

**HOLLAND TOWNSHIP
BOARD OF EDUCATION**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

**Prepared by
Holland Township
Department of Administration**

**HOLLAND TOWNSHIP
BOARD OF EDUCATION**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2016

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BOARD OF EDUCATION**

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BOARD OF EDUCATION**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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HOLLAND TOWNSHIP BOARD of EDUCATION



Mr. David E. Pawlowski
School Business Administrator

908-995-2772
www.hollandschool.org

October 27, 2016

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, 2016, 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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and the State Treasury OMB Circular 15-08, "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. 14. 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 2015-2016 fiscal year with an average daily enrollment of 588.6 students in grades PK through 8. The following details the changes in the student enrollment of the District over the last fifteen years:

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2016	553.6	(5.95)
2015	588.6	(2.24)
2014	602.1	(3.37)
2013	622.3	(4.1)
2012	648.8	(1.24)
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

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 district took on several initiatives in the 2015-16 school year including:

1. Implemented year two of a five year Strategic Plan which included renovating our locker rooms, reviewing our HVAC standards, reviewing our CMP and LRFP, and reviewing and adjusting our enrichment programs.
2. Developed a technology Curriculum with grade level expectations for grades K-8.
3. Added 1:1 computing to grade 5. (Total now at 5-8th grade)
4. Provided Technology professional development for all staff based on survey needs and skill level. Ongoing in 2015-16.
5. Increased student achievement in mathematics in grades 6-8.
6. Deployed a platform for Student and teacher communication, sharing and working together, and collaboration using technology (5-8) (Google Classroom)
7. To increase positive student conduct on elementary buses, and develop a bus safety program for 4th graders.
8. Completed actions and application to Sustainable NJ for Schools and achieve Bronze or Silver award status for being a Sustainable School with operations and curriculum.

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, 2016.

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, 2016, the District's outstanding debt was \$0.

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.

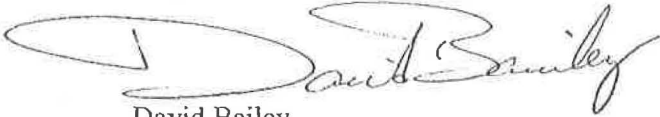
10. OTHER INFORMATION:

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bedard, Kurowicki and Company, CPA's, 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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and State Treasury Circular Letter OMB Circular 15-08. 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.

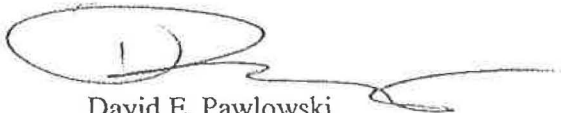
11. ACKNOWLEDGEMENTS:

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,

A handwritten signature in cursive script, appearing to read "David Bailey". The signature is written in black ink on a white background.

David Bailey
Superintendent

A handwritten signature in cursive script, appearing to read "David E. Pawlowski". The signature is written in black ink on a white background.

