

HOLLAND TOWNSHIP
BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

**HOLLAND TOWNSHIP BOARD OF EDUCATION
HOLLAND TOWNSHIP, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Prepared by

**HOLLAND TOWNSHIP BOARD OF EDUCATION
DEPARTMENT OF ADMINISTRATION**

**HOLLAND TOWNSHIP SCHOOL DISTRICT
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INTRODUCTORY SECTION

HOLLAND TOWNSHIP BOARD OF EDUCATION

2.0

714 Milford-Warren Glen Road
Milford, NJ 08848
PHONE: 908/995-2772 FAX: 908/995-2011

Emil Suarez
Superintendent

Abigail J. Postma
Business Administrator

November 9, 2011

Honorable President and
Members of the Board of Education
Holland Township School District
Milford, New Jersey 08848

Dear Board Members:

The comprehensive annual financial report of the Holland Township School District for fiscal year ended June 30, 2011, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organization chart and a listing of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multiyear basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and local Governments", and the State Treasury Circular Letter 98-07 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations, and findings and recommendations, is included in the single audit section of this report.

1. REPORTING ENTITY and its SERVICES:

The Holland Township School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Holland Township Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels pre-kindergarten through eight, as well as special education for handicapped children. The District completed 2011-2012 fiscal year with an average daily enrollment of 656 students in grades PK through 8. The following details the changes in the student enrollment of the District over the last ten years:

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2011	656.9	(0.95)
2010	663.2	(1.76)
2009	674.9	(1.4)
2008	683.8	(4.1)
2007	713.4	(.40)
2006	716.3	1.07
2005	708.7	3.50
2004	684.6	1.25
2003	676.2	(2.77)
2002	695.5	(.16)
2001	696.9	1.70
2000	685.0	3.55
1999	661.5	1.20

2. ECONOMIC CONDITION and OUTLOOK:

Holland Township is a rural community of 22.7 square miles. Much of the township remains undeveloped. GPU Energy, the township's largest taxpayer, provides gross receipts that help offset local taxes. With few other commercial properties in Holland Township to share in the tax base, a township population that includes a significant number of senior citizens on fixed incomes, and dwindling surplus and reduced state aid, homeowners continue to bear the burden of increased local taxes.

3. MAJOR INITIATIVES:

The K-8 Math curriculum was reviewed and revised to align the Kindergarten through fifth grade curriculum with the Common Core Standards as required by the State of New Jersey. "Reading across the Curriculum" and reading in the content areas continues to be a primary initiative of our district.

Based on student performance on the NJASK test and the need to close the achievement gap the district continued with the use SuccessMaker a diagnostic, prescriptive instructional software package from Pearson Digital Learning. The software will be used by classroom and academic support teachers to assist with improving student achievement.

The Holland Township School District embraces the importance of staff development. This comprehensive program includes sustained, job embedded professional development. Dr. James Gamble of the Finesville Institute of Innovative Teaching provides staff with ongoing professional development through seminars, small group meetings and professional dialog to provide staff with knowledge and skills in the areas of formative assessment, precision teaching strategies and the effective use of technology in the classroom.

4. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that adequate accounting data are compiled to allow for the preparation of financial

statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and, (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets approved for capital improvements are accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2011.

6. ACCOUNTING SYSTEM and REPORTS:

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

7. DEBT ADMINISTRATION:

As of June 30, 2011, the District's outstanding debt was \$269,000.

8. CASE MANAGEMENT:

The investment policy of the District is guided part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9. RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

10. OTHER INFORMATION:

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of William Colantano, Jr., P.C. was appointed by the Board to provide this service. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements set forth in state statutes; the audit was also designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Circular A-133 and State Treasury Circular Letter 98-07 OMB. The auditor's report on the general purpose financial statements and combined and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single section of this report.

11. ACKNOWLEDGEMENTS:

We would like to express our appreciation to the members of the Holland Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and, thereby, contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated service of our financial accounting staff.

Respectfully submitted,



Emil Suarez,
Superintendent



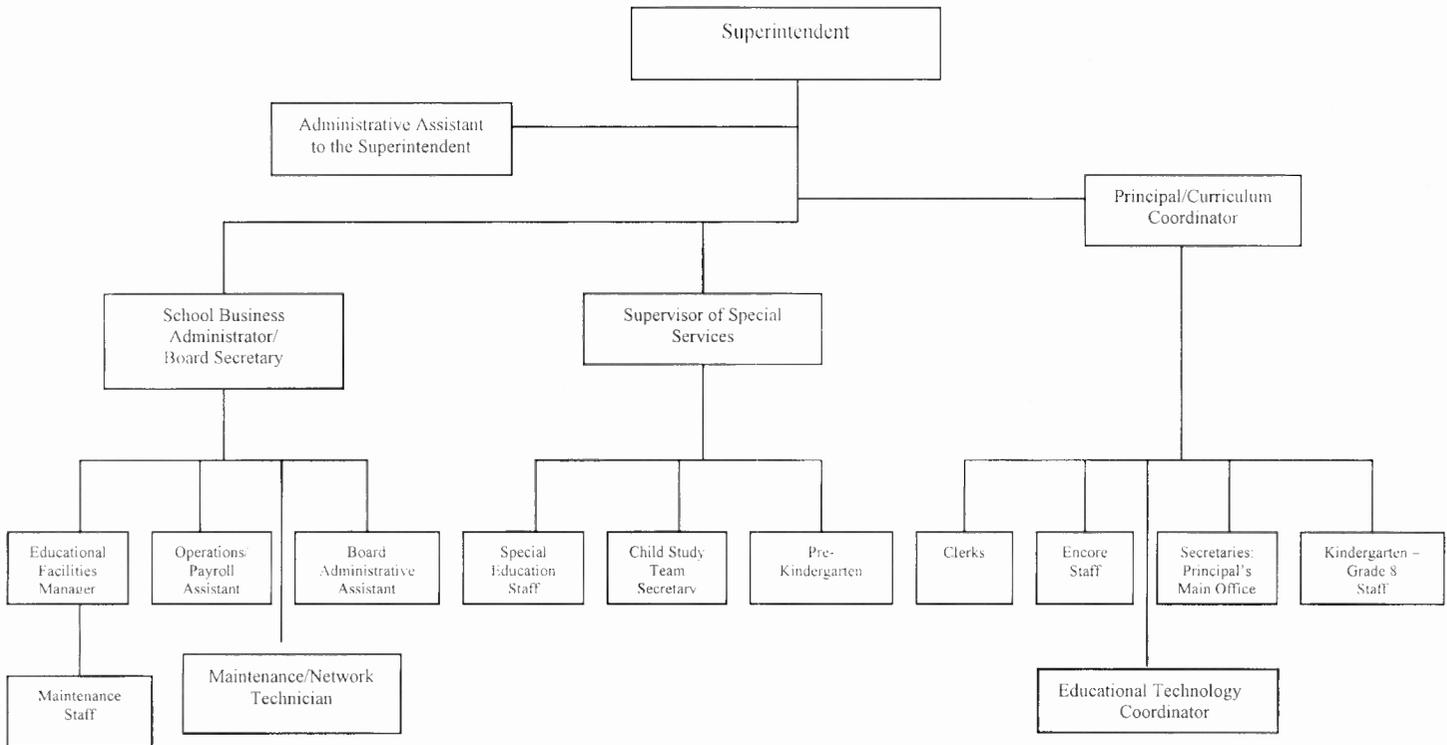
Abigail J. Postma, RSBA
Business Administrator/Board Secretary

POLICY

HOLLAND TOWNSHIP BOARD OF EDUCATION

ADMINISTRATION
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Organizational Chart

1110 ORGANIZATIONAL CHART



- Superintendent Evaluations
- Principal/Curriculum Coordinator
 - Supervisor of Special Services
 - School Business Administrator/Board Secretary
 - Administrative Assistant to the Superintendent
 - Educational Facilities Manager
 - Maintenance/Network Technician

Adopted: 25 May 2010



HOLLAND TOWNSHIP SCHOOL DISTRICT
MILFORD, NEW JERSEY

ROSTER OF OFFICIALS

Members of the Board of Education

Term Expires

Lorraine Scheibener	President	2013
John Geissler	Vice President	2013
John McDowall		2012
William Moebus		2014
Roger Schneider		2012
Vonnie Scott		2012
Joseph Somers		2014
William Soucie		2014
Kathy Vandenburg		2013

Other Officials

Emil Suarez, Superintendent

Abigail Postma, Board Secretary/School Business Administrator

Patti Fischer, Treasurer

HOLLAND TOWNSHIP SCHOOL DISTRICT
CONSULTANTS AND ADVISORS

Audit Firm

William M. Colantano, Jr., CPA
100 Route 31 North
Washington, NJ 07882-1530

Architect

Chapin Architectural Services PA
17 Main Street
Netcong, NJ 07857

Attorney

John Geppert
Schwartz Simon Edelstein & Celso LLC
100 South Jefferson Road
Suite 200
Whippany, NJ 07961

Official Depository

TD Banknorth
34 Bridge Street
Milford, NJ 08848

FINANCIAL SECTION

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

100 Route 31 North
Washington, NJ 07882 - 1530
Fax # (908) 689-8388
(908) 689-5002

INDEPENDENT AUDITOR'S REPORT

November 9, 2011

Honorable President and
Members of the Board of Education
Holland Township School District
County of Hunterdon, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Holland Township School District in the County of Hunterdon, as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Holland Township Board of Education management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Holland Township Board of Education in the County of Hunterdon, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated November 9, 2011 on our consideration of the Holland Township Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Holland Township Board of Education's basic financial statements. The accompanying introductory section, and other supplementary information, such as, the combining and individual fund financial statements, long-term debt schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by US Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid" and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



William M. Colantano, Jr.
Public School Accountant
No. CS 0128

REQUIRED SUPPLEMENTARY INFORMATION-PART I

HOLLAND TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED

10.0

This section of the Holland Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Our discussion and analysis of the Township of Holland School District financial activities for the fiscal year ended June 30, 2011. Please read in it conjunction with the transmittal letter on page 2 and the District's financial statements, which begin on page 13.

FINANCIAL HIGHLIGHTS

- In total, net assets increased \$341,225, which represents a 4.70 percent increase from 2010.
- General revenues accounted for \$10,640,009 in revenue or 95.30 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$525,007 or 4.70 percent to total revenues of \$11,165,016.
- Total assets of governmental activities decreased by \$23,249 as cash and cash equivalents increased by \$325,007 receivables decreased by \$128,676 and capital assets decreased by \$219,580.
- The School District had \$10,777,969 in expenses; only \$525,007 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues (primarily property taxes) of \$10,640,009 were adequate to provide for these programs.
- Among major funds, the General Fund had \$10,413,907 in revenues and \$10,090,750 in expenditures. After factoring in transfers to other funds of \$450,480, the General Fund balance decreased by \$127,323 over fiscal year 2010. This can be attributed to capital reserve funding of the local portion in the capital projects fund of \$450,480.

This annual report consists of three parts: Management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the district.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 13 and 14) provide information about the activities of the District as a whole and present a longer-term view on the District's finances. Fund financial statements start on page 16. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operation in more detail than the government-wide statements by providing information about the District's most financially significant funds.

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the District as a whole begins on page 13. One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in them. You can think of the District's net assets the difference between assets and liabilities, as one way to measure the District's financial health, or *financial position*. Over time, *increases* or *decreases* in the District's net assets are one indicator whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's property tax base and the condition of the District's capital assets to assess the overall *health* of the District.

In the Statement of Net Assets and the Statements of Activities, we divide the District into two kinds of activities:

- Governmental activities: most of the District's basic services are reported here, including general administration. Local taxes, tuition, and state and federal aid finance most of these activities.
- Business-type-activities: the District has one proprietary fund as shown on pages 21 through 23 which is the Food Service Fund.
- The Food Service Fund provides low cost, well balanced meals to the students and staff in the District.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 16 and provide detailed information about the most significant funds-not the District as a whole. Some funds are required to be established by State Law. The District's two kinds of funds, governmental and proprietary, use of different accounting approaches.

Governmental funds: most of District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statements of Activities) and governmental funds in a reconciliation on page 20.

Proprietary funds: when the District charges customers for the full cost of the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the District's enterprise funds (a component of business type funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for the Unemployment Compensation Trust and Agency Funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 24 and 25. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The District as a Whole

The Statement of Net Assets provides the perspectives of the District as a whole, showing assets, liabilities, and the difference between them (net assets). Net assets may serve over time as a useful indicator of a district's financial position.

HOLLAND TOWNSHIP SCHOOL DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011
 UNAUDITED

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a summary of the District's net assets at 6/30/11 with comparisons to 6/30/10.

**Table 1
 Net Assets**

	6/30/11	6/30/10	Variance	
			Dollars	%
Current & Other Assets	1,628,586	1,448,684	179,902	12.42
Capital Assets	6,897,654	7,115,480	(217,826)	(3.06)
Total Assets	8,526,240	8,564,164	(37,924)	(0.44)
Long-Term Liabilities	611,569	936,760	(325,191)	(34.71)
Other Liabilities	307,824	361,782	(53,958)	(14.91)
Total Liabilities	919,393	1,298,542	(379,149)	(29.20)
Net Assets				
Invested in Capital Assets,				
Net of Related Debt	6,628,654	6,581,480	47,174	0.72
Restricted	551,704	460,293	91,411	19.86
Unrestricted	426,489	223,849	202,640	90.53
Total Net Assets	7,606,847	7,265,622	341,225	4.70

Net assets of the District's district-wide activities increased by 4.70 percent. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased \$202,640 or 90.53 percent. Restricted net assets, those restricted mainly for capital projects increased by \$91,411 or 19.86 percent. The invested in capital assets, net of debt category increased by \$47,174 or .72 percent.

HOLLAND TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED

Table 2 provides a summary of the District's changes in net assets in fiscal year ending 6/30/11 with comparisons to 6/30/10.

Table 2
Changes in Net Assets

	Fiscal Year Ending		Variance	
	6/30/11	6/30/10	Dollars	%
Revenues				
Program Revenues:				
Charges for				
Services	259,849	223,274	36,575	16.38
Operating Grants	235,535	339,367	(103,832)	(30.60)
Capital Grants	29,623	-	29,623	*
General Revenues:				
Property Taxes	8,339,693	8,077,069	262,624	3.25
Unrestricted Grants	2,296,151	2,638,857	(342,706)	(12.99)
Other	4,165	12,039	(7,874)	(65.40)
Total Revenues	11,165,016	11,290,606	(125,590)	(1.11)
Program Expenses				
Instruction:				
Regular	4,385,835	4,361,652	24,183	0.55
Special	1,831,701	2,030,429	(198,728)	(9.79)
Other	356,296	449,741	(93,445)	(20.78)
Support Services:				
Tuition	63,395		63,395	*
Instructional Staff	1,452,283	1,589,353	(137,070)	(8.62)
General & Business				
Administration	884,924	865,538	19,386	2.24
School				
Administration	286,200	311,459	(25,259)	(8.11)
Maintenance	925,793	1,063,528	(137,735)	(12.95)
Transportation	358,579	386,731	(28,152)	(7.28)
Special Schools	1,672	5,151	(3,479)	(67.54)
Food Service	191,619	185,522	6,097	3.29
Interest on Long-Term				
Debt	39,672	32,081	7,591	4.09
Total Expenses	10,777,969	11,281,185	(503,216)	(4.46)

HOLLAND TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED

10.5

Increases (Decreases) Before				
Special Items	387,047	9,421	377,626	4008.34
Special Items:				
Loss on Disposals of Capital Assets	(822)	(708)	(114)	16.10
Transfers	(45,000)	(120,000)	75,000	(62.50)
Total Special Items	(45,822)	(120,708)	74,886	
Increase (Decrease) in Net Assets	<u>341,225</u>	<u>(111,287)</u>	<u>452,512</u>	(406.62)

* = Undefined

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the school district operations. Property taxes made up 76.00 percent of revenues for governmental activities for the Holland Township School District for the fiscal year 2011. The district's total governmental revenues were \$10,973,383 for the year ended June 30, 2011.

