security holders, if material; or (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

The term "Financial Obligation" shall mean a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) listed hereinabove. The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Whenever the Township (i) has or obtains knowledge of the occurrence of any of the aforementioned listed events not requiring a materiality determination, or (ii) determines that the occurrence of an aforementioned listed event requiring a materiality determination would be material to the holders of the Notes, the Township shall file a Notice of each such occurrence with the MSRB via EMMA on a timely basis not in excess of ten (10) business days after the occurrence of any of the aforementioned events.

The Township's obligations under this Certificate shall terminate upon the defeasance, prior redemption or payment in full of the Notes.

In the event the Township fails to comply with any provision of this Certificate, any Noteholder may take such action as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Township to comply with its obligations under this Certificate. Notwithstanding the above, the remedy for a breach of the provisions of this Certificate or the Township's failure to perform hereunder shall be limited to bringing an action to compel specific performance.

This Certificate shall inure solely to the benefit of the Township, the Purchaser and the holders from time to time of the Notes and shall create no further rights in any other person or entity hereunder.

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IN WITNESS WHEREOF, I have hereunto set my hand on behalf of the Township this 19th day of September, 2025.

TOWNSHIP OF HOLMDEL, NEW JERSEY

WILLIAM E. ANTONIDES, JR.,
Chief Financial Officer

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