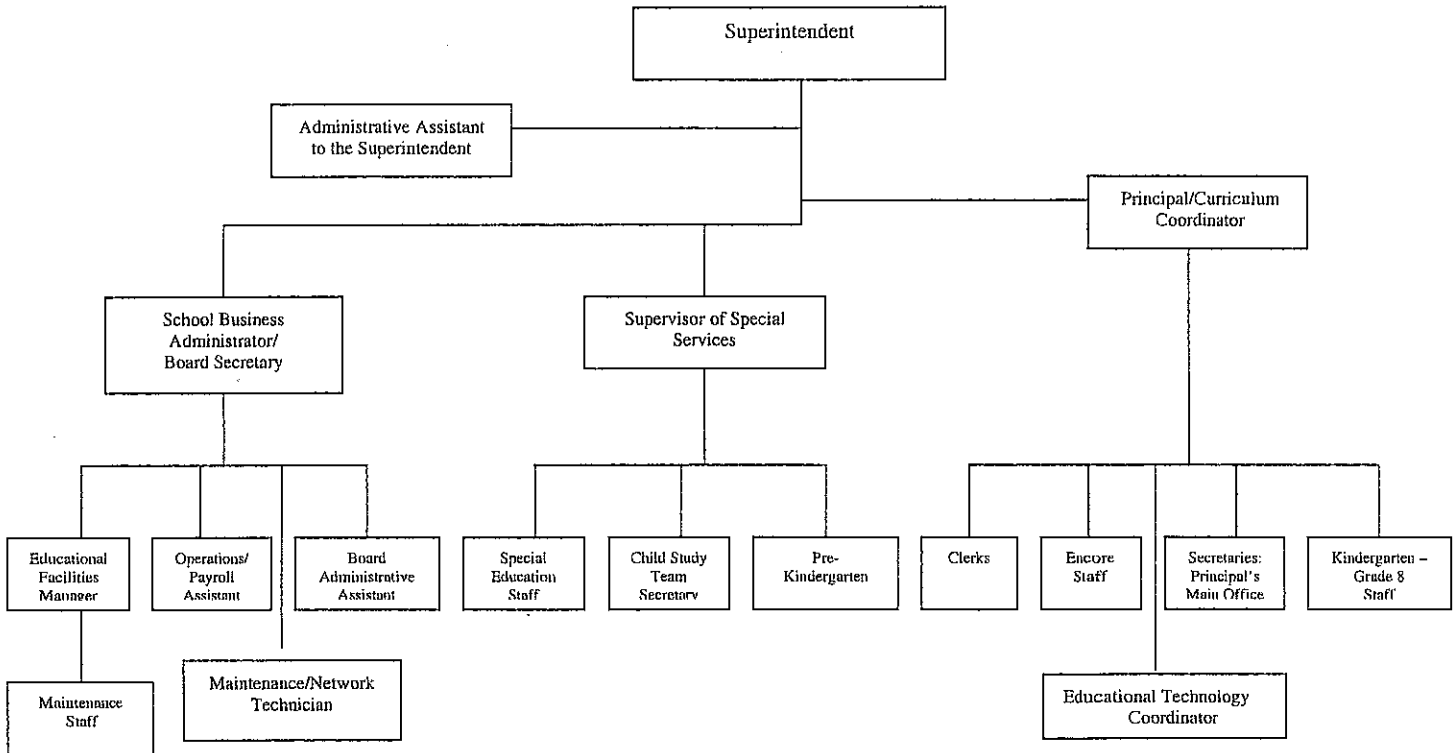
David E. Pawlowski
Business Administrator/Board Secretary

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



**HOLLAND TOWNSHIP SCHOOL DISTRICT
MILFORD, NEW JERSEY**

ROSTER OF OFFICIALS

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Casey Bickhardt		2018
Philip Brennan		2018
Matt Davis	Vice President	2016
Laurie Hance		2016
Edward Johnson		2016
Timothy McGuire		2017
Lorraine Scheibener	President	2016
Joseph Somers		2017
William Soucie		2017

Other Officials

David Bailey, Superintendent

**Abigail Postma, Board Secretary/School Business Administrator
(to June 10, 2016)**

**Julie Mumaw, Board Secretary/School Business Administrator
(from June 11, 2016)**

Patti Fischer, Treasurer

**HOLLAND TOWNSHIP SCHOOL DISTRICT
CONSULTANTS AND ADVISORS**

Auditor Firm

Bedard, Kurowcki & Co
114 Broad Street
Flemington, NJ 08822

Architect

Chapin Architectural Services PA
Kellen Chapin
17 Main Street
Netcong, NJ 07857

Attorney

Schwartz, Simon, Edelstein, & Celso, LLC
100 South Jefferson Road
Suite 200
Whippany, NJ 07981

Official Depository

Investors Savings Book
3563 Highway 22 North
Whitehouse, NJ 08888



Bedard, Kurowicki & Co.
Certified Public Accountants, PC
www.bkc-cpa.com

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Holland Township School District, (the District) in the County of Hunterdon, the State of New Jersey, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Holland Township School District, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, schedule of the District's proportionate share of net pension liability, and schedule of the District's pension contributions, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual non-major fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and schedule of state awards required by New Jersey Department of the Treasury OMB 15-08 is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.