The total cost of all program expenses and services for governmental activities was \$10,586,350.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student.

Pupils and instructional staff include activities involved with assisting staff with the content and process of teaching to students.

HOLLAND TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED

10.6

General administration, school administration, and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Curriculum and staff development includes expenses related to planning, research, development, and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by State law.

Extracurricular activities includes expenses related to student activities provided by the school district which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment, and skill improvement.

Interest on debt involves the transactions associated with the payment of interest and other related charges to debt of the School District.

Table 3 provides a summary of the School District's cost of governmental services in fiscal year ending 6/30/11 with comparisons to 6/30/10.

Table 3
Cost of Governmental Services

	Total Cost of Services		Net Cost of Services	
	6/30/11	6/30/10	6/30/11	6/30/10
Instruction	6,573,832	6,841,822	6,401,380	6,563,564
Support Services:				
Tuition	63,395	-	63,395	
Student & Instructional Staff	1,452,283	1,589,353	1,341,653	1,538,776
General & Business Administration	884,924	865,538	852,129	834,781
School Administration	286,200	311,459	285,302	311,459
Plant Operations & Maintenance	925,793	1,063,528	909,194	1,050,248
Pupil Transportation	358,579	386,731	358,579	386,731
Special Schools	1,672	5,151	1,672	5,151
Interest on Long-Term Debt	39,672	32,081	39,672	32,081
Total Expenses	10,586,350	11,095,663	10,252,976	10,722,791

HOLLAND TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED

10.7

The School District's Funds

All governmental funds, General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund, presented in the fund-based statements are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$10,924,639 and expenditures were 10,645,917. The net increase in fund balance for the year of \$233,722 was most significant in the Capital Projects Fund due to the funding of the building renovation project started in Fiscal Year 2011.

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

General Fund Budgeting Highlights

The Holland Township School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

Budgets are prepared in December/January with revenue information made available in February/ March and a public vote on the school district budget in April. The fiscal year runs from July 1 through June 30. Changes occur over that 18-month period.

Unanticipated shifts in enrollment, staffing needs, students requiring special services, uncertain energy costs, and unfunded programs are often mandated after a budget is adopted.

The District builds a budget to meet the needs of its students based on the information and projections that are available during the budget cycle.

During the course of the 2011 fiscal year, the District amended its General Fund Budget by transferring funds as needed to prevent over-expenditures in specific line item accounts.

For the General Fund, budgeted revenues were \$9,736,737, which was \$236,402 above original budget estimates of \$9,500,335. The difference was due primarily to unbudgeted extraordinary aid realized of \$184,189, and unbudgeted tuition revenue realized of \$53,932. General Fund revenues and other financing sources were less than expenditures and other financing uses by \$178,504.

Capital Assets

At the end of the fiscal year 2011, the District had \$6,897,654 invested in land, buildings, furniture, equipment, vehicles and construction in progress.

HOLLAND TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED

Table 4 provides a summary of the School District's capital assets net of depreciation at 6/30/11 with comparisons to 6/30/10.

Table 4
Capital Assets at Year-end
(Net of Depreciation)

	6/30/11	6/30/10	Variance	
			Dollars	%
Land	347,800	347,800	-	0.00
Construction in Progress	99,884	9,350	90,534	968.28
Buildings & Improvements	6,325,958	6,614,564	(288,606)	(4.36)
Furniture & Equipment	116,316	133,871	(17,555)	(13.11)
Vehicles	7,696	9,895	(2,199)	(22.22)
Total	<u>6,897,654</u>	<u>7,115,480</u>	<u>(217,826)</u>	<u>(3.06)</u>

During fiscal year 2011, the District expended professional fees and construction costs for an uncompleted capital project of \$92,234 which is reflected in construction in progress. The District also added a barrier-free ramp for \$17,200 and a set of gymnasium backboards costing \$6,163.

Debt

HOLLAND TOWNSHIP SCHOOL DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011
 UNAUDITED

At year-end the District had total long-term liabilities of \$611,569 outstanding as compared to \$936,760 in the previous year – a decrease of 34.71 percent – as shown in table 5.

Table 5 provides a summary of the District's long-term liabilities at 6/30/11 with comparisons to 6/30/10

Table 5
Long-term Liabilities at Year-end

	6/30/11	6/30/10	Variance	
			Dollars	%
2002 General Obligation Bonds	269,000	534,000	(265,000)	(49.63)
Compensated Absences	342,569	402,760	(60,191)	(14.94)
	<u>611,569</u>	<u>936,760</u>	<u>(325,191)</u>	<u>(34.71)</u>

The general obligation bonded debt of the District is limited by State law to 3% of the average equalized assessed values of the total taxable property in the District for the past three year. The legal debt limit at June 30, 2011 is \$24,687,055. General obligation debt authorized and outstanding at June 30, 2011 is \$269,000 resulting in a legal debt margin of \$24,418,055.

An analysis of the District's Debt is presented in Note 5 to the basic financial statements.

Budgets

The significant variances between the originally adopted budget for the year 2011, and the final budget were caused by the treatment of encumbrances that are added to the original budget.

Factors Bearing on the District's Future

The Holland Township School District is in good financial condition. A major concern is the ever-increasing special education costs with the increased reliance of local property taxes to support the District's programs. Future finances are not without challenges as the community continues to struggle in these difficult financial times and State funding remains inadequate

Holland Township School District's last tax levy question was defeated by the voters. The contributing factors are thought to be the funding formula, the downturn of the economy, and inequities in distribution of State aid with the majority of the funding going to 31 special needs school districts while districts like Holland must rely on local property taxes to support 73 percent of their operating budget.

New Jersey school districts have no taxing authority. Municipalities collect all property taxes for their respective communities and pay over to the other governmental agencies what is collected on their behalf. The municipalities pay over to school districts the exact amount approved by the voters or, in the case of budget defeat, the amount agreed to by the municipalities and Board of Education.

In conclusion, The Holland Township School District has committed itself to financial excellence. In addition, the District's system for financial planning, budgeting, and internal financial controls are well regarded. The District will continue the sound financial management to meet the challenge of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact, Abigail J. Postma, School Business Administrator at Holland Township Board of Education, 714 Milford-Warren Glen Road, Milford, NJ 08848.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

HOLLAND TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash & Cash Equivalents	\$ 794,570	\$ 34,009	\$ 828,579
Receivables, Net	271,361	2,805	274,166
Inventory		3,760	3,760
Restricted Assets:			
Capital Reserve Account-Cash	190,658		190,658
Capital Projects Fund-Cash	331,423		331,423
Capital Assets (Note 4):			
Land and Construction in Progress	447,684		447,684
Other Capital Assets, Net of Depreciation	6,444,662	5,308	6,449,970
Total Assets	<u>8,480,358</u>	<u>45,882</u>	<u>8,526,240</u>
LIABILITIES			
Due to Other Funds	724		724
Accounts Payable	47,594	825	48,419
Accrued Interest	1,905		1,905
Deferred Revenue	254,659	2,117	256,776
Long-Term Liabilities (Note 5):			
Due Within One Year	307,050		307,050
Due Beyond One Year	304,519		304,519
Total Liabilities	<u>916,451</u>	<u>2,942</u>	<u>919,393</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	6,623,346	5,308	6,628,654
Restricted for:			
Capital Projects	361,046		361,046
Capital Reserve	190,658		190,658
Unrestricted	<u>388,857</u>	<u>37,632</u>	<u>426,489</u>
TOTAL NET ASSETS	<u>\$ 7,563,907</u>	<u>\$ 42,940</u>	<u>\$ 7,606,847</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

HOLLAND TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expenses) Revenues & Changes in Net Assets		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental Activities:								
Instruction:								
Regular	\$ 2,896,964	\$ 1,488,871	\$ 38,353	\$ 2,675	\$ 14,079	\$ (4,330,728)		\$ (4,330,728)
Special Education	1,193,037	638,664	19,056	74,191	5,792	(1,732,662)		(1,732,662)
Other Special Instruction	174,073	90,263		10,769	839	(252,728)		(252,728)
Other Instruction	62,321	29,639	6,426		272	(85,262)		(85,262)
Support Services:								
Tuition	63,395					(63,395)		(63,395)
Students & Instruction Related Services	998,990	453,293		105,780	4,850	(1,341,653)		(1,341,653)
General & Business Administration Services	623,620	261,304	29,902		2,893	(852,129)		(852,129)
School Administration Services	184,763	101,437			898	(285,302)		(285,302)
Plant Operations & Maintenance	738,094	187,699	16,599			(909,194)		(909,194)
Pupil Transportation	358,579					(358,579)		(358,579)
Special Schools	1,672					(1,672)		(1,672)
Interest on Long-Term Debt	39,672					(39,672)		(39,672)
Total Governmental Activities	7,335,180	3,251,170	110,336	193,415	29,623	(10,252,976)	\$ -	(10,252,976)
Business-Type Activities:								
Food Service	191,619		149,513	42,120			14	14
Total Business-Type Activities	191,619	-	149,513	42,120	-	-	14	14
Total Primary Government	\$ 7,526,799	\$ 3,251,170	\$ 259,849	\$ 235,535	\$ 29,623	(10,252,976)	14	(10,252,962)
			<u>General Revenues, Transfers and Special Items</u>					
						8,051,999		8,051,999
						287,694		287,694
						2,296,151		2,296,151
						1,394		1,394
						2,771		2,771
						(45,000)		(45,000)
						(822)		(822)
						10,594,187	-	10,594,187
						341,211	14	341,225
						7,222,696	42,926	7,265,622
						\$ 7,563,907	\$ 42,940	\$ 7,606,847

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

The individual fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

HOLLAND TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash & Cash Equivalents	\$ 794,570				\$ 794,570
Due from Other Funds	28,688				28,688
Receivables from Other Governments:					
Federal		\$ 29,794			29,794
State	202,342		\$ 29,623		231,965
Local	9,602				9,602
Restricted Cash & Equivalents	190,658		331,423		522,081
TOTAL ASSETS	\$ 1,225,860	\$ 29,794	\$ 361,046	\$ -	\$ 1,616,700
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Due to Other Funds	\$ 724	\$ 28,688			\$ 29,412
Accounts Payable	47,347	247			47,594
Deferred Revenue	253,800	859			254,659
Total Liabilities	301,871	29,794	\$ -	\$ -	331,665

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

HOLLAND TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011
(Continued)

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
LIABILITIES AND FUND BALANCES (Cont'd)					
Fund Balances:					
Restricted Fund Balance:					
Capital Reserve Account	\$ 190,658				\$ 190,658
Excess Surplus	92,983				92,983
Excess Surplus-Designated for Subsequent Year's Expenditures	14,721				14,721
Committed Fund Balance:					
Yearend Encumbrances	270,771		\$ 596,149		866,920
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures	60,000		(235,103)		(175,103)
Unassigned Fund Balance	294,856				294,856
Total Fund Balances	<u>923,989</u>	<u>\$ -</u>	<u>361,046</u>	<u>\$ -</u>	<u>1,285,035</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,225,860</u>	<u>\$ 29,794</u>	<u>\$ 361,046</u>	<u>\$ -</u>	

Amounts reported for governmental activities in the Statement of Net Assets
(A-1) are different because:

Capital assets used in government activities are not financial resources & therefore
are not reported in the funds. The cost of the assets is
and the accumulated depreciation is

\$ 13,124,203
6,231,857

6,892,346

Long-term liabilities, including bonds payable, are not due & payable in the current period
& therefore are not reported as liabilities in the funds

(611,569)

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as
an expenditure when due

(1,905)

Total Net Assets of Governmental Activities

\$ 7,563,907

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

HOLLAND TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 8,051,999			\$ 287,694	\$ 8,339,693
Tuition Charges	54,712				54,712
Interest Earned on Capital Reserve Funds	1,346				1,346
Interest on Investments	48				48
Miscellaneous	9,651	\$ 464			10,115
Total	8,117,756	464	\$ -	287,694	8,405,914
State Sources	2,296,151	2,838	29,623		2,328,612
Federal Sources		190,113			190,113
Total Revenues	10,413,907	193,415	29,623	287,694	10,924,639
EXPENDITURES					
Current :					
Instructional:					
Regular Instruction	2,890,933	2,675			2,893,608
Special Education Instruction	1,120,468	69,949			1,190,417
Other Special Instruction	162,444	10,021			172,465
Other Instruction	55,895				55,895
Support Service & Undistributed Costs:					
Tuition	63,395				63,395
Student & Instruction Related Services	891,046	105,780			996,826
General & Other Administrative Services	594,598				594,598
School Administrative Services	184,463				184,463
Plant Operations & Maintenance	722,341				722,341
Pupil Transportation	358,579				358,579
Unallocated Benefits	2,986,221	4,990			2,991,211

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

HOLLAND TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd)					
Capital Outlay	\$ 39,840		\$ 74,057		\$ 113,897
Special Schools	1,672				1,672
Debt Services:					
Principal				\$ 265,000	265,000
Interest & Other Charges	18,855			22,695	41,550
Total Expenditures	<u>10,090,750</u>	<u>\$ 193,415</u>	<u>74,057</u>	<u>287,695</u>	<u>10,645,917</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>323,157</u>	<u>-</u>	<u>(44,434)</u>	<u>(1)</u>	<u>278,722</u>
Other Financing Sources (Uses):					
Transfers In			405,480		405,480
Transfers Out	(450,480)				(450,480)
Total Other Financing Sources (Uses)	<u>(450,480)</u>	<u>-</u>	<u>405,480</u>	<u>-</u>	<u>(45,000)</u>
Net Changes in Fund Balances	(127,323)	-	361,046	(1)	233,722
Fund Balances, July 1	<u>1,051,312</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1,051,313</u>
Fund Balances, June 30	<u>\$ 923,989</u>	<u>\$ -</u>	<u>\$ 361,046</u>	<u>\$ -</u>	<u>\$ 1,285,035</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

HOLLAND TOWNSHIP SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Total Net Changes in Fund Balances-Governmental Funds (from B-2)	\$ 233,722
Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which depreciation exceeds capital outlays in the period:	
Capital Outlays	\$ 113,897
Book Value of Assets Disposed	(822)
Depreciation Expense	<u>(332,655)</u>
	(219,580)
Repayment of debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities:	
Debt Principal Payments	265,000
In the statement of activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.	
	1,878
In the statement of activities, compensated absences & early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.	
	<u>60,191</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 341,211</u></u>

HOLLAND TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	<u>Food Service Fund</u>
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 34,009
Receivables from Other Governments:	
State	333
Federal	2,472
Inventory	3,760
Total Current Assets	<u>40,574</u>
Noncurrent Assets:	
Capital Assets	22,400
Less: Accumulated Depreciation	<u>(17,092)</u>
Total Noncurrent Assets	<u>5,308</u>
Total Assets	<u>45,882</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	825
Deferred Revenues	<u>2,117</u>
Total Liabilities	<u>2,942</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	5,308
Unrestricted	<u>37,632</u>
TOTAL NET ASSETS	<u>\$ 42,940</u>

HOLLAND TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Food Service Fund
Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	\$ 119,641
Daily Sales-Unreimbursable Programs	29,872
Total Operating Revenues	<u>149,513</u>
Operating Expenses:	
Salaries	67,680
Employee Benefits	14,020
Purchased Property Services	3,575
Insurance	1,246
Management Fee	7,750
Other Purchased Services	3,206
Supplies and Materials	13,502
Depreciation	621
Costs of Sales	79,949
Miscellaneous	70
Total Operating Expenses	<u>191,619</u>
Operating Income (Loss)	(42,106)
Non-operating Revenues (Expenses):	
State Sources:	
State School Lunch Program	2,333
Federal Sources:	
National School Lunch Program	27,712
Food Donation Program	12,075
Total Non-operating Revenues (Expenses)	<u>42,120</u>
Change in Net Assets	14
Net Assets, Beginning	<u>42,926</u>
Net Assets, Ending	<u>\$ 42,940</u>