In our opinion, the combining and individual non-major fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 27, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Bedard, Kurowicki & Co.
BEDARD, KUROWICKI & CO., CPA'S, PC


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

October 27, 2016
Flemington, New Jersey

HOLLAND TOWNSHIP SCHOOL DISTRICT
Management's Discussion And Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited

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, 2016. 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, 2016. Please read in it conjunction with the transmittal letter and the District's financial statements.

Financial Highlights

Key financial highlights for 2016 are as follows:

- In total, net position increased \$345,224 which represents a 6.65 percent increase from 2015.
- General revenues accounted for \$13,563,872 in revenue or 96.08 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 \$553,194 or 3.92 percent to total revenues of \$14,117,066.
- Total assets of governmental activities increased by \$305,446 as cash and cash equivalents increased by \$673,976; receivables decreased by \$156,959 and capital assets decreased by \$211,571.
- The School District had \$13,771,842 in expenses; only \$553,194 of these expenses was offset by program specific charges for services, grants, or contributions. General revenues (primarily property taxes) of \$13,563,872 were adequate to provide for these programs.
- Among major funds, the General Fund had \$11,849,630 in revenues, \$11,156,216 in expenditures, and \$121,160 in transfers out to the Capital Projects Fund. The General Fund balance increased by \$572,254 over fiscal year 2015. This can be attributed to effective cost-cutting measures implemented by the District.

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.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Management's Discussion And Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited

Using this Generally Accepted Accounting Principles Report (GAAP)

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view on the District's finances. For governmental activities, the fund financial 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 Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the questions, "How did we do financially in 2016?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, similar to the accounting used by most private-sector businesses. This basis of accounting takes into consideration all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in net position. This change in net position is important because it tells the reader that, for the school district as a whole, the financial position of the school district has improved or diminished. The changes may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs, and other factors.

In the Statement of Net Position 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: there is one proprietary which is the Food Service Fund. The Food Service Fund provides low cost, well balanced meals to the students and staff in the District.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Management's Discussion And Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements 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 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 Position and the Statements of Activities) and Governmental Funds in reconciliation.

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 Position 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 Position and Changes in Fiduciary Net Position. 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.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Management's Discussion And Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited

The District as a Whole

The Statement of Net Position provides the perspectives of the District as a whole, showing assets, liabilities, and the difference between them (net position). Net position may serve over time as a useful indicator of a District's financial position. 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 position at June 30, 2016 with comparisons to June 30, 2015.

Table 1
Net Position

	6/30/16	6/30/15	Variance	
			Dollars	%
ASSETS				
Current & other assets	\$2,401,499	\$ 1,884,349	\$ 517,150	27.44
Capital assets	6,767,800	6,980,936	(213,136)	(3.05)
Total assets	<u>9,169,299</u>	<u>8,865,285</u>	<u>304,014</u>	3.43
Deferred outflows of resources				
Deferred pension activity	<u>681,983</u>	<u>221,206</u>	<u>460,777</u>	208.30
LIABILITIES				
Long-term liabilities	3,924,454	3,270,429	654,025	20.00
Other liabilities	285,791	393,827	(108,036)	(27.43)
Total liabilities	<u>4,210,245</u>	<u>3,664,256</u>	<u>545,989</u>	14.90
Deferred outflows of resources				
Deferred pension activity	<u>101,767</u>	<u>228,189</u>	<u>(126,422)</u>	100.00
NET POSITION				
Net investment in capital assets	6,767,800	6,980,936	(213,136)	(3.05)
Restricted	1,572,378	884,835	687,543	77.70
Unrestricted	<u>(2,800,908)</u>	<u>(2,671,725)</u>	<u>(129,183)</u>	(4.84)
Total net position	<u>\$5,539,270</u>	<u>\$ 5,194,046</u>	<u>\$ 345,224</u>	6.65

HOLLAND TOWNSHIP SCHOOL DISTRICT
Management's Discussion And Analysis
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Unaudited

The net position of the District's, district-wide activities increased by 6.65 percent. Unrestricted net position, 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 - decreased \$129,183 or 4.84 percent. Restricted net position, those restricted mainly for capital projects increased by \$687,543 or 77.70 percent. Net investment in capital assets decreased by \$213,136 or 3.05 percent.

The negative balance in unrestricted net position is not a negative reflection on the District's financial condition, but is the result of reporting required by GASB Statement No. 68 Accounting and Financial Reporting for Pensions which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

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Table 2 provides a summary of the District's changes in net position in fiscal year ending June 30, 2016 with comparisons to June 30, 2015.

Table 2
Changes in Net Position

	Fiscal Year Ending		Variance	
	6/30/16	6/30/15	Dollars	%
Revenues				
Program revenues				
Charges for services	\$ 190,581	\$ 219,928	\$ (29,347)	(13.34)
Operating grants	323,203	222,425	100,778	45.31
Capital grants	39,410	116,779	(77,369)	(66.25)
General revenues				
Property taxes	8,771,709	8,634,029	137,680	1.59
Unrestricted grants	4,781,170	4,180,397	600,773	14.37
Other	10,993	14,709	(3,716)	(25.26)
Total revenues	<u>14,117,066</u>	<u>13,388,267</u>	<u>728,799</u>	5.44
Program expenses				
Instruction				
Regular	5,518,906	5,219,402	299,504	5.74
Special	2,702,941	2,505,305	197,636	7.89
Other	448,027	412,277	35,750	8.67
Support services				
Tuition	31,592	124,048	(92,456)	(74.53)
Student & instructional staff	2,184,084	1,942,084	242,000	12.46
General & business administration	960,193	931,666	28,527	3.06
School administration	364,091	338,428	25,663	7.58
Maintenance	1,053,315	1,036,951	16,364	1.58
Transportation	349,426	371,651	(22,225)	(5.98)
Food service	144,218	152,694	(8,476)	(5.55)
Interest on long-term debt	15,049	15,049	-	-
Total Expenses	<u>13,771,842</u>	<u>13,049,555</u>	<u>722,287</u>	5.53
Increases (decreases) before special items	<u>345,224</u>	<u>338,712</u>	<u>6,512</u>	1.92
Special items				
Loss on disposals of capital assets	-	(1,647)	1,647	(100.00)
Total special items	<u>-</u>	<u>(1,647)</u>	<u>1,647</u>	
Increase (decrease) in net position	<u>\$ 345,224</u>	<u>\$ 337,065</u>	<u>\$ 8,159</u>	2.42

HOLLAND TOWNSHIP SCHOOL DISTRICT
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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 62.74 percent of revenues for governmental activities for the Holland Township School District for the fiscal year 2016. The district's total governmental revenues were \$13,978,110 for the year ended June 30, 2016.

The total cost of all program expenses and services for governmental activities was \$13,627,624.

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.

Table 3 provides a summary of the School District's cost of governmental services in fiscal year ending June 30, 2016 with comparisons to June 30, 2015.

Table 3
Cost of Governmental Services

	Total Cost of Services		Net Cost of Services	
	6/30/16	6/30/15	6/30/16	6/30/15
Instruction	\$ 8,669,874	\$ 8,136,984	\$ 8,429,294	\$ 7,919,405
Support services				
Tuition	31,592	124,048	1,592	4,448
Student & instructional staff	2,184,084	1,942,084	2,056,401	1,892,816
General & business administration	960,193	931,666	955,903	920,591
School administration	364,091	338,428	362,909	334,924
Plant operations & maintenance	1,053,315	1,036,951	1,042,708	1,026,421
Pupil transportation	349,426	371,651	349,426	371,651
Interest on long-term debt	15,049	15,049	15,049	15,049
Total expenses	<u>\$ 13,627,624</u>	<u>\$ 12,896,861</u>	<u>\$ 13,213,282</u>	<u>\$12,485,305</u>

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.

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.

HOLLAND TOWNSHIP SCHOOL DISTRICT
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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 include 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.

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 \$12,175,883 and expenditures were \$11,547,000. The net increase in fund balance for the year of \$628,883 was most significant in the General Fund due to the effective cost-cutting measures implemented by the District. The increase was also attributable to the state grants received within the Capital Projects Fund in connection with various capital projects.

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 if necessary in November. 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 2016 fiscal year, the District amended its General Fund budget by transferring funds as needed to prevent over-expenditures in specific line item accounts.