HOLLAND TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Food Service Fund
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 149,513
Payments to Food Service Management Company	(182,863)
Payments to Vendors (Net)	(9,887)
Net Cash Provided by (Used For) Operating Activities	<u>(43,237)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	2,225
Federal Sources	27,579
General Fund Interfund Activity	8,419
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>38,223</u>
Cash Flows from Capital & Related Financing Activities:	
Acquisition of Capital Assets	<u>(2,375)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(7,389)
Cash and Cash Equivalents, July 1	<u>41,398</u>
Cash and Cash Equivalents, June 30	<u>\$ 34,009</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Operating Income (Loss)	\$ (42,106)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Depreciation	621
Federal Food Donation Program	12,075
(Increase) Decrease in Inventory	862
Increase (Decrease) in Accounts Payable	(13,788)
Increase (Decrease) in Deferred Revenue	(901)
Net Cash Provided by (Used For) Operating Activities	<u>\$ (43,237)</u>

HOLLAND TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2011

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash & Cash Equivalents	\$ 79,389	\$ 25,493	\$ 5,997
Due from Other Funds			724
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>79,389</u>	<u>\$ 25,493</u>	<u>\$ 6,721</u>
LIABILITIES			
Accounts Payable	918		
Due to Other Funds			
Due to Student Groups		\$ 25,493	
Payroll Deductions & Withholdings			\$ 6,721
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>918</u>	<u>\$ 25,493</u>	<u>\$ 6,721</u>
NET ASSETS	<u>\$ 78,471</u>		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

HOLLAND TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Unemployment Compensation Fund</u>
ADDITIONS	
Contributions:	
Plan Members	\$ 9,829
Total Additions	<u>9,829</u>
DEDUCTIONS	
Unemployment Claims	<u>73,781</u>
Total Deductions	<u>73,781</u>
Other Financing Sources:	
Transfers In from General Fund	<u>45,000</u>
Change in Net Assets	(18,952)
Net Assets, Beginning of the Year	<u>97,423</u>
Net Assets, End of the Year	<u><u>\$ 78,471</u></u>

NOTES TO FINANCIAL STATEMENTS

HOLLAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The basic financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the Districts overall financial position and results of operations.

Basic financial statements prepared using full-accrual accounting for all of the District's activities.

A. Reporting Entity

The District is a Type II district located in the County of Hunterdon, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the district is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2011 of 659 students.

The primary criterion for including activities within the District's reporting entity as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

1. The organization is legally separate (can sue or be sued in their own name.)
2. The District holds the corporate powers of the organization.
3. The District appoints a voting majority of the organization's board.
4. The District is able to impose its will on the organization.
5. The organization has the potential to impose a financial benefit/ burden on the District.
6. There is a fiscal dependency by the organization on the District.

Based on the aforementioned criteria, the District has no component units.

HOLLAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The District has elected to treat all of its governmental funds as major funds and they are reported as separate columns in the fund financial statements.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and post employment healthcare benefits, are recorded only when payment is due.

Property taxes, tuition and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. As under New Jersey State Statute, a municipality is required to remit to its school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

HOLLAND TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, and unrestricted state aids.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted, as they are needed.

The District reports the following major governmental funds:

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

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The District accounts for the proceeds of specific revenue sources from State and Federal Government (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes in the Special Revenue Fund.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

HOLLAND TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Additionally, the District reports the following fund types:

Proprietary Fund Types

Proprietary Fund - The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

Enterprise Fund - The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund.

All proprietary funds are accounted for on a current financial resources measurement focus. This means that all assets and liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
Light Trucks & Vehicles	4 Years
Heavy Trucks & Vehicles	6 Years

HOLLAND TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Fiduciary Fund Types

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/ or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The following is a description of the Trust and Agency Funds of the District.

Unemployment Compensation Trust Fund – This fund is used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the “Benefit Reimbursement Method.”

Student Activities Agency Fund – This fund is used to account for funds derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

Payroll Agency Fund – This fund accounts for the withholding and remittance of employee salary deductions.

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's Proprietary Funds have elected not to apply the standards issued by FASB after November 30, 1989.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in NJAC 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2011 were insignificant.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the Governmental Fund Types. Unencumbered appropriations lapse at fiscal year end.

HOLLAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control (Cont'd)

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

E. Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in Governmental Funds other than the Special Revenue Fund are reported as reservations of fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the Special Revenue Fund for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

F. Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

G. Tuition Payable

Tuition charges for the fiscal years 2010-2011 and 2009-2010 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-Term Interfund Receivables/Payables

Short-Term Interfund receivables/payables represents amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

I. Inventories and Prepaid Items

Inventories and prepaid items, which benefit future periods, other than those recorded in the Enterprise Fund are recorded as an expenditure during the year of purchase.

Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as a deferred revenue as title does not pass to the school district until the commodities are used. Prepaid items in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

HOLLAND TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

J. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

All reported capital assets, except for land and construction in progress, of the District are depreciated using the straight-line method over the following estimated lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements & Portable Classroom	40
Land Improvements	20
Furniture	20
Musical Instruments	20
Athletic Equipment	15
Maintenance Equipment	10 to 15
Audio Visual Equipment	07 to 10
Office Equipment	05 to 10
Computer Equipment	05 to 10
Vehicles	05 to 10

K. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by Governmental Accounting Standards Board statement number 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the Districts' agreements with the various employee unions.

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated by vesting balances as of the balance sheet date for which a payment is probable. Salary related payments for the employer's share of social security and medicare taxes are included.

For the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, in the fund financial statements, all of the compensated absences are considered long-term and therefore are not a fund liability. This represents a reconciling item between the fund and government-wide presentations.

HOLLAND TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

L. Deferred Revenue

Deferred revenue in the General Fund and Special Revenue Fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the Special Revenue Fund.

Deferred revenue in the Enterprise Fund includes United States government commodity inventories at year-end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the Food Service Fund. Prepaid lunch debit card revenue balances at year-end are also included in deferred revenue.

M. Long-Term Obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

N. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a restricted purpose. Designations of fund balance represent tentative plans for future use of financial resources that are subject to change.

In the government-wide statements, net assets represent the difference between assets and liabilities. Invested in Capital Assets, Net of Related Debt consists of capital assets, net of accumulated depreciation, and reduced by the balance of long-term debt used to finance these assets. Net assets are reported as restricted when there are limitations externally imposed on their use either through enabling legislation or other restrictions imposed by creditors, grantors or laws or regulations of other governments. The District's restricted net assets in the governmental activities as of June 30, 2011 consists of the following:

Capital Projects	\$ 361,046
Capital Reserve	<u>190,658</u>
Total Restricted Net Assets	<u>\$ 551,704</u>

HOLLAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

O. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

P. Allocation of Indirect Expenses

Certain expenses, which have not been charged to a specific function in the District's fund financial statements, have been allocated to the functions for the government-wide statements. Employee benefits, on-behalf TPAF pension contributions, reimbursed TPAF social security contributions and compensated absences accruals have been allocated based on salaries by function. Depreciation expense which was not specifically identified by function has been allocated based on the current year expenses by function.

NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the municipality, the municipality's local school districts, 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 provision for the assessment of property, levying of taxes and the collection thereof are set forth in NJSA 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent per annum on the first \$1,500 of the delinquency and eighteen percent per annum on any amount in excess of \$1,500. Pursuant to Chapter 75, PL 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent of the amount of the delinquency. These interest and penalties are the highest permitted under the New Jersey statutes. Delinquent taxes are annually included in a tax sale in accordance with New Jersey statutes.

School taxes are guaranteed as to amount of collection by the municipality, the collection agency, and are transmitted to the school district in accordance with the schedule of tax installments as certified by the school district's Board of Education on an annual basis.

HOLLAND TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011
 (Continued)

NOTE 3. DEPOSITS AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

NJSA 17:9-41 e.t. seq establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and saving banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Deposits at June 30, 2011 appear in the financial statements as summarized below:

Cash		<u>\$ 1,461,539</u>
	<u>Ref.</u>	
Unrestricted Cash:		
Governmental Funds, Statement of Net Assets	B-1	\$ 794,570
Enterprise Fund, Statement of Net Assets	B-4	34,009
Fiduciary Funds, Statement of Net Assets	B-7	110,879
Restricted Cash:		
Governmental Activities, Statement of Net Assets	B-1	<u>522,081</u>
Total Cash		<u>\$ 1,461,539</u>

Deposits – The District's carrying amount of bank deposits at June 30, 2011 is \$1,461,539 and the bank balance is \$1,773,049. Of the bank balance, \$250,000 is covered by federal depository insurance and \$1,523,049 is insured by GUDPA.

HOLLAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 3. DEPOSITS AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Deposit and Investment Risk

GASB Statement No. 40 "Deposit and Investment Risk Disclosures" requires state and local governments to communicate key information about deposit and investment risks. Required disclosures are as follows:

1. Custodial credit risk disclosures for investments defined as category 3 assets under GASB Statement No. 3. Since all of the deposits and investments of the district are category 1 assets, these disclosures are not required.
2. Credit quality ratings for investments in debt securities, external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities. As the district has no such investments, this disclosure is not applicable.
3. Disclosure of investments by amount and issuer for any issuer that represents five percent of more of total investments. This requirement does not apply to investments issued or explicitly guaranteed by the US government and investments in mutual funds or pools. This disclosure is reported below under Concentration of Credit Risk.
4. Interest rate risk disclosures are required for all debt investments and non-money market like pools. As the district has no such investments, this disclosure is not applicable.
5. Investments that are exposed to foreign currency risk should be disclosed. As the district has no such investments this disclosure is not applicable.

Concentration of Credit Risk

The State of New Jersey does not place any limit on the amount that the district may invest with any one issuer. As of June 30, 2011, the district has no investments.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being				
Depreciated:				
Land	\$ 347,800			\$ 347,800
Construction in Progress	9,350	\$ 107,734	\$ 17,200	99,884
Total	<u>357,150</u>	<u>107,734</u>	<u>17,200</u>	<u>447,684</u>
Capital Assets, Being				
Depreciated:				
Building & Improvements	12,223,616	17,200		12,240,816
Vehicles	79,388			79,388
Furniture & Equipment	352,712	12,343	8,740	356,315
Total	<u>12,655,716</u>	<u>29,543</u>	<u>8,740</u>	<u>12,676,519</u>

HOLLAND TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011
 (Continued)

NOTE 4. CAPITAL ASSETS (Cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Accumulated Depreciation:				
Building & Improvements	\$ 5,609,052	\$ 305,806		\$ 5,914,858
Vehicles	69,493	2,199		71,692
Furniture & Equipment	222,395	24,650	\$ 1,738	245,307
Total	<u>5,900,940</u>	<u>332,655</u>	<u>1,738</u>	<u>6,231,857</u>
Total Capital Assets, Being Depreciated, Net	<u>6,754,776</u>	<u>(303,113)</u>	<u>7,001</u>	<u>6,444,662</u>
Transfers	<u>-0-</u>	<u>(17,200)</u>	<u>(17,200)</u>	<u>-0-</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,111,926</u>	<u>\$ (212,579)</u>	<u>\$ 7,001</u>	<u>\$ 6,892,346</u>
Business-Type Activities:				
Furniture & Equipment	\$ 20,025	\$ 2,375		\$ 22,400
Less: Accum Depreciation	<u>16,471</u>	<u>621</u>		<u>17,092</u>
Business-Type Activities Capital Assets, Net	<u>\$ 3,554</u>	<u>\$ 1,754</u>	<u>\$ -0-</u>	<u>\$ 5,308</u>

Depreciation expense was charged to governmental functions in the current year as follows:

Instruction:	
Regular	\$ 155,438
Special Education	64,206
Other Special Instruction	9,069
Co-Curricular Activities	2,939
Support Services:	
Student & Instruction	54,582
General & Business Admin	31,267
School Administration	10,000
Plant & Maintenance	<u>5,154</u>
Total Depreciation Expense, Governmental Activities	<u>\$ 332,655</u>

HOLLAND TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011
 (Continued)

NOTE 5. LONG-TERM DEBT

Long-Term Liability Activity for the Year Ended June 30, 2011 is as Follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds Payable	\$ 534,000		\$ 265,000	\$ 269,000	\$ 269,000
Compensated Absences Payable	<u>402,760</u>	\$ 35,220	<u>95,411</u>	<u>342,569</u>	<u>38,050</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 936,760</u>	<u>\$ 35,220</u>	<u>\$ 360,411</u>	<u>\$ 611,569</u>	<u>\$ 307,050</u>

Payments on the general obligation bonds are made in the debt service fund from property taxes and state aid. The other long-term debts are paid in the current expenditures budget of the District's general fund.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2011 including interest payments are listed as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	<u>\$ 269,000</u>	<u>\$ 11,432</u>	<u>\$ 280,432</u>

HOLLAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 5. GENERAL LONG-TERM DEBT (Cont'd)

General Obligation Bonds – General obligation school building bonds payable at June 30, 2011, with their outstanding balances are comprised of the following individual issues:

\$2,554,000 - 2002 general obligation school building bonds, due in annual installments of \$165,000 to \$269,000, beginning May 1, 2003, through May 1, 2012, interest at 4.25%	\$ <u>269,000</u>
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The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2011 is \$24,687,055. General obligation debt at June 30, 2011 is \$269,000, resulting in a legal debt margin of \$24,418,055.

NOTE 6. PENSION PLANS

Description of Systems

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

A. Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund was established in January, 1955 under the provisions of NJSA 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

B. Public Employees' Retirement System - The Public Employees' Retirement System was established in January, 1955 under the provisions of NJSA 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

HOLLAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

Description of Systems (cont'd)

C. Defined Contribution Retirement Program – The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch 92, PL 2007 and expanded under the provisions of Ch 89, PL 2008 and Ch 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$7,700 in 2010) but who earn salary of at least \$5,000 annually are eligible to participate. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcrp.

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

Significant Legislation

During the year ended June 30, 1997, legislation was enacted authorizing the New Jersey Economic Development Authority (the "Authority") to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. On June 30, 1997, the Authority issued bonds pursuant to this legislation and \$1,547,688,633 and \$241,106,642 from the proceeds of the bonds were deposited into the investment account of TPAF and PERS, respectively.

As a result of additional legislation enacted during the year ended June 30, 1997 (Ch 115, PL 1997), the asset valuation method was changed from market related value to full market value for the valuation reports dated March 31, 1996. The legislation also provides for a reduction in the normal contributions of the State to the systems from excess assets for FY's 1997 and 1998, and local employers for FY 1999, and, thereafter, authorizes the State Treasurer to reduce the normal contributions of State and local employers to the systems, to the extent possible, from up to 100% of excess assets through FY 2002, and on a declining maximum percentage of excess thereafter.

Due to the enactment of the legislation described above, the State of New Jersey's portion of the unfunded accrued liability under each retirement system was eliminated except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for TPAF and PERS were reduced.

HOLLAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

Contribution Requirements

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF, PERS and DCRP provide for employee contribution of 5.50% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in TPAF, PERS and DCRP. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

Three-Year Trend Information for TPAF (Paid On-Behalf of the District)

<u>Year</u> <u>Funding</u>	<u>Post</u> <u>Retirement</u> <u>Benefit Costs</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>
06/30/11	\$ 298,334	100%
06/30/10	300,386	100%
06/30/09	293,037	100%

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>
06/30/11	\$ 125,359	100%
06/30/10	87,957	100%
06/30/09	72,324	100%

During the year ended June 30, 2011, the State of New Jersey contributed \$284,920 to the TPAF for post-retirement medical benefits and \$13,414 for the non-contributory insurance premiums on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$327,655 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 27.

HOLLAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 7. POST-RETIREMENT BENEFITS

Chapter 384 of PL 1987 and Ch 6 of PL 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. PL 2007, Ch 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Ch 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

The State is also responsible for the cost attributable to Ch 126, PL 1992, which provides free health benefits to members of PERS, and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2010, the State paid \$126.3 million toward Ch 126 benefits for 14,050 eligible retired members.

GASB Statement 45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District's only material OPEB obligation is for healthcare provided to eligible retirees through the NJ State Health Benefits Program.

Plan Description-The School District contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under NJSA 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code, SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The school district adopted a resolution to participate in the SHBP. The States Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/pdf/financial/gasb-43-aug2010.pdf>

Funding Policy-Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. Information regarding the State's annual contributions, annual OPEB cost and net OPEB obligations is available through the State as noted in the previous paragraph.

HOLLAND TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011
 (Continued)

NOTE 8. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403 (b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

AXA Equitable
 Vanguard Group
 First Investors Corp
 Lincoln Financial Group
 Oppenheimer Fund Services
 Financial Resources & Retirement Advisory Inc

NOTE 9. INTERFUND RECEIVABLES AND PAYABLES

The composition of Interfund balances as of June 30, 2011 is as follows:

Fund	Receivable Fund	Payable Fund
General Fund	\$ 28,688	\$ 724
Special Revenue Fund		28,688
Payroll Agency Fund	724	
	\$ 29,412	\$ 29,412

NOTE 10. INVENTORY

Inventory in the Food Service Fund June 30, 2011 consisted of the following:

Food	\$ 3,362
Supplies	398
	\$ 3,760

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 11. CONTINGENT LIABILITIES

The District is involved in various legal proceedings that are incidental to its operations. These legal proceedings are not likely to have a material adverse effect on the financial position of the School District.

HOLLAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 12. RISK MANAGEMENT

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds. There was no significant reduction in insurance coverage from coverage of the prior year. The District did not have any insurance settlements which exceeded insurance coverage for the past three years. A complete schedule of insurance coverage can be found in the Statistical Section of the Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its NJ Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the District is required to reimburse the NJ Unemployment Trust Fund for benefits paid to its former employees and charged to it's account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, and interest earnings, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's unemployment trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contrib</u>	<u>Interest Earnings</u>	<u>Employee Contrib</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010-2011	\$ 45,000	\$ -0-	\$ 9,829	\$ 73,781	\$ 78,471
2009-2010	120,000	102	11,006	46,383	97,423
2008-2009	-0-	74	10,468	17,458	12,698

NOTE 13. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District by inclusion of \$1,000 on October 17, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the districts approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the Department of Education, approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to NJSA 19:60-2. Pursuant to NJAC 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Districts are allowed as per NJSA 18A:7F-41(a) & 41(b) to deposit to the legal reserves by board resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts, Pursuant to this state statute, the District deposited \$134,500 to their Capital Reserve account by board resolution in June 2011.

The District withdrew \$405,480 from their Capital Reserve account for transfer to their Capital Projects Fund representing the District's share of the local portion of a State approved school renovation project.

HOLLAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 13. CAPITAL RESERVE ACCOUNT (Cont'd)

The following schedule is a summarization of the Capital Reserve Account for the current year::

	<u>Beginning Balance</u>	<u>District Contribution</u>	<u>Interest Earnings</u>	<u>Withdrawals</u>	<u>Ending Balance</u>
Capital Reserve	\$ 460,292	\$ 134,500	\$ 1,346	\$ 405,480	\$ 190,658

NOTE 14. FUND BALANCES-BUDGETARY BASIS

As described in Note 1 N-Fund Equity (Fund Balance) may be restricted, committed or assigned. The following is an analysis of the General Fund Balance on the "budgetary basis" as of June 30, 2011 and 2010. The total differs from the Governmental Funds Balance Sheet, which is stated on the "GAAP" basis, by \$51,181.

	<u>2011</u>	<u>2010</u>
Restricted:		
Capital Reserve Account-Represents funds restricted to capital projects in the District's Long Range Facilities Plan	\$ 190,658	\$ 460,292
Excess Surplus-Represents amount in excess of allowable percentage of expenditures. In accordance with State Statute the excess surplus is designated for utilization in succeeding years budgets	92,983	14,721
Excess Surplus- Designated for Subsequent Year's Expenditures-Represents excess surplus appropriated in the succeeding year's budget to reduce tax requirements	14,721	110,444
Committed:		
Year End Encumbrance-Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30,	270,771	84,879
Assigned:		
Designated for Subsequent Year's Expenditures-Amount appropriated in the succeeding year's budget to reduce tax requirements	60,000	
Unassigned:		
Undesignated-Represents fund balance which has not been restricted or designated	<u>436,245</u>	<u>573,546</u>
Total Fund Balance	<u>\$ 1,065,378</u>	<u>\$ 1,243,882</u>

NOTE 15. CALCULATION OF EXCESS SURPLUS

In accordance with NJSA 18A:7F-7, as amended by PL 2004, Ch 73 (S1701), the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund, fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2011 is \$92,983.

REQUIRED SUPPLEMENTARY INFORMATION-PART II

BUDGETARY COMPARISON SCHEDULES

HOLLAND TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 8,051,999		\$ 8,051,999	\$ 8,051,999	
Tuition from Individuals				37,496	\$ 37,496
Tuition from Other LEA's				16,436	16,436
Tuition from Summer School				780	780
Interest on Capital Reserve Funds	600		600	1,346	746
Interest on Investments				48	48
Building Use Rent	5,000		5,000	6,000	1,000
Unrestricted Miscellaneous Revenues	10,000		10,000	3,651	(6,349)
Total	8,067,599	\$ -	8,067,599	8,117,756	50,157
State Sources:					
Categorical Special Education Aid	97,860	256,708	354,568	354,568	
Equalization Aid	1,334,876	(256,708)	1,078,168	1,078,168	
Extraordinary Aid				184,189	184,189
Nonpublic Transportation Aid				1,690	1,690
TPAF Wage Freeze Aid				366	366
On-Behalf TPAF Pension Contribution				298,334	298,334
Reimbursed TPAF Social Security Contribution				327,655	327,655
Total	1,432,736	-	1,432,736	2,244,970	812,234
TOTAL REVENUES	\$ 9,500,335	\$ -	\$ 9,500,335	\$ 10,362,726	\$ 862,391
EXPENDITURES					
Current:					
Regular Programs:					
Instruction:					
Salaries of Teachers:					
Preschool	\$ 78,866	\$ (39,233)	\$ 39,633	\$ 38,413	\$ 1,220
Kindergarten	253,394	31,873	285,267	276,874	8,393
Grades 1-5	1,303,014	81,483	1,384,497	1,344,141	40,356
Grades 6-8	1,059,203	(7,056)	1,052,147	1,003,129	49,018
Home Instruction:					
Salaries of Teachers		1,618	1,618	1,618	
Purchased Professional-Educational Services		530	530	530	
Other Purchased Services		20	20	19	1
Undistributed Instruction:					
Purchased Professional-Educational Services	500	(75)	425	415	10
Purchased Technical Services	14,295	(3,303)	10,992	9,384	1,608
Other Purchased Services	19,000	4,831	23,831	23,831	
General Supplies	101,690	115,983	217,673	153,595	64,078
Textbooks	17,715	21,021	38,736	37,875	861
Other Objects	1,000	201	1,201	1,109	92
Total	2,848,677	207,893	3,056,570	2,890,933	165,637
Special Education:					
Learning and/or Language Disabilities:					
Salaries of Teachers		111,055	111,055	107,530	3,525
Other Salaries for Instruction		79,098	79,098	76,624	2,474
General Supplies		1,310	1,310	1,143	167
Total	-	191,463	191,463	185,297	6,166
Resource Room/Resource Center:					
Salaries of Teachers	639,014	(99,982)	539,032	523,134	15,898
Other Salaries for Instruction	260,579	(13,368)	247,211	226,711	20,500
General Supplies	4,400	(2,787)	1,613	1,613	
Other Objects	60	(40)	20		20
Total	904,053	(116,177)	787,876	751,458	36,418

HOLLAND TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Autism:					
Salaries of Teachers	\$ 58,479	\$ (5,807)	\$ 52,672	\$ 49,312	\$ 3,360
Other Salaries for Instruction	114,092	(80,469)	33,623	29,936	3,687
General Supplies	1,350		1,350	1,198	152
Total	173,921	(86,276)	87,645	80,446	7,199
Preschool Disabilities Part-Time:					
Salaries of Teachers	53,168	(4,427)	48,741	47,264	1,477
Other Salaries for Instruction	31,206	25,952	57,158	55,238	1,920
Other Purchased Services		14	14	14	
General Supplies	2,025	(1,014)	1,011	751	260
Total	86,399	20,525	106,924	103,267	3,657
Total Special Education	1,164,373	9,535	1,173,908	1,120,468	53,440
Basic Skills/Remedial-Instruction:					
Salaries of Teachers	219,830	(53,478)	166,352	161,257	5,095
General Supplies	1,450		1,450	1,187	263
Total	221,280	(53,478)	167,802	162,444	5,358
School Sponsored Co/Extra Curricular Activities:					
Salaries	29,460	4,408	33,868	33,049	819
Supplies & Materials	1,000	(50)	950	949	1
Total	30,460	4,358	34,818	33,998	820
School Sponsored Athletics:					
Salaries	18,193	(1,011)	17,182	17,114	68
Purchased Services	5,160	(50)	5,110	4,563	547
Other Objects	250		250	220	30
Total	23,603	(1,061)	22,542	21,897	645
Total Instruction	\$ 4,288,393	\$ 167,247	\$ 4,455,640	\$ 4,229,740	\$ 225,900
Instruction Tuition:					
Private Schools for the Disabled Within the State	\$ 52,880	\$ 11,956	\$ 64,836	\$ 63,395	\$ 1,441
Tuition-Other		530	530		530
Total	52,880	12,486	65,366	63,395	1,971
Undistributed Expenditures:					
Attendance & Social Work:					
Salaries	79	-	79	-	79
Health Services:					
Salaries	102,870	(671)	102,199	98,938	3,261
Purchased Professional & Technical Services	5,500	(805)	4,695	4,690	5
Other Purchased Services	400	(360)	40	35	5
Supplies & Materials	2,200	1,771	3,971	3,971	
Other Objects		100	100	100	
Total	110,970	35	111,005	107,734	3,271
Speech, OT, PT & Related Services:					
Salaries	128,280	(417)	127,863	124,245	3,618
Purchased Professional Educational Services		51,268	51,268	51,252	16
Supplies & Materials	1,800	61	1,861	1,860	1
Other Objects	400	(400)			
Total	130,480	50,512	180,992	177,357	3,635

HOLLAND TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Other Support Services-Students-Extraordinary:					
Purchased Professional Educational Services		\$ 180,154	\$ 180,154	\$ 31,080	\$ 149,074
Supplies & Materials		5,525	5,525	5,525	
Total	\$ -	185,679	185,679	36,605	149,074
Guidance:					
Salaries of Other Professional Staff	82,456	(700)	81,756	79,144	2,612
Other Purchased Services		110	110	110	
Supplies and Materials	1,200	785	1,985	1,887	98
Total	83,656	195	83,851	81,141	2,710
Child Study Teams:					
Salaries of Other Professional Staff	267,202	4,715	271,917	264,434	7,483
Salaries of Secretarial & Clerical Assistants	38,253	(497)	37,756	36,151	1,605
Purchased Professional Educational Services	5,132	(2,910)	2,222	2,058	164
Miscellaneous Purchased Services	6,300	(1,588)	4,712	4,557	155
Supplies & Materials	3,750	(925)	2,825	2,649	176
Other Objects	1,125	274	1,399	1,399	
Total	321,762	(931)	320,831	311,248	9,583
Improvement of Instructional Services:					
Salaries of Other Professional Staff	15,000	(2,836)	12,164	12,164	
Other Purchased Professional & Technical Services		7,484	7,484	7,484	
Other Purchased Services	500	(213)	287	140	147
Supplies & Materials		582	582	582	
Total	15,500	5,017	20,517	20,370	147
Educational Media Services/School Library:					
Salaries	87,569		87,569	84,115	3,454
Salaries of Technology Coordinators	54,218		54,218	52,485	1,733
Other Purchased Services	2,200	64	2,264	2,264	
Supplies & Materials	2,775	(64)	2,711	2,595	116
Total	146,762	-	146,762	141,459	5,303
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	8,549	2,827	11,376	11,376	
Salaries of Other Professional Staff		385	385	385	
Other Purchased Services	10,000	(6,889)	3,111	3,070	41
Supplies & Materials		497	497	301	196
Total	18,549	(3,180)	15,369	15,132	237
Support Services General Administration:					
Salaries	214,714	(5,497)	209,217	208,618	599
Legal Services	10,000	14,130	24,130	24,032	98
Audit Fees	17,000	(500)	16,500	16,500	
Architectural/Engineering Services		19,001	19,001	19,001	
Other Purchased Professional Services	4,500	7,581	12,081	8,081	4,000
Purchased Technical Services	3,990	1,862	5,852		5,852
Communications & Telephone	40,400	(9,151)	31,249	28,880	2,369
Board of Education Other Purchased Services	3,500	(2,199)	1,301	183	1,118
Miscellaneous Purchased Services	23,700	1,475	25,175	22,918	2,257
General Supplies	2,250	3,014	5,264	4,002	1,262
Miscellaneous Expenditures	3,500	150	3,650	3,333	317
Board of Education Membership Dues & Fees	8,000	(2,379)	5,621	5,620	1
Total	331,554	27,487	359,041	341,168	17,873

HOLLAND TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Support Services School Administration:					
Salaries of Principals/Asst. Principals/Prog Dir	\$ 105,515	\$ 133	\$ 105,648	\$ 105,418	\$ 230
Salaries of Secretarial & Clerical Assistants	75,109	2,713	77,822	73,923	3,899
Other Purchased Services	3,000	1,118	4,118	549	3,569
Supplies & Materials	3,750	1,263	5,013	3,391	1,622
Other Objects	1,500	(318)	1,182	1,182	
Total	188,874	4,909	193,783	184,463	9,320
Central Services:					
Salaries	203,013	5,915	208,928	199,933	8,995
Purchased Professional Services		7,266	7,266	7,265	1
Purchased Technical Services		4,708	4,708	4,708	
Miscellaneous Purchased Services	10,360	(2,774)	7,586	4,609	2,977
Supplies & Materials	2,250	5,000	7,250	6,528	722
Miscellaneous Expenditures	3,500	(1,500)	2,000	1,980	20
Total	219,123	18,615	237,738	225,023	12,715
Administrative Information Technology:					
Salaries	29,344	1,000	30,344	28,407	1,937
Required Maintenance for School Facilities:					
Cleaning, Repair & Maintenance Services	54,000	7,805	61,805	50,953	10,852
Supplies & Materials	10,000	795	10,795	10,305	490
Total	64,000	8,600	72,600	61,258	11,342
Custodial Services:					
Salaries	358,119	7,200	365,319	349,338	15,981
Purchased Professional & Technical Services	5,000	(4,700)	300	300	
Cleaning, Repair, & Maintenance Services	20,100	(6,110)	13,990	12,912	1,078
Other Purchased Property Services	25,500	200	25,700	25,137	563
Insurance	37,050	(4,073)	32,977	31,369	1,608
Miscellaneous Purchased Services	500		500	225	275
General Supplies	15,000	5,820	20,820	17,101	3,719
Energy (Natural Gas)	120,225	(51,800)	68,425	65,218	3,207
Energy (Electricity)	165,212	(20,804)	144,408	140,906	3,502
Other Objects	700	420	1,120	1,057	63
Total	747,406	(73,847)	673,559	643,563	29,996
Care & Upkeep of Grounds:					
Purchased Professional & Technical Services	5,000	(5,000)			
Cleaning, Repair, & Maintenance Services	1,500	1,946	3,446	3,088	358
General Supplies	2,500	3,054	5,554	5,554	
Total	9,000	-	9,000	8,642	358
Security:					
Purchased Professional & Technical Services	9,500	(9,500)			
Cleaning, Repair, & Maintenance Services		9,900	9,900	8,878	1,022
General Supplies	1,000		1,000		1,000
Total	10,500	400	10,900	8,878	2,022
Student Transportation Services:					
Contracted Services (Other than Between Home & School)-Vendors	600		600		600
Contracted Services (Between Home & School)-Joint Agreements	325,635	(36,168)	289,467	281,168	8,299
Contracted Services (Special Education Students)-Joint Agreements	83,465		83,465	77,411	6,054
Total	409,700	(36,168)	373,532	358,579	14,953