HOLLAND TOWNSHIP SCHOOL DISTRICT
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For the Fiscal Year Ended June 30, 2016
Unaudited

For the General Fund, budgeted revenues were \$10,764,498, which was \$193,735 above original budget estimates of \$10,570,763. The difference was due primarily to unbudgeted extraordinary aid realized of \$104,542, and unbudgeted tuition revenue realized of \$63,497. General Fund revenues and other financing sources were more than expenditures and other financing uses by \$572,254.

Capital Assets

At the end of the fiscal year 2016, the District had \$6,767,800 invested in land, buildings, furniture, equipment, vehicles and construction in progress.

Table 4 provides a summary of the School District's capital assets net of depreciation at June 30, 2016 with comparisons to June 30, 2015.

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

	6/30/16	6/30/15	Variance	
			Dollars	%
Land	\$ 347,800	\$ 347,800	\$ -	0
Construction in progress	419,410	315,469	103,941	32.95
Land improvements	97,783	103,068	(5,285)	100.00
Buildings & improvements	5,723,776	6,054,862	(331,086)	(5.47)
Furniture & equipment	179,031	159,737	19,294	12.08
Total	\$ 6,767,800	\$ 6,980,936	\$ (213,136)	(3.05)

During fiscal year 2016, the District expended for construction services and related professional fees of \$103,941 for various capital projects including brick repointing and upgrades to the public address and telephone systems. The District also expended \$43,480 for new equipment.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Management's Discussion And Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited

Debt and Long-term Liabilities

At year end, the District had total long-term liabilities of \$3,924,454 outstanding as compared to \$3,270,429 in the previous year, an increase of 20.0 percent, as shown in table 5.

Table 5 provides a summary of the District's long-term liabilities at June 30, 2016 with comparisons to June 30, 2015.

Table 5
Long-Term Liabilities at Year-End

	6/30/16	6/30/15	Variance	
			Dollars	%
PERS net pension liability	\$ 3,612,200	\$ 2,930,782	\$ 681,418	23.25
Compensated absences	312,254	339,647	(27,393)	(8.07)
Total	\$ 3,924,454	\$ 3,270,429	\$ 654,025	20.00

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, 2016 is \$19,915,786. General obligation debt authorized and outstanding at June 30, 2016 is \$0 resulting in a legal debt margin of \$19,915,786.

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 2016, 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.

The Holland Township Board of Education approved moving the school elections to November and continues to work to keep the local tax levy increase at or below 2%. The 2% tax levy cap presents challenges to the district as costs for special education, personnel, benefits and other operating costs tend to rise at faster rate. Receiving minimal state aid Holland Township must rely on local property taxes to support 65 percent of their operating budget.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Management's Discussion And Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited

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 included in the budget approved by the Holland Township Board of Education the previous March.

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, David Pawlowski, School Business Administrator at Holland Township Board of Education, 714 Milford-Warren Glen Road, Milford, NJ 08848.

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net position 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 Position
June 30, 2016

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 666,942	\$ 18,837	\$ 685,779
Due from other funds	6,248	-	6,248
Receivables, net	142,540	1,151	143,691
Inventory	-	3,367	3,367
Restricted assets			
Capital projects fund - cash	175,860	-	175,860
Legal reserve accounts - cash	1,386,554	-	1,386,554
Capital assets, net (Note 4)			
Land and construction in progress	767,210	-	767,210
Other capital assets, net of depreciation	5,986,442	14,148	6,000,590
Total assets	<u>9,131,796</u>	<u>37,503</u>	<u>9,169,299</u>
Deferred outflows of resources			
Deferred amount on pension activity	<u>681,983</u>	<u>-</u>	<u>681,983</u>
Liabilities			
Accounts payable	274,311	4,810	279,121
Unearned revenue	5,113	1,557	6,670
Long-term liabilities (Note 5)			
Due within one year	30,357	-	30,357
Due beyond one year	3,894,097	-	3,894,097
Total liabilities	<u>4,203,878</u>	<u>6,367</u>	<u>4,210,245</u>
Deferred inflows of resources			
Deferred amount on pension liability	<u>101,767</u>	<u>-</u>	<u>101,767</u>
Net position			
Invested in capital assets, net of related debt	6,753,652	14,148	6,767,800
Restricted for			
Capital projects	185,824	-	185,824
Legal Reserves	1,386,554	-	1,386,554
Unrestricted	<u>(2,817,896)</u>	<u>16,988</u>	<u>(2,800,908)</u>
Total net position	<u><u>\$ 5,508,134</u></u>	<u><u>\$ 31,136</u></u>	<u><u>\$ 5,539,270</u></u>