HOLLAND TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Unallocated Benefits-Employee Benefits:					
Social Security Contributions	\$ 138,750	\$ (13,920)	\$ 124,830	\$ 123,951	\$ 879
Other Retirement Contributions-PERS	95,450	29,909	125,359	125,359	
Other Retirement Contributions-Regular		167	167	167	
Workmen's Compensation	67,850	(2,924)	64,926	64,926	
Health Benefits	2,003,746	(77,339)	1,926,407	1,925,552	855
Tuition Reimbursement	65,000	(24,698)	40,302	28,882	11,420
Other Employee Benefits	24,320	70,838	95,158	91,395	3,763
Total	<u>2,395,116</u>	<u>(17,967)</u>	<u>2,377,149</u>	<u>2,360,232</u>	<u>16,917</u>
On-Behalf TPAF Pension Contribution				298,334	(298,334)
Reimbursed TPAF Social Security Contribution				327,655	(327,655)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>625,989</u>	<u>(625,989)</u>
Total Undistributed Expenditures	<u>\$ 5,285,255</u>	<u>\$ 182,842</u>	<u>\$ 5,468,097</u>	<u>\$ 5,800,643</u>	<u>\$ (332,546)</u>
TOTAL CURRENT	<u>\$ 9,573,648</u>	<u>\$ 350,089</u>	<u>\$ 9,923,737</u>	<u>\$ 10,030,383</u>	<u>\$ (106,646)</u>
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures:					
Instruction		\$ 6,163	\$ 6,163	\$ 6,163	
Noninstructional Services		5,000	5,000		\$ 5,000
Total	<u>\$ -</u>	<u>11,163</u>	<u>11,163</u>	<u>6,163</u>	<u>5,000</u>
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services		18,177	18,177	18,177	
Construction Services		15,500	15,500	15,500	
Other Objects (NJ SDA Debt Service Assessment)	18,855		18,855	18,855	
Total	<u>18,855</u>	<u>33,677</u>	<u>52,532</u>	<u>52,532</u>	<u>-</u>
TOTAL CAPITAL OUTLAY	<u>\$ 18,855</u>	<u>\$ 44,840</u>	<u>\$ 63,695</u>	<u>\$ 58,695</u>	<u>\$ 5,000</u>
SPECIAL SCHOOLS					
Summer School-Instruction:					
Salaries of Teachers	\$ -	\$ 1,672	\$ 1,672	\$ 1,672	\$ -
TOTAL SPECIAL SCHOOLS	<u>\$ -</u>	<u>\$ 1,672</u>	<u>\$ 1,672</u>	<u>\$ 1,672</u>	<u>\$ -</u>
TOTAL EXPENDITURES	<u>\$ 9,592,503</u>	<u>\$ 396,601</u>	<u>\$ 9,989,104</u>	<u>\$ 10,090,750</u>	<u>\$ (101,646)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (92,168)	\$ (396,601)	\$ (488,769)	\$ 271,976	\$ 760,745
Other Financing Sources (Uses):					
Transfers Out-Capital Projects Fund		(405,480)	(405,480)	(405,480)	
Transfers Out-Unemployment Compensation Fund	(17,676)	(27,324)	(45,000)	(45,000)	
Total Other Financing Sources (Uses)	<u>(17,676)</u>	<u>(432,804)</u>	<u>(450,480)</u>	<u>(450,480)</u>	<u>-</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	(109,844)	(829,405)	(939,249)	(178,504)	760,745
Fund Balances, July 1	1,243,882	-	1,243,882	1,243,882	-
Fund Balances, June 30	<u>\$ 1,134,038</u>	<u>\$ (829,405)</u>	<u>\$ 304,633</u>	<u>\$ 1,065,378</u>	<u>\$ 760,745</u>

HOLLAND TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses					
Adjustment for Prior Year Encumbrances		\$ (84,879)	\$ (84,879)	\$ (84,879)	
Increase in Capital Reserve	\$ 600	134,500	135,100	135,846	\$ 746
Withdrawal from Capital Reserve		(405,480)	(405,480)	(405,480)	
Budgeted Fund Balance	<u>(110,444)</u>	<u>(473,546)</u>	<u>(583,990)</u>	<u>176,009</u>	<u>759,999</u>
TOTAL	<u>\$ (109,844)</u>	<u>\$ (829,405)</u>	<u>\$ (939,249)</u>	<u>\$ (178,504)</u>	<u>\$ 760,745</u>

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:	
Capital Reserve	\$ 190,658
Excess Surplus:	
Prior Year-Designated for 2011-2012 Budget	14,721
Current Year-Designated for 2012-2013 Budget	92,983
Committed Fund Balance:	
Yearend Encumbrances	270,771
Assigned Fund Balance:	
Designated for Subsequent Year's Expenditures	60,000
Unassigned Fund Balance	<u>436,245</u>
	1,065,378
Reconciliation to Governmental Statements (GAAP):	
Last State Aid Payment not Recognized on GAAP Basis	<u>(141,389)</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 923,989</u>

HOLLAND TOWNSHIP SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(NOT APPLICABLE TO THIS REPORT)

HOLLAND TOWNSHIP SCHOOL DISTRICT
EDUCATIONAL JOBS FUND PROGRAM-BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(NOT APPLICABLE TO THIS REPORT)

HOLLAND TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources	\$ 500		\$ 500	\$ 500	
State Sources	3,335		3,335	2,838	\$ (497)
Federal Sources	168,725		168,725	168,725	
TOTAL REVENUES	<u>\$ 172,560</u>	<u>\$ -</u>	<u>\$ 172,560</u>	<u>\$ 172,063</u>	<u>\$ (497)</u>
EXPENDITURES					
Instruction:					
Salaries	\$ 65,967		\$ 65,967	\$ 65,967	
Purchased Professional & Technical Services	1,769	\$ (1,769)			
General Supplies	2,967		2,967	2,470	\$ 497
Totals	<u>70,703</u>	<u>(1,769)</u>	<u>68,934</u>	<u>68,437</u>	<u>497</u>
Support Services:					
Employee Benefits	4,990		4,990	4,990	
Purchased Professional & Technical Services	96,006		96,006	96,006	
Other Purchased Services		1,769	1,769	1,769	
Supplies & Materials	861		861	861	
Total	<u>101,857</u>	<u>1,769</u>	<u>103,626</u>	<u>103,626</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 172,560</u>	<u>\$ -</u>	<u>\$ 172,560</u>	<u>\$ 172,063</u>	<u>\$ 497</u>

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

HOLLAND TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE

Explanation of Differences Between Budgetary Inflows and Outflows
and GAAP Revenues and Expenditures:

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary budgetary comparison schedules	\$ 10,362,726	\$ 172,063
Difference-Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding Encumbrances-Prior Year		21,715
Outstanding Encumbrances-Current Year		(363)
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State Aid Receivable-Prior Year	192,570	
State Aid Receivable-Current Year	(141,389)	
Total Revenues (GAAP Basis)	\$ 10,413,907	\$ 193,415
Uses/Outflows of Resources		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 10,090,750	\$ 172,063
Differences-Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Outstanding Encumbrances-Prior Year		21,715
Outstanding Encumbrances-Current Year		(363)
Total Expenditures (GAAP Basis)	\$ 10,090,750	\$ 193,415

OTHER SUPPLEMENTAL INFORMATION

SCHOOL LEVEL SCHEDULES

(NOT APPLICABLE TO THIS REPORT)

SPECIAL REVENUE FUND

DETAIL STATEMENTS

The special revenue fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted expenditures for specific purposes.

HOLLAND TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Various Local Grants	New Jersey Schools to Watch	NCLB Title I	NCLB Title II Parts A & D	IDEA Basic	IDEA Preschool	ARRA IDEA Basic	ARRA IDEA Preschool	Total
REVENUES									
Local Sources	\$ 500								\$ 500
State Sources		\$ 2,838							2,838
Federal Sources			\$ 10,528	\$ 11,237	\$ 139,023	\$ 5,441	\$ 2,231	\$ 265	168,725
TOTAL REVENUES	\$ 500	\$ 2,838	\$ 10,528	\$ 11,237	\$ 139,023	\$ 5,441	\$ 2,231	\$ 265	\$ 172,063
EXPENDITURES									
Instruction:									
Salaries		\$ 734	\$ 9,780		\$ 55,453				\$ 65,967
General Supplies	\$ 500	335					\$ 1,370	\$ 265	2,470
Total	500	1,069	9,780	\$ -	55,453	\$ -	1,370	265	68,437
Support Services:									
Personal Services- Employee Benefits			748		4,242				4,990
Purchased Professional & Technical Services				11,237	79,328	5,441			96,006
Other Purchased Services Supplies & Materials		1,769					861		1,769
Total	-	1,769	748	11,237	83,570	5,441	861	-	103,626
TOTAL EXPENDITURES	\$ 500	\$ 2,838	\$ 10,528	\$ 11,237	\$ 139,023	\$ 5,441	\$ 2,231	\$ 265	\$ 172,063

CAPITAL PROJECTS FUND

DETAIL STATEMENTS

The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

HOLLAND TOWNSHIP SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Description	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 06/30/11
			Prior Years	Current Year	
Masonry, Slate Roofing and Security System Upgrades	01/31/11	\$ 675,800	\$ -	\$ 74,057	\$ 601,743
		<u>\$ 675,800</u>	<u>\$ -</u>	<u>\$ 74,057</u>	<u>\$ 601,743</u>

HOLLAND TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Revenues:	
State Sources-NJ SDA ROD Grants	\$ 270,320
Total Revenues	<u>270,320</u>
Expenditures:	
Legal Services	3,083
Architectural/Engineering Services	67,792
Other Purchased Professional & Services	1,266
Construction Services	450
Other Objects	1,466
Total Expenditures	<u>74,057</u>
Other Financing Sources (Uses):	
Transfer from Capital Reserve	<u>405,480</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	601,743
Fund Balance-Beginning	<u>-</u>
Fund Balance-Ending	<u>\$ 601,743</u>
 <u>Reconciliation of Fund Balance Difference for GAAP Purposes</u>	
Fund Balance-Budgetary Basis (Schedule F-2)	\$ 601,743
Receivables from Other Governments-State:	
GAAP Basis (Schedule B-1)	29,623
Budgetary Basis (Schedule K-4)	<u>(270,320)</u>
Fund Balance-GAAP Basis (Schedule B-1)	<u>\$ 361,046</u>
 <u>Reconciliation of Financial Assistance Difference for GAAP Purposes</u>	
State Financial Assistance-Budgetary Basis (Schedule F-2)	\$ 270,320
Adjustment to GAAP Basis	<u>(240,697)</u>
State Financial Assistance-GAAP Basis (Schedule B-2)	<u>\$ 29,623</u>

HOLLAND TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
MASONRY, SLATE ROOFING, AND SECURITY SYSTEM UPGRADES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Local Sources-Transfers In from Capital Reserve		\$ 405,480	\$ 405,480	\$ 405,480
State Sources-NJ SDA ROD Grants		270,320	270,320	270,320
Total Revenues	\$ -	675,800	675,800	675,800
Expenditures and Other Financing Uses:				
Legal Services		3,083	3,083	5,000
Architectural/Engineering Services		67,792	67,792	68,579
Other Purchased Professional Services		1,266	1,266	4,000
Construction Services		450	450	596,599
Other Objects		1,466	1,466	1,622
Total Expenditures	-	74,057	74,057	675,800
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 601,743	\$ 601,743	\$ -

Additional Project Information

Project Number	2220-060-10-1004
Grant Date	01/31/11
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 675,800
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 675,800
Percentage Completion	11%

PROPRIETARY FUND

DETAIL STATEMENTS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises-where the intent of the district's board is that the costs of providing goods or services be financed through user charges

HOLLAND TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FUND NET ASSETS
FOOD SERVICE ENTERPRISE FUND
JUNE 30, 2011

	Food Service Fund
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 34,009
Receivables from Other Governments:	
State	333
Federal	2,472
Inventory	3,760
Total Current Assets	40,574
Noncurrent Assets:	
Capital Assets	22,400
Less: Accumulated Depreciation	(17,092)
Total Noncurrent Assets	5,308
Total Assets	45,882
LIABILITIES	
Current Liabilities:	
Accounts Payable	825
Deferred Revenues	2,117
Total Liabilities	2,942
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	5,308
Unrestricted	37,632
TOTAL NET ASSETS	\$ 42,940

HOLLAND TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
FOOD SERVICE ENTERPRISE FUND
FOR THE FISCAL YEAR ENDING JUNE 30, 2011

	Food Service Fund
Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	\$ 119,641
Daily Sales-Unreimbursable Programs	29,872
Total Operating Revenues	149,513
Operating Expenses:	
Salaries	67,680
Employee Benefits	14,020
Purchased Property Services	3,575
Insurance	1,246
Management Fee	7,750
Other Purchased Services	3,206
Supplies and Materials	13,502
Depreciation	621
Costs of Sales	79,949
Miscellaneous	70
Total Operating Expenses	191,619
Operating Income (Loss)	(42,106)
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	2,333
Federal Sources:	
National School Lunch Program	27,712
Food Donation Program	12,075
Total Nonoperating Revenues (Expenses)	42,120
Change in Net Assets	14
Net Assets, Beginning	42,926
Net Assets, Ending	\$ 42,940

HOLLAND TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
FOOD SERVICE ENTERPRISE FUND
FOR THE FISCAL YEAR ENDING JUNE 30, 2011

	Food Service Fund
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 149,513
Receipts from Other Sources	
Payments to Food Service Management Company	(182,863)
Payments to Vendors (Net)	(9,887)
Net Cash Provided by (Used For) Operating Activities	<u>(43,237)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	2,225
Federal Sources	27,579
General Fund Interfund Activity	8,419
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>38,223</u>
Cash Flows from Capital & Related Financing Activities:	
Acquisition of Capital Assets	<u>(2,375)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(7,389)
Cash and Cash Equivalents, July 1	<u>41,398</u>
Cash and Cash Equivalents, June 30	<u>\$ 34,009</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Operating Income (Loss)	\$ (42,106)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Depreciation	621
Federal Food Donation Program	12,075
(Increase) Decrease in Inventory	862
Increase (Decrease) in Accounts Payable	(13,788)
Increase (Decrease) in Deferred Revenue	(901)
Net Cash Provided by (Used For) Operating Activities	<u>\$ (43,237)</u>

FIDUCIARY FUND

DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the school district as an agent for individuals, private organizations, other governments and/or other funds.