See accompanying notes to financial statements.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 2,994,591	\$ 2,524,315	\$ 45,269	\$ 116,346	\$ 17,586	\$ (5,339,705)	\$ -	\$ (5,339,705)
Special education	1,475,369	1,227,572	28,429	2,188	8,575	(2,663,749)	-	(2,663,749)
Other special education	180,984	161,823	-	17,749	1,062	(323,996)	-	(323,996)
Other instruction	70,506	34,714	3,024	-	352	(101,844)	-	(101,844)
Support services								
Tuition	31,592	-	-	30,000	-	(1,592)	-	(1,592)
Students & instruction related services	1,316,114	867,970	-	120,560	7,123	(2,056,401)	-	(2,056,401)
General & business administration services	613,120	347,073	760	-	3,530	(955,903)	-	(955,903)
School administration services	203,726	160,365	-	-	1,182	(362,909)	-	(362,909)
Plant operations & maintenance	857,359	195,956	10,607	-	-	(1,042,708)	-	(1,042,708)
Pupil transportation	349,426	-	-	-	-	(349,426)	-	(349,426)
Interest on long-term debt	15,049	-	-	-	-	(15,049)	-	(15,049)
Total governmental activities	<u>8,107,836</u>	<u>5,519,788</u>	<u>88,089</u>	<u>286,843</u>	<u>39,410</u>	<u>(13,213,282)</u>	<u>-</u>	<u>(13,213,282)</u>
Business-type activities								
Food service	144,218	-	102,492	36,360	-	-	(5,366)	(5,366)
Total business-type activities	<u>144,218</u>	<u>-</u>	<u>102,492</u>	<u>36,360</u>	<u>-</u>	<u>-</u>	<u>(5,366)</u>	<u>(5,366)</u>
Total primary government	<u>\$ 8,252,054</u>	<u>\$ 5,519,788</u>	<u>\$ 190,581</u>	<u>\$ 323,203</u>	<u>\$ 39,410</u>	<u>(13,213,282)</u>	<u>(5,366)</u>	<u>(13,218,648)</u>
General revenues, special items & transfers								
Property taxes levied for general purposes						8,771,709	-	8,771,709
Federal & state aid not restricted						4,781,170	-	4,781,170
Investment earnings						10,591	104	10,695
Miscellaneous income						298	-	298
Total general revenues, special items & transfers						<u>13,563,768</u>	<u>104</u>	<u>13,563,872</u>
Change in net position						350,486	(5,262)	345,224
Net position-beginning						5,157,648	36,398	5,194,046
Net position-ending						<u>\$ 5,508,134</u>	<u>\$ 31,136</u>	<u>\$ 5,539,270</u>

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
Governmental Funds
Balance Sheet
June 30, 2016

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash & cash equivalents	\$ 666,942	\$ -	\$ -	\$ -	\$ 666,942
Due from other funds	12,364	-	-	-	12,364
Receivables from other governments					
Federal	-	6,393	-	-	6,393
State	121,183	-	9,964	-	131,147
Local	-	5,000	-	-	5,000
Restricted cash & cash equivalents	1,386,554	-	175,860	-	1,562,414
Total assets	\$ 2,187,043	\$ 11,393	\$ 185,824	\$ -	\$ 2,384,260
Liabilities and fund balances					
Liabilities					
Due to other funds	\$ 29	\$ 6,087	\$ -	\$ -	\$ 6,116
Accounts payable	269,118	5,193	-	-	274,311
Unearned revenue	5,000	113	-	-	5,113
Total liabilities	274,147	11,393	-	-	285,540

See accompanying notes to financial statements.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Balance Sheet (continued)
June 30, 2016

	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					
Excess surplus	\$ 139,721	\$ -	\$ -	\$ -	\$ 139,721
Excess surplus- Designated for subsequent year's expenditures	151,775	-	-	-	-
Capital projects fund balance	-	-	185,824	-	185,824
Committed fund balance					
Capital reserve account	1,003,554	-	-	-	1,003,554
Maintenance reserve account	283,000	-	-	-	283,000
Emergency reserve account	100,000	-	-	-	100,000
Assigned fund balance					
Year-end encumbrances	57,122	-	-	-	57,122
Unassigned fund balance	177,724	-	-	-	177,724
Total fund balances	1,912,896	-	185,824	-	2,098,720
 Total liabilities and fund balances	 \$ 2,187,043	 \$ 11,393	 \$ 185,824	 \$ -	

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

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$14,644,358 and the accumulated depreciation is \$7,890,706:	6,753,652
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds	580,216
Long-term liabilities, including bonds payable and compensated absences are not due & payable in the current period & therefore are not reported as liabilities in the funds	(3,924,454)
Total net position of governmental activities	\$ 5,508,134

See accompanying notes to financial statements.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources					
Local tax levy	\$ 8,771,709	\$ -	\$ -	\$ -	\$ 8,771,709
Tuition charges	63,497	-	-	-	63,497
Interest earned on capital reserve funds	2,074	-	-	-	2,074
Interest on investments	8,517	-	-	-	8,517
Miscellaneous	8,178	12,946	-	-	21,124
Total	8,853,975	12,946	-	-	8,866,921
State sources	2,995,655	-	39,410	-	3,035,065
Federal sources	-	273,897	-	-	273,897
Total revenues	11,849,630	286,843	39,410	-	12,175,883
Expenditures					
Current					
Instructional					
Regular instruction	2,891,039	101,906	-	-	2,992,945
Special education instruction	1,470,252	2,188	-	-	1,472,440
Other special instruction	166,533	14,086	-	-	180,619
Other instruction	67,482	-	-	-	67,482
Support service & undistributed costs					
Tuition	1,592	30,000	-	-	31,592
Student & instruction related services					
	1,194,228	120,560	-	-	1,314,788
General & business					
administrative services	613,120	-	-	-	613,120
School administrative services	203,726	-	-	-	203,726
Plant operations & maintenance					
	841,255	-	-	-	841,255
Pupil transportation	349,426	-	-	-	349,426

See accompanying notes to financial statements.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances (continued)
For the Fiscal Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (Cont'd)					
Current					
Support service & undistributed costs (cont'd)					
Unallocated benefits	\$ 3,313,474	\$ 3,663	\$ -	\$ -	\$ 3,317,137
Capital outlay	29,040	14,440	103,941	-	147,421
Debt services					
Interest & other charges	15,049	-	-	-	15,049
Total expenditures	<u>11,156,216</u>	<u>286,843</u>	<u>103,941</u>	<u>-</u>	<u>11,547,000</u>
Excess (deficit) of revenues over (under) expenditures	<u>693,414</u>	<u>-</u>	<u>(64,531)</u>	<u>-</u>	<u>628,883</u>
Other financing sources (uses)					
Transfers in-capital reserve to capital projects fund	-	-	121,160	-	121,160
Transfers out-capital reserve to capital projects fund	<u>(121,160)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(121,160)</u>
Total other financing sources (uses)	<u>(121,160)</u>	<u>-</u>	<u>121,160</u>	<u>-</u>	<u>-</u>
Net change in fund balance	572,254	-	56,629	-	628,883
Fund balances, July 1	<u>1,340,642</u>	<u>-</u>	<u>129,195</u>	<u>-</u>	<u>1,469,837</u>
Fund balances, June 30	<u>\$ 1,912,896</u>	<u>\$ -</u>	<u>\$ 185,824</u>	<u>\$ -</u>	<u>\$ 2,098,720</u>

See accompanying notes to financial statements.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Governmental Funds
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, 2016

Total net changes in fund balances - Governmental fund (from B-2)	\$	628,883
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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 capital outlays exceeds depreciation in the period:

Capital outlays	\$ 147,421	
Depreciation expense	<u>(358,992)</u>	(211,571)

Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

(94,219)

In the statement of activities, compensated absences and 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.