HOLLAND TOWNSHIP SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUND
 JUNE 30, 2011

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Totals
ASSETS				
Cash & Cash Equivalents	\$ 79,389	\$ 25,493	\$ 5,997	\$ 110,879
Due from Other Funds			724	724
Total Assets	<u>79,389</u>	<u>25,493</u>	<u>6,721</u>	<u>111,603</u>
LIABILITIES				
Accounts Payable	918			918
Due to Student Groups		25,493		25,493
Payroll Deductions & Withholdings			6,721	6,721
Total Liabilities	<u>918</u>	<u>25,493</u>	<u>6,721</u>	<u>33,132</u>
NET ASSETS				
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 78,471</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,471</u>

HOLLAND TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDING JUNE 30, 2011

	<u>Unemployment Compensation Fund</u>
ADDITIONS	
Contributions:	
Plan Members	\$ 9,829
Total Additions	<u>9,829</u>
DEDUCTIONS	
Unemployment Claims	<u>73,781</u>
Total Deductions	<u>73,781</u>
Other Financing Sources:	
Transfers In from General Fund	<u>45,000</u>
Change in Net Assets	(18,952)
Net Assets, Beginning of the Year	<u>97,423</u>
Net Assets, End of the Year	<u><u>\$ 78,471</u></u>

HOLLAND TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDING JUNE 30, 2011

	Balance 07/01/10	Additions	Deletions	Balance 06/30/11
School Activities:				
Holland Twp School	\$ 25,012	\$ 150,915	\$ 150,434	\$ 25,493

HOLLAND TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDING JUNE 30, 2011

	Balance 07/01/10	Additions	Deletions	Balance 06/30/11
ASSETS				
Cash & Cash Equivalents	\$ 7,302	\$ 6,628,719	\$ 6,630,024	\$ 5,997
Due From Other Funds		724		724
TOTAL ASSETS	<u>\$ 7,302</u>	<u>\$ 6,629,443</u>	<u>\$ 6,630,024</u>	<u>\$ 6,721</u>
LIABILITIES				
Payroll Deductions & Withholdings	\$ 2,623	\$ 2,363,085	\$ 2,363,439	\$ 2,269
Net Payroll	4,679	4,266,358	4,266,585	4,452
TOTAL LIABILITIES	<u>\$ 7,302</u>	<u>\$ 6,629,443</u>	<u>\$ 6,630,024</u>	<u>\$ 6,721</u>

LONG-TERM DEBT SCHEDULES

The long-term debt schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

HOLLAND TOWNSHIP SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS
 JUNE 30, 2011

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance	Issued	Retired	Balance
			Date	Amount		07/01/10			06/30/11
Renovating, Furnishing & Equipping of Existing School Building	06/12/02	\$ 2,554,000	05/01/12	\$ 269,000	4.25%	\$ 534,000	\$ -	\$ 265,000	\$ 269,000

HOLLAND TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
 FOR THE FISCAL YEAR ENDING JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 287,694		\$ 287,694	\$ 287,694	
Total Revenues	<u>287,694</u>	<u>\$ -</u>	<u>287,694</u>	<u>287,694</u>	<u>\$ -</u>
EXPENDITURES					
Regular Debt Service:					
Interest	22,695		22,695	22,695	
Redemption of Principal	265,000		265,000	265,000	
Total Expenditures	<u>287,695</u>	<u>-</u>	<u>287,695</u>	<u>287,695</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1)	-	(1)	(1)	-
Fund Balance, July 1	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Recapitulation of Excess (Deficiency) of Revenue and Other Financing Sources Over(Under) Expenditures and Other Financing Uses:					
Budgeted Fund Balance	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ -</u>

STATISTICAL SECTION

HOLLAND TOWNSHIP SCHOOL DISTRICT
STATISTICAL SECTION J SERIES

CONTENTS	PAGE
FINANCIAL TRENDS	
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	J-1 to J-5
REVENUE CAPACITY	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6 to J-9
DEBT CAPACITY	
These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 to J-13
DEMOGRAPHIC AND ECONOMIC INFORMATION	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-14 to J-15
OPERATING INFORMATION	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports (CAFR) for the relevant year. The District implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting district-wide information include information beginning in that year.

HOLLAND TOWNSHIP SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
GOVERNMENT ACTIVITIES								
Invested in Capital Assets, Net of Related Debt	\$ 5,631,154	\$ 6,562,223	\$ 6,776,679	\$ 6,646,566	\$ 6,637,832	\$ 6,668,897	\$ 6,577,926	\$ 6,623,346
Restricted	991,849	225,954	109,626	122,467	321,886	480,857	460,293	551,704
Unrestricted	(217,512)	(143,114)	111,977	390,013	124,336	190,840	184,477	388,857
TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS	\$ 6,405,491	\$ 6,645,063	\$ 6,998,282	\$ 7,159,046	\$ 7,084,054	\$ 7,340,594	\$ 7,222,696	\$ 7,563,907
BUSINESS-TYPE ACTIVITIES								
Invested in Capital Assets, Net of Related Debt	\$ 6,335	\$ 5,871	\$ 5,408	\$ 4,945	\$ 4,481	\$ 4,018	\$ 3,554	\$ 5,308
Unrestricted	22,862	16,276	28,430	32,968	27,008	32,297	39,372	37,632
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 29,197	\$ 22,147	\$ 33,838	\$ 37,913	\$ 31,489	\$ 36,315	\$ 42,926	\$ 42,940
DISTRICT-WIDE								
Invested in Capital Assets, Net of Related Debt	\$ 5,637,489	\$ 6,568,094	\$ 6,782,087	\$ 6,651,511	\$ 6,642,313	\$ 6,672,915	\$ 6,581,480	\$ 6,628,654
Restricted	991,849	225,954	109,626	122,467	321,886	480,857	460,293	551,704
Unrestricted	(194,650)	(126,838)	140,407	422,981	151,344	223,137	223,849	426,489
TOTAL DISTRICT-WIDE	\$ 6,434,688	\$ 6,667,210	\$ 7,032,120	\$ 7,196,959	\$ 7,115,543	\$ 7,376,909	\$ 7,265,622	\$ 7,606,847

HOLLAND TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
EXPENSES								
Governmental Activities:								
Instruction:								
Regular	\$ 3,429,585	\$ 3,776,806	\$ 3,868,108	\$ 4,311,518	\$ 4,430,633	\$ 3,950,126	\$ 4,361,652	\$ 4,385,835
Special Education	1,134,795	1,115,688	1,259,689	1,437,957	1,624,915	1,951,953	2,030,429	1,831,701
Other Special Education	217,662	163,314	227,617	324,019	315,870	229,945	346,678	264,336
Other Instruction	47,667	87,279	81,018	91,666	97,933	138,951	103,063	91,960
Support Services:								
Tuition	131,470	162,449	151,478	86,122	123,450	37,827		63,395
Student & Instruction Related Services	859,875	1,163,634	1,370,600	1,468,440	1,567,244	1,482,014	1,589,353	1,452,283
General & Business Administrative Services	353,854	641,834	654,774	764,692	858,372	764,407	865,538	884,924
School Administration	482,144	406,259	254,100	276,929	296,051	322,063	311,459	286,200
Plant Operations & Maintenance	722,661	690,392	814,703	918,996	1,087,747	1,109,460	1,063,528	925,793
Pupil Transportation	320,508	401,275	485,012	387,492	384,633	380,376	386,731	358,579
Special Schools						2,242	5,151	1,672
Interest on Long-Term Debt	97,778	95,251	88,041	73,951	60,233	44,975	32,081	39,672
Total Governmental Activities Expenses	<u>7,797,999</u>	<u>8,704,181</u>	<u>9,255,140</u>	<u>10,141,782</u>	<u>10,847,081</u>	<u>10,414,339</u>	<u>11,095,663</u>	<u>10,586,350</u>
Business-Type Activities:								
Food Service	170,431	184,311	197,823	176,023	203,664	181,390	185,522	191,619
Total Business-Type Activities	<u>170,431</u>	<u>184,311</u>	<u>197,823</u>	<u>176,023</u>	<u>203,664</u>	<u>181,390</u>	<u>185,522</u>	<u>191,619</u>
TOTAL DISTRICT EXPENSES	<u>\$ 7,968,430</u>	<u>\$ 8,888,492</u>	<u>\$ 9,452,963</u>	<u>\$ 10,317,805</u>	<u>\$ 11,050,745</u>	<u>\$ 10,595,729</u>	<u>\$ 11,281,185</u>	<u>\$ 10,777,969</u>

HOLLAND TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(Continued)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
PROGRAM REVENUES								
Governmental Activities:								
Charges for Services:								
Regular Instruction	\$ 14,200	\$ 14,475	\$ 22,575	\$ 23,263	\$ 31,933	\$ 21,162	\$ 28,922	\$ 38,353
Special Education Instruction						4,222		19,056
Other Instruction								6,426
Student & Instruction Related Services		6,690	5,810	6,876	170			
General & Business Administrative Services		7,725	8,595	12,123	17,470	14,057	30,757	29,902
Plant Operations & Maintenance		5,339	12,689	13,313	12,014	12,278	13,280	16,599
Pupil Transportation	405	9,351	16,875	3,555				
Operating Grants & Contributions	1,442,112	183,439	183,083	194,036	178,148	180,961	299,913	193,415
Capital Grants & Contributions		53,216	(16,885)	(10)				29,623
Total Governmental Activities Program Revenues	<u>1,456,717</u>	<u>280,235</u>	<u>232,742</u>	<u>253,156</u>	<u>239,735</u>	<u>232,680</u>	<u>372,872</u>	<u>333,374</u>
Business-Type Activities:								
Charges for Services:								
Food Service	149,838	148,688	174,698	149,991	152,389	148,557	150,315	149,513
Operating Grants & Contributions	26,921	31,406	33,557	29,305	34,274	37,581	39,454	42,120
Total Business-Type Activities Program Revenues	<u>176,759</u>	<u>180,094</u>	<u>208,255</u>	<u>179,296</u>	<u>186,663</u>	<u>186,138</u>	<u>189,769</u>	<u>191,633</u>
TOTAL DISTRICT-PROGRAM REVENUES	<u>\$ 1,633,476</u>	<u>\$ 460,329</u>	<u>\$ 440,997</u>	<u>\$ 432,452</u>	<u>\$ 426,398</u>	<u>\$ 418,818</u>	<u>\$ 562,641</u>	<u>\$ 525,007</u>
NET (EXPENSE) REVENUES								
Governmental Activities	\$ (6,341,282)	\$ (8,423,946)	\$ (9,022,398)	\$ (9,888,626)	\$ (10,607,346)	\$ (10,181,659)	\$ (10,722,791)	\$ (10,252,976)
Business-Type Activities	6,328	(4,217)	10,432	3,273	(17,001)	4,748	4,247	14
TOTAL DISTRICT-WIDE NET EXPENSES	<u>\$ (6,334,954)</u>	<u>\$ (8,428,163)</u>	<u>\$ (9,011,966)</u>	<u>\$ (9,885,353)</u>	<u>\$ (10,624,347)</u>	<u>\$ (10,176,911)</u>	<u>\$ (10,718,544)</u>	<u>\$ (10,252,962)</u>

HOLLAND TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(Continued)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
GENERAL REVENUES & OTHER CHANGES IN NET ASSETS								
Governmental Activities:								
Property Taxes Levied for General Purposes, Net	\$ 5,186,772	\$ 5,975,907	\$ 6,473,906	\$ 6,990,227	\$ 7,313,843	\$ 7,474,751	\$ 7,833,653	\$ 8,051,999
Taxes Levied for Debt Service	268,755	331,771	344,008	332,745	271,483	260,220	243,416	287,694
Unrestricted Grants & Contributions	1,080,694	2,334,303	2,435,806	2,737,480	2,889,968	2,665,222	2,638,857	2,296,151
Investment Earnings	15,695	28,934	63,595	84,795	64,011	15,192	7,499	1,394
Miscellaneous Income	26,704	20,494	51,991	1,943	3,152	22,814	4,405	2,771
Operating Transfers Out					(10,103)		(122,229)	(45,000)
Special Item-Loss on Disposal of Capital Assets			(1,331)	(97,800)			(708)	(822)
Total Governmental Activities	6,578,620	8,691,409	9,367,975	10,049,390	10,532,354	10,438,199	10,604,893	10,594,187
Business-Type Activities:								
Investment Earnings	238	460	980	802	474	78	135	
Miscellaneous Income			279					
Operating Transfers In					10,103		2,229	
Total Business-Type Activities	238	460	1,259	802	10,577	78	2,364	-
TOTAL DISTRICT-WIDE	\$ 6,578,858	\$ 8,691,869	\$ 9,369,234	\$ 10,050,192	\$ 10,542,931	\$ 10,438,277	\$ 10,607,257	\$ 10,594,187
CHANGE IN NET ASSETS								
Governmental Activities	\$ 237,338	\$ 267,463	\$ 345,577	\$ 160,764	\$ (74,992)	\$ 256,540	\$ (117,898)	\$ 341,211
Business-Type Activities	6,566	(3,757)	11,691	4,075	(6,424)	4,826	6,611	14
TOTAL DISTRICT	\$ 243,904	\$ 263,706	\$ 357,268	\$ 164,839	\$ (81,416)	\$ 261,366	\$ (111,287)	\$ 341,225

HOLLAND TOWNSHIP SCHOOL DISTRICT
 FUND BALANCES, GOVERNMENTAL FUNDS,
 LAST EIGHT FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
General Fund:								
Reserved	\$ 227,669	\$ 155,322	\$ 402,854	\$ 600,056	\$ 540,699	\$ 790,924	\$ 670,336	\$ 569,133
Unreserved	181,977	159,399	129,564	193,411	214,888	200,175	380,976	354,856
Total General Fund	<u>\$ 409,646</u>	<u>\$ 314,721</u>	<u>\$ 532,418</u>	<u>\$ 793,467</u>	<u>\$ 755,587</u>	<u>\$ 991,099</u>	<u>\$ 1,051,312</u>	<u>\$ 923,989</u>
All Other Governmental Funds:								
Reserved, Reported In:								
Capital Projects Fund	\$ 25,879		\$ 17,309					
Unreserved, Reported In:								
Capital Projects Fund	744,891	\$ 326,472	182,619	\$ 132,609	\$ 55,542	\$ 55,542		\$ 361,046
Debt Service Fund	23,500			50,000	50,001	1	\$ 1	
Total All Other Governmental Funds	<u>\$ 794,270</u>	<u>\$ 326,472</u>	<u>\$ 199,928</u>	<u>\$ 182,609</u>	<u>\$ 105,543</u>	<u>\$ 55,543</u>	<u>\$ 1</u>	<u>\$ 361,046</u>

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues:										
Tax Levy	\$ 4,497,796	\$ 5,090,516	\$ 5,553,305	\$ 6,307,678	\$ 6,817,914	\$ 7,322,972	\$ 7,585,326	\$ 7,734,971	\$ 8,077,069	\$ 8,339,693
Tuition Charges	7,100	7,100	14,200	14,190	22,575	23,263	31,826	25,344	28,922	54,712
Transportation	405		405							
Interest Earnings	24,818	34,903	15,695	28,934	63,595	84,795	64,011	15,192	7,499	1,394
Miscellaneous	53,933	56,903	26,705	20,494	57,991	8,943	13,031	42,617	13,381	10,115
State Sources	1,845,314	3,679,540	2,277,401	2,338,075	2,439,630	2,737,849	2,890,002	2,665,222	2,404,167	2,298,989
State Sources-Capital Projects				53,216	(16,885)	(10)				29,623
Federal Sources	119,316	129,435	147,627	179,667	179,259	192,667	174,235	167,158	531,627	190,113
Total Revenues	6,548,682	8,998,397	8,035,338	8,942,254	9,564,079	10,370,479	10,758,431	10,650,504	11,062,665	10,924,639
Expenditures:										
Instruction:										
Regular Instruction	2,444,659	2,279,404	2,363,417	2,661,732	2,685,817	2,907,946	3,001,200	2,878,136	2,923,940	2,890,933
Special Education Instruction	593,819	637,182	709,061	777,987	867,829	941,968	1,070,481	1,278,962	1,169,898	1,120,468
Other Special Instruction	143,157	148,026	131,082	109,535	149,839	194,716	195,391	155,851	219,842	162,444
School Sponsored/Other Instructional	47,227	48,319	47,667	65,432	58,784	64,948	68,672	80,669	68,694	55,895
Support Services:										
Tuition	72,303	141,312	131,469	36,098	20,950	8,623	56,658	612		63,395
Student & Inst Related Services	628,572	584,751	635,873	841,870	952,962	896,274	979,365	967,719	1,027,427	891,046
General Administration	294,875	266,678	163,625	221,745	284,775	306,371	365,744	295,090	358,043	341,168
School Administration Services	239,986	263,255	349,386	298,562	174,718	181,419	197,293	207,693	206,764	184,463
Central Services	122,919	125,889	133,363	176,288	158,814	193,350	202,157	210,494	206,436	225,023
Administrative Information Technology				67,944	31,750	27,931	37,339	25,904	26,802	28,407
Plant Operations & Maintenance	558,932	616,910	679,893	661,188	742,257	823,122	984,307	881,141	867,217	722,341
Pupil Transportation	260,601	323,713	333,509	382,400	453,309	371,837	384,633	380,376	386,731	358,579
Employee Benefits	941,432	1,038,379	1,188,551	1,332,180	1,517,223	1,663,170	1,748,435	1,947,121	2,203,638	2,360,232
On-Behalf TPAF Pension & Social Security Contribution	261,521	441,672	516,034	574,319	678,096	996,771	1,035,974	617,878	654,806	625,989
Capital Outlay	46,559	108,868	16,650	57,164	54,328	4,213	35,995	43,923	11,505	39,840
Special Schools								2,242	5,151	1,672
Special Revenue Funds	150,903	161,307	151,627	183,439	183,083	194,036	178,148	180,961	299,913	193,415
Capital Projects Fund		3,264,460	247,449	701,824	114,384	17,309				74,057
Debt Service:										
Principal		165,000	265,000	265,000	265,000	265,000	265,000	265,000	265,000	265,000
Interest & Other Charges		96,501	101,533	90,270	79,008	67,745	56,482	45,220	33,958	41,550
Total Expenditures	6,807,465	10,711,626	8,165,189	9,504,977	9,472,926	10,126,749	10,863,274	10,464,992	10,935,765	10,645,917
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(258,783)	(1,713,229)	(129,851)	(562,723)	91,153	243,730	(104,843)	185,512	126,900	278,722
Other Financing Sources (Uses):										
Bond Issue Proceeds	2,554,000									
Capital Leases	46,559	106,868								
Transfers In (Out)							(10,103)		(122,229)	(45,000)
Total Other Financing Sources (Uses)	2,600,559	106,868	-	-	-	-	(10,103)	-	(122,229)	(45,000)
Net Change in Fund Balances	\$ 2,341,776	\$ (1,606,361)	\$ (129,851)	\$ (562,723)	\$ 91,153	\$ 243,730	\$ (114,946)	\$ 185,512	\$ 4,671	\$ 233,722
Debt Service as a Percentage of Noncapital Expenditures	0.00%	3.70%	4.86%	4.23%	3.84%	3.40%	3.06%	3.07%	2.81%	3.00%

Source: District Records

NOTE: Non-capital expenditures are total expenditures less capital outlay, capital projects fund and debt service.
 Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005
 Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

HOLLAND TOWNSHIP SCHOOL DISTRICT
 GENERAL FUND-OTHER LOCAL REVENUES BY SOURCE
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Description	Fiscal Year Ending June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Interest on Investments	\$ 24,818	\$ 13,961	\$ 15,695	\$ 28,934	\$ 63,595	\$ 84,795	\$ 64,011	\$ 15,192	\$ 7,499	\$ 1,394
Tuition	7,100	7,100	14,200	14,190	22,575	23,263	31,826	25,344	28,922	54,712
Canceled:										
Prior Year Accounts Payable								1,058	43	
Old Outstanding Checks					125					
Account Balances							3,152		1,440	2,736
Sale of Surplus Equipment	525									
Donations								21,621	2,155	
Prior Year Refunds	25,218	9,099	520	8,206	61	1,943		135	767	35
Insurance Dividends			8,819	6,247						
Miscellaneous	6,714	24,732	1,547							
Building Use Rental Income	11,114	7,920	6,050	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Transportation	405		405							
Prior Year Tuition	10,362	15,152	9,769							
Bid Specification Fees										880
Special Education Medicaid Initiative				41	17					
	<u>\$ 86,256</u>	<u>\$ 77,964</u>	<u>\$ 57,005</u>	<u>\$ 63,618</u>	<u>\$ 92,373</u>	<u>\$ 116,001</u>	<u>\$ 104,989</u>	<u>\$ 69,350</u>	<u>\$ 46,826</u>	<u>\$ 65,757</u>

Source: District Records

HOLLAND TOWNSHIP SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
 LAST TEN FISCAL YEARS

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Vacant Land	\$ 14,740,900	\$ 17,671,800	\$ 15,662,100	\$ 19,866,700	\$ 18,740,600	\$ 15,993,100	\$ 13,910,600	\$ 13,960,200	\$ 13,623,600	\$ 12,898,800
Residential	329,092,700	491,253,000	504,186,100	631,566,600	637,852,300	646,038,300	644,816,900	646,967,000	646,506,300	646,373,000
Farm Regular	26,032,800	51,192,600	52,317,000	64,036,700	66,490,700	66,731,500	72,529,100	73,861,100	75,961,400	75,820,600
Q Farm	3,600,800	2,564,400	2,527,500	2,514,200	2,428,000	2,402,600	2,619,500	2,615,500	2,588,800	2,555,100
Commercial	11,604,200	15,147,400	14,981,200	16,210,700	16,221,100	16,192,600	16,192,600	16,150,100	16,302,400	16,202,400
Industrial	22,806,050	28,067,800	27,813,300	26,004,800	17,736,700	17,736,700	17,716,700	14,480,500	14,480,500	14,026,400
Apartment	261,500	996,900	587,900	409,900	409,900	409,900	409,900	409,900	409,900	409,900
Total Assessed Value	408,138,950	606,893,900	618,075,100	760,609,600	759,879,300	765,504,700	768,195,300	768,444,300	769,872,900	768,286,200
Public Utilities (a)	1,549,554	2,114,342	2,212,182	2,196,628	1,901,237	1,865,780	1,915,521	1,952,899	2,066,917	1,938,850
Net Valuation Taxable	\$ 409,688,504	\$ 609,008,242	\$ 620,287,282	\$ 762,806,228	\$ 761,780,537	\$ 767,370,480	\$ 770,110,821	\$ 770,397,199	\$ 771,939,817	\$ 770,225,050
Estimated Actual County Equalized Value	\$ 507,861,256	\$ 615,651,520	\$ 656,913,449	\$ 759,926,853	\$ 808,243,008	\$ 876,204,072	\$ 854,549,495	\$ 830,689,491	\$ 832,100,698	\$ 783,944,071
Percentage of Net Valuation to Estimated Actual County Equalized Value	80.67%	98.92%	94.42%	100.38%	94.25%	87.58%	90.12%	92.74%	92.77%	98.25%
Total Direct School Tax Rate (b)	\$ 1.12	\$ 0.87	\$ 1.00	\$ 0.88	\$ 0.96	\$ 0.99	\$ 1.00	\$ 1.05	\$ 1.08	\$ 1.09

*

*

Source: Municipal Tax Assessor

NOTE: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment

(a) Taxable Value of Machinery, Implements and Equipments of Telephone and Messenger System Companies

(b) Tax rates are per \$100

* Revalued/Reassessed

HOLLAND TOWNSHIP SCHOOL DISTRICT
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 LAST TEN FISCAL YEARS
 (RATE PER \$100 OF ASSESSED VALUE)

Assessment Year	School District Direct Rate				Overlapping Rates		Total Direct & Overlapping Tax Rate	
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6)		Regional School Rate	Municipality		County
			Total Direct School Tax Rate					
2002	\$ 1.06	\$ 0.06	\$ 1.12	\$ 0.59		\$ 0.56	\$ 2.27	
2003	* 0.81	0.06	0.87	0.44		0.43	1.74	
2004	0.95	0.05	1.00	0.49		0.44	1.93	
2005	* 0.84	0.04	0.88	0.42		0.38	1.68	
2006	0.92	0.04	0.96	0.46		0.38	1.80	
2007	0.95	0.04	0.99	0.46		0.38	1.83	
2008	0.97	0.03	1.00	0.48		0.37	1.85	
2009	1.02	0.03	1.05	0.50		0.37	1.92	
2010	1.04	0.04	1.08	0.50		0.37	1.95	
2011	1.05	0.04	1.09	0.53		0.35	1.97	

Sources: Municipal Tax Collector

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

- (a) The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.
- (b) Rates for debt service are based on each year's requirements.

* Revalued/Reassessed

HOLLAND TOWNSHIP SCHOOL DISTRICT
 PRINCIPAL PROPERTY TAXPAYERS,
 CURRENT YEAR AND NINE YEARS AGO

	2011			2002		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
RRI Energy	\$ 8,000,000	1	1.04%	\$ 18,606,800	1	4.54%
Oak Hill Golf Club	5,168,000	2	0.67%	4,096,300	3	1.00%
Individual Property Owner	3,268,000	3	0.42%			
Georgia Pacific Corporation	2,845,900	4	0.37%			
Columbia Gas	2,206,500	5	0.29%	2,191,700	5	0.53%
Fiberville Estates	1,973,700	6	0.26%			
Warren Glen Investments	1,900,000	7	0.25%			
Verizon	1,618,116	8	0.21%	1,818,720	6	0.44%
Individual Property Owner	1,459,200	9	0.19%			
KJA Holdings Inc.	1,349,500	10	0.18%			
Fibermark				7,502,800	2	1.83%
SV Partnership				2,686,000	4	0.66%
Individual Property Owner				1,333,100	7	0.33%
Riegel Federated Credit Union				1,226,300	8	0.30%
Individual Property Owner				1,195,800	9	0.29%
Hunterdon Capital				1,130,300	10	0.28%
	<u>\$ 29,788,916</u>		<u>3.88%</u>	<u>\$ 41,787,820</u>		<u>10.20%</u>

Source: Municipal Tax Assessor

HOLLAND TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Year Ending December 31,	Taxes Levied for the Year	Collected Within the Fiscal Year of the Levy (a)	
		Amount	Percentage of Levy
2001	\$ 8,345,707	\$ 8,037,015	96.30%
2002	9,520,888	9,163,043	96.24%
2003	10,787,163	10,472,000	97.08%
2004	12,270,594	11,936,109	97.27%
2005	12,945,989	12,659,114	97.78%
2006	13,824,703	13,489,252	97.57%
2007	14,126,824	13,825,854	97.87%
2008	14,326,777	13,990,030	97.65%
2009	14,783,316	14,476,124	97.92%
2010	15,104,272	14,801,704	98.00%

Sources: District records including the Certificate and Report of School Taxes (A4F form)

(a) School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

HOLLAND TOWNSHIP SCHOOL DISTRICT
 RATIOS OF OUTSTANDING DEBT BY TYPE
 LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	General Obligation Bonds	Governmental Activities			Business-Type Activities	Total District	% of Personal Income (a)	Per Capita (a)
		Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2002	\$ 2,554,000		\$ 387,655			\$ 2,941,655	1.02%	\$ 564
2003	2,389,000		405,698			2,794,698	0.93%	533
2004	2,124,000		318,744			2,442,744	0.79%	466
2005	1,859,000		225,197			2,084,197	0.66%	397
2006	1,594,000		142,397			1,736,397	0.55%	331
2007	1,329,000		97,664			1,426,664	0.42%	271
2008	1,064,000		50,252			1,114,252	0.31%	212
2009	799,000					799,000	0.22%	152
2010	534,000					534,000	0.16%	101
2011	269,000					269,000	N/A	51

NOTE: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

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

HOLLAND TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value (a) of Property	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
	2002	\$ 2,554,000			
2003	2,389,000		2,389,000	0.39%	456
2004	2,124,000		2,124,000	0.34%	405
2005	1,859,000		1,859,000	0.24%	354
2006	1,594,000		1,594,000	0.21%	304
2007	1,329,000		1,329,000	0.17%	253
2008	1,064,000		1,064,000	0.14%	203
2009	799,000		799,000	0.10%	152
2010	534,000		534,000	0.07%	101
2011	269,000		269,000	0.03%	51

NOTE Details regarding the district's outstanding debt can be found in the notes to the financial statements.

(a) See Exhibit J-6 for property tax data.

(b) Population data can be found in Exhibit J-14.

HOLLAND TOWNSHIP SCHOOL DISTRICT
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 AS OF DECEMBER 31, 2010

	Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Overlapping Debt
GOVERNMENTAL UNIT			
Debt Repaid with Property Taxes:			
Municipality	\$ 206,900	100.00	\$ 206,900
Regional High School	4,469,000	30.23	1,351,121
County General Obligation Debt	100,047,622	3.45	3,453,103
Subtotal, Overlapping Debt			5,011,124
School District Direct Debt			534,000
Total Direct and Overlapping Debt			\$ 5,545,124

Sources: Assessed value data used to estimate applicable percentages provided by the county Board of Taxation. Debt outstanding data provided by each governmental unit.

NOTE: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the municipality. This process recognizes that when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt of each overlapping payment.

(a) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the District's boundaries and dividing it by each unit's total taxable value.

HOLLAND TOWNSHIP SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION,
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2011

Equalized Valuation Basis

2010	\$	783,585,649
2009		828,332,758
2008		856,787,085
		<u>\$ 2,468,705,492</u>

Average Equalized Valuation of Taxable Property \$ 822,901,831

Debt Limit (3.0% of Average Equalization Value) 24,687,055 (a)

Total Net Debt Applicable to Limit 269,000

Legal Debt Margin \$ 24,418,055

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$ 13,380,242	\$ 14,685,584	\$ 16,436,451	\$ 18,369,508	\$ 20,582,382	\$ 22,742,973	\$ 24,526,012	\$ 25,414,836	\$ 25,386,205	\$ 24,687,055
Total Net Debt Applicable	<u>2,554,000</u>	<u>2,389,000</u>	<u>2,124,000</u>	<u>2,024,246</u>	<u>1,699,505</u>	<u>1,329,000</u>	<u>1,064,000</u>	<u>799,000</u>	<u>534,000</u>	<u>269,000</u>
Legal Debt Margin	<u>\$ 10,826,242</u>	<u>\$ 12,296,584</u>	<u>\$ 14,312,451</u>	<u>\$ 16,345,262</u>	<u>\$ 18,882,877</u>	<u>\$ 21,413,973</u>	<u>\$ 23,462,012</u>	<u>\$ 24,615,836</u>	<u>\$ 24,852,205</u>	<u>\$ 24,418,055</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	19.09%	16.27%	12.92%	11.02%	8.26%	5.84%	4.34%	3.14%	2.10%	1.09%

Source: Equalized Valuation Bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

(a) Limit Set by NJSA 18A:24-19

HOLLAND TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2002	5,212	\$ 297,657,320	\$ 57,110	2.1%
2003	5,239	307,351,174	58,666	3.6%
2004	5,243	314,144,831	59,917	3.9%
2005	5,246	312,619,632	59,592	3.2%
2006	5,252	337,840,152	64,326	4.0%
2007	5,260	358,490,040	68,154	3.5%
2008	5,253	361,149,003	68,751	4.5%
2009	5,268	344,232,192	65,344	8.2%
2010	5,268	N/A	N/A	8.4%
2011	5,268	N/A	N/A	N/A

Sources:

- (a) Population information provided by the NJ Dept of Labor and Workforce Development
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented
- (c) Per capita personal income by county estimated based upon the 2000 census published by the US Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development

HOLLAND TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	2011			2002		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

HOLLAND TOWNSHIP SCHOOL DISTRICT
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Instruction:										
Regular	58.7	56.5	57.0	58.0	64.0	66.0	62.0	46.5	47.0	45.9
Special Education	6.8	7.1	8.5	9.5	10.0	11.0	12.0	30.2	31.5	28.7
Support Services:										
Student and Instruction Related Services	14.3	11.1	13.8	11.7	17.0	15.0	16.5	16.5	15.5	14.7
General Administration	2.1	2.0	3.7	1.4	3.0	3.0	3.0	3.0	3.0	2.0
School Administration Services	4.1	4.0	2.0	2.4	4.0	4.0	4.0	4.0	3.0	3.0
Central Services	2.6	2.6	3.0	4.0	3.0	3.0	3.5	3.5	3.5	3.5
Plant Operations and Maintenance	6.0	7.2	5.4	5.4	6.4	6.4	6.0	6.0	6.0	6.5
Pupil Transportation	3.8	4.0								
Total	98.4	94.5	93.4	92.4	107.4	108.4	107.0	109.7	109.5	104.3

Sources: District Personnel Records

HOLLAND TOWNSHIP SCHOOL DISTRICT
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2002	696	\$ 6,760,906	\$ 9,714	8.88%	69	1 to 10.09	695.5	666.3	-0.16%	95.80%
2003	683	7,076,797	10,361	6.66%	64	1 to 10.67	676.2	646.5	-2.77%	95.61%
2004	683	7,534,557	11,032	6.47%	64	1 to 10.67	684.6	658.7	1.24%	96.22%
2005	714	8,390,719	11,752	6.53%	72	1 to 9.92	708.7	678.3	3.52%	95.71%
2006	720	8,960,206	12,445	5.90%	73	1 to 9.86	716.3	686.3	1.07%	95.81%
2007	716	9,772,482	13,649	9.67%	74	1 to 9.68	713.4	685.8	-0.40%	96.13%
2008	687	10,505,797	15,292	12.04%	71	1 to 9.68	684.2	656.8	-4.09%	96.00%
2009	675	10,110,849	14,979	-2.05%	73	1 to 9.24	674.9	644.1	-1.36%	95.44%
2010	665	10,625,302	15,978	6.67%	64	1 to 10.91	663.2	629.8	-1.73%	94.96%
2011	659	10,225,470	15,517	-2.89%	63.4	1 to 10.40	656.9	626.2	-0.95%	95.33%

Source: District Records

(a) Operating expenditures equal total expenditures less debt service and capital outlay.

(b) Teaching staff includes only full-time equivalents or certificated staff.

(c) Average Daily Enrollment and Average Daily Attendance are obtained from the School Register Summary (SRS).

HOLLAND TOWNSHIP SCHOOL DISTRICT
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS

DISTRICT BUILDING	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>Holland Township Elementary (1939)</u>										
Square Feet	112,840	112,840	112,840	112,840	112,840	112,840	112,840	112,840	112,840	112,840
Capacity (Students)	678	770	770	770	770	770	770	770	770	770
Enrollment	706	683	693	714	720	717	717	672	659	655

Number of Schools at June 30, 2011:
 Elementary & Middle 1

Source: District Facilities Office
 N/A=Not Available

Year of original construction is shown in parentheses. Increase in square footage and capacity are the result of renovations and additions. Enrollment is based on the annual October district count.

HOLLAND TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

* School Facilities

	Holland Township School	Total
2002	\$ 14,634	\$ 14,634
2003	36,982	36,982
2004	36,121	36,121
2005	42,973	42,973
2006	38,153	38,153
2007	68,388	68,388
2008	154,254	154,254
2009	102,985	102,985
2010	154,526	154,526
2011	61,258	61,258
	<hr/>	<hr/>
Total School Facilities	<u>\$ 710,274</u>	<u>\$ 710,274</u>

* School Facilities as Defined Under EFCFA.
(NJAC 6A:26-1.2 and NJAC 6A:26A-1.3)

Source: District Records

HOLLAND TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2011
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy-School Alliance Insurance Fund:		
Property-Blanket Building & Contents (Insurance Cooperative)	\$ 250,000,000	\$ 1,000
Comprehensive General Liability	5,000,000	500
Blanket Position Bond	500,000	1,000
Underground Storage Tank Liability-Illinois Union Insurance Company:		
Policy Limit	1,000,000	
Student Accident Insurance-National Union Fire Insurance Company of Pittsburgh PA:		
Policy Limit	500,000	
School Board Legal Liability-School Alliance Insurance Fund:		
Policy Limit	5,000,000	5,000
Worker's Compensation-School Alliance Insurance Fund:		
Per Accident, Disease and Disease Limit	5,000,000	
Excess Liability-School Alliance Insurance Fund:		
Policy Limit	5,000,000	
Public Employees' Faithful Performance-Selective Insurance Company:		
Treasurer of School Monies Bond	200,000	
Business Administrator's Bond	100,000	

Source: District Records

SINGLE AUDIT SECTION

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

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Washington, NJ 07882 - 1530
Fax # (908) 689-8388
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INDEPENDENT AUDITORS' 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

November 9, 2011

Honorable President and
Members of the Board of Education
Holland Township School District
County of Hunterdon, New Jersey

We have audited the financial statements of the Board of Education of the Holland School District in the County of Hunterdon as of and for the year ended June 30, 2011, and have issued our report thereon dated November 9, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; Government Auditing Standards issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board of Education's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these 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 that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

This report is intended solely for the information of the management of the Board of Education and federal and state awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.



William M. Colantano, Jr.
Public School Accountant
No. CS 0128

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Public School Accountant
Registered Municipal Accountant

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
NEW JERSEY OMB CIRCULAR 04-04

November 9, 2011

Honorable President and
Members of the Board of Education
Holland Township School District
County of Hunterdon, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Holland School District in the County of Hunterdon, with the types of compliance requirements described in the US Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and New Jersey OMB's Circular 04-04 that are applicable to its major federal and state programs for the year ended June 30, 2011. The Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state grants is the responsibility of the Board of Education's management. Our responsibility is to express an opinion on the Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 04-04 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid;" and OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations". Those Standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Board of Education's compliance with those requirements.

In our opinion the Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

The management of the Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit we considered the Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal and state program in order to determine our audit procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness on internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board of Education's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal and state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of the Board of Education, the New Jersey State Department of Education (the cognizant audit agency) and other state and federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.


William M. Colantano, Jr.
Public School Accountant
No. CS 0128

HOLLAND TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS-SCHEDULE A
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Grantor/Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2010	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2011		
											Accounts Receivable	Deferred Revenue	Due to Grantor
US Department of Education:													
General Revenue Fund:													
Education Jobs Fund	84.410A	ARRA-222011	\$ 63,822	08/10/2010-09/30/2012									
Total General Fund					\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
US Department of Education Passed Through State Department of Education:													
Special Revenue Fund:													
NCLB Title I	84.010A	NCLB-222010	12,985	09/01/2009-08/31/2010	(2,815)		2,815						
NCLB Title I	84.010A	NCLB-222011	10,528	09/01/2010-08/31/2011			6,950	10,528			(3,578)		
NCLB Title II A	84.367A	NCLB-222010	10,921	09/01/2009-08/31/2010	(1,962)		1,962						
NCLB Title II A	84.367A	NCLB-222011	11,216	09/01/2010-08/31/2011			11,216	11,216					
NCLB Title II D	84.318X	NCLB-222010	132	09/01/2009-08/31/2010	(132)		132						
NCLB Title II D	84.318X	NCLB-222011	21	09/01/2010-08/31/2011				21			(21)		
ARRA IDEA Basic	84.391	ARRA-222010	139,955	09/01/2009-08/31/2011	(40,165)		42,396	2,231					
ARRA IDEA Preschool	84.392	ARRA-222010	5,061	09/01/2009-08/31/2011	(1,289)		1,554	265					
IDEA Basic	84.027	IDEA-222009	140,433	09/01/2008-08/31/2009	(1,207)		1,207						
IDEA Basic	84.027	IDEA-222010	139,644	09/01/2009-08/31/2010	(13,954)		13,954						
IDEA Basic	84.027	IDEA-222011	139,023	09/01/2010-08/31/2011			112,828	139,023			(26,195)		
IDEA Preschool	84.173	IDEA-222011	5,441	09/01/2010-08/31/2011			5,441	5,441					
Total Special Revenue Fund					(61,524)	-	200,455	168,725	-	-	(29,794)	-	
US Department of Agriculture Passed Through State Department of Agriculture:													
Food Service Fund:													
Food Donation Program	10.550	N/A	13,816	07/01/2009-06/30/2010	3,018			3,018					
Food Donation Program	10.550	N/A	11,174	07/01/2010-06/30/2011			11,174	9,057			2,117		
National School Lunch Program	10.555	N/A	24,586	07/01/2009-06/30/2010	(2,339)		2,339						
National School Lunch Program	10.555	N/A	27,712	07/01/2010-06/30/2011			25,240	27,712			(2,472)		
Total Food Service Fund					679	-	38,753	39,787	-	-	(2,472)	2,117	
TOTAL FEDERAL FINANCIAL ASSISTANCE					\$ (60,845)	\$ -	\$ 239,208	\$ 208,512	\$ -	\$ -	\$ (32,266)	\$ 2,117	

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

HOLLAND TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE-SCHEDULE B
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance 6/30/2010	Cash Received	Budgetary Expenditure	Adjustment	Balance June 30, 2011			Memo	
								Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
<u>State Department of Education</u>												
General Fund:												
Categorical Special Education Aid	11-495-034	\$ 354,568	07/01/2010-									
	-5120-089		06/30/2011		\$ 354,568	\$ 354,568					\$ 34,990	\$ 354,568
Equalization Aid	11-495-034	1,078,168	07/01/2010-									
	-5120-078		06/30/2011		1,078,168	1,078,168					106,399	1,078,168
Extraordinary Aid	10-100-034	321,714	07/01/2009-									
	-5120-473		06/30/2010	\$ (321,714)	321,714							321,714
Extraordinary Aid	11-100-034	184,189	07/01/2010-									
	-5120-473		06/30/2011			184,189		\$ (184,189)				184,189
Nonpublic Transportation Aid	10-495-034	1,832	07/01/2009-									
	-5120-014		06/30/2010	(1,832)	1,832							1,832
Nonpublic Transportation Aid	11-495-034	1,690	07/01/2010-									
	-5120-014		06/30/2011			1,690		(1,690)				1,690
TPAF Wage Freeze Aid	11-495-034	366	07/01/2010-									
	-5095-002		06/30/2011		183	366		(183)				366
On-Behalf TPAF Pension Contribution-Post Retirement Medical	11-495-034	284,920	07/01/2010-									
	-5095-001		06/30/2011		284,920	284,920						284,920
On-Behalf TPAF Pension Contribution-Non Contributory Group Insurance	11-495-034	13,414	07/01/2010-									
	-5095-007		06/30/2011		13,414	13,414						13,414
Reimbursed TPAF Social Security Contributions	10-495-034	354,420	07/01/2009-									
	-5095-002		06/30/2010	(17,824)	17,824							354,420
Reimbursed TPAF Social Security Contributions	11-495-034	327,655	07/01/2010-									
	-5095-002		06/30/2011		311,375	327,655		(16,280)				327,655
Total General Fund				<u>(341,370)</u>	<u>2,383,998</u>	<u>2,244,970</u>	<u>\$ -</u>	<u>(202,342)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>141,389</u>	<u>2,922,936</u>
Special Revenue Fund:												
New Jersey School to Watch	09-100-034	3,000	09/01/2009-									
	-5063-316		08/31/2010	335		335						3,000
New Jersey School to Watch	10-100-034	3,000	09/01/2010-									
	-5063-316		08/31/2011		3,000	2,503		497				2,503
Total Special Revenue Fund				<u>335</u>	<u>3,000</u>	<u>2,838</u>	<u>-</u>	<u>-</u>	<u>497</u>	<u>-</u>	<u>-</u>	<u>5,503</u>
<u>School Development Authority</u>												
Capital Projects Fund:												
Masonry, Slate Roofing and Security System Upgrades	2220-060-10-1004	270,320	07/01/2010-									
			06/30/2012	-	-	270,320		(270,320)				270,320
<u>State Department of Agriculture</u>												
Food Service Fund:												
State School Lunch Program	10-100-010	2,365	07/01/2009-									
	-3350-023		06/30/2010	(225)	225							2,365
State School Lunch Program	11-100-010	2,333	07/01/2010-									
	-3350-023		06/30/2011		2,000	2,333		(333)				2,333
Total Food Service Fund				<u>(225)</u>	<u>2,225</u>	<u>2,333</u>	<u>-</u>	<u>(333)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,698</u>
TOTAL STATE FINANCIAL ASSISTANCE				<u>\$ (341,260)</u>	<u>\$ 2,389,223</u>	<u>\$ 2,520,461</u>	<u>\$ -</u>	<u>\$ (472,995)</u>	<u>\$ 497</u>	<u>\$ -</u>	<u>\$ 141,389</u>	<u>\$ 3,203,457</u>

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

HOLLAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2011

NOTE 1. GENERAL

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Holland Township School District. The Board of Education is defined in Note 1 (A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included on the schedule of federal financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1 (C) and 1 (D) to the Board's general-purpose financial statements.

NOTE 3. RELATIONSHIP OF FINANCIAL STATEMENTS

The financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to PL 2004, Ch 97 (A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferred and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$51,181 for the general fund, \$21,352 for the special revenue fund and (\$240,697 for the capital projects fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds and Exhibit F-2 for the capital projects fund.

Financial assistance revenues are reported in the Board's financial statements on a GAAP basis as follows:

	<u>Local</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund			\$ 2,296,151	\$ 2,296,151
Special Revenue Fund	\$ 464	\$ 190,113	2,838	193,415
Capital Project Fund			29,623	29,623
Food Service Fund		39,787	2,333	42,120
	<u>\$ 464</u>	<u>\$ 229,900</u>	<u>\$ 2,330,945</u>	<u>\$ 2,561,309</u>

HOLLAND TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2011
(Continued)

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2011. TPAF Social Security Contribution represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011.

HOLLAND TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued: Unqualified

Internal Control Over Financial Reporting:

1. Material weakness(es) identified? Yes X No
2. Reportable conditions identified that are not considered to be material weaknesses? Yes X No

Noncompliance Material to General Purpose Financial Statements Noted? Yes X No

Federal Awards

Internal Control Over Major Programs:

1. Material weakness(es) identified? Yes No
2. Reportable conditions identified that are not considered to be material weaknesses? Yes No

Type of Auditor's Report Issued on Compliance for Major Programs? NOT APPLICABLE

Any Audit Findings Disclosed that are Required to be Reported in Accordance with Section .510 (a) of Circular A-133 Yes No

Identification of Major Programs:

 CFDA Numbers Amount Name of Federal Program

HOLLAND TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Federal Awards (Cont'd) NOT APPLICABLE

Dollar Threshold used to Distinguish Between
Type A and Type B Programs: _____

Auditee qualified as a low-risk auditee Yes No

State Awards

Dollar Threshold used to Distinguish Between
Type A and Type B Programs: \$300,000

Auditee Qualified as low-risk auditee X Yes No

Type of Auditor's Report Issued on Compliance
for Major Programs: Unqualified

Internal Control Over Major Programs:
1. Material weakness(es) identified? Yes X No

2. Reportable conditions identified
that are not considered to be material
weaknesses? Yes X No

Any Audit Findings Disclosed That are Required
to be Reported in Accordance with NJ OMB
Circular Letter 04-04? Yes X No

Identification of Major Programs:

<u>GMIS Numbers</u>	<u>Amount</u>	<u>Name of State Program</u>
11-495-034-5120-078	\$ 1,078,168	Equalization Aid
11-495-034-5120-089	354,568	Categorical Special Education Aid
11-495-034-5095-002	327,655	Reimbursed TPAF Social Security' Contributions

HOLLAND TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SECTION II-FINANCIAL STATEMENT FINDINGS

There were no findings or questioned costs for the year ended June 30, 2011.

SECTION III-FEDERAL AWARDS AND STATE FINANCIAL
ASSISTANCE FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs for the year ended June 30, 2011.

HOLLAND TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There were no prior year findings or questioned costs.