27,393

Change in net position of governmental activities	\$	<u><u>350,486</u></u>
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See accompanying notes to financial statements.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Fund Net Position
June 30, 2016

	Food Service Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 18,837
Receivables from other governments	
State	70
Federal	1,081
Inventory	3,367
Total current assets	23,355
Noncurrent assets	
Capital assets	36,245
Less: accumulated depreciation	(22,097)
Total noncurrent assets	14,148
Total assets	37,503
LIABILITIES	
Current liabilities	
Accounts payable	4,810
Unearned revenues	1,557
Total liabilities	6,367
NET POSITION	
Invested in capital assets, net of related debt	14,148
Unrestricted	16,988
Total net position	\$ 31,136

See accompanying notes to financial statements.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2016

	<u>Food Service Fund</u>
Operating revenues	
Charges for services	
Daily sales - reimbursable programs	\$ 78,449
Daily sales - non-reimbursable programs	24,043
Total operating revenues	<u>102,492</u>
 Operating expenses	
Costs of sales - reimbursable programs	50,400
Costs of sales - non-reimbursable programs	15,446
Salaries	50,516
Employee benefits	11,492
Purchased property services	325
Insurance	975
Management fee	8,253
Other purchased services	4,069
Supplies and materials	932
Depreciation	1,565
Miscellaneous	245
Total operating expenses	<u>144,218</u>
 Operating income (loss)	 <u>(41,726)</u>
 Non-operating revenues (expenses)	
State sources	
State school lunch program	1,335
Federal sources	
National school lunch program	21,342
Food donation program	13,683
Interest income	104
Total non-operating revenues (expenses)	<u>36,464</u>
 Change in net position	 (5,262)
 Net position, beginning	 <u>36,398</u>
 Net position, ending	 <u>\$ 31,136</u>

See accompanying notes to financial statements.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flow
For the Fiscal Year Ended June 30, 2016

	<u>Food Service Fund</u>
Cash flows from operating activities	
Receipts from customers	\$ 102,492
Payments to food service management company	(123,761)
Payments to vendors (net)	<u>(375)</u>
Net cash provided by (used for) operating activities	<u>(21,644)</u>
 Cash flows from noncapital related financing activities	
State sources	1,416
Federal sources	<u>21,919</u>
Net cash provided by (used for) noncapital financing activities	<u>23,335</u>
 Cash flows from investing activities	
Interest Income	<u>104</u>
 Net increase in cash and cash equivalents	1,795
 Cash and cash equivalents, July 1	<u>17,042</u>
 Cash and cash equivalents, June 30	<u>\$ 18,837</u>
 Reconciliation of operating income to net cash	
Provided by operating activities	
Operating income (loss)	\$ (41,726)
Adjustments to reconcile operating income to net cash	
Provided by operating activities	
Depreciation	1,565
Federal food donation program	13,683
(Increase) decrease in inventory	1,004
Increase (decrease) in accounts payable	4,810
Increase (decrease) in unearned revenue	<u>(980)</u>
 Net cash provided by (used for) operating activities	<u>\$ (21,644)</u>

See accompanying notes to financial statements.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2016

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and cash equivalents	\$ 77,036	\$ 29,436	\$ 16,910
Receivables from other governments	370	-	-
Due from other funds	1,110	-	-
Total assets	<u>\$ 78,516</u>	<u>\$ 29,436</u>	<u>\$ 16,910</u>
Liabilities			
Due to other funds	\$ -	\$ -	\$ 7,358
Due to student groups	-	29,436	-
Payroll deductions and withholdings	-	-	9,552
Total liabilities	<u>-</u>	<u>\$ 29,436</u>	<u>\$ 16,910</u>
 Net position	 <u>\$ 78,516</u>		

See accompanying notes to financial statements.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Statement of Fiduciary Net Position
For the fiscal year ended June 30, 2016

	<u>Unemployment Compensation Fund</u>
Additions	
Contributions	
Plan members	\$ 11,019
Investment earnings-interest	254
Total additions	<u>11,273</u>
Deductions	
Unemployment claims	<u>1,845</u>
Total deductions	<u>1,845</u>
Change in net position	9,428
Net position, beginning of the year	<u>69,088</u>
Net position, end of the year	<u><u>\$ 78,516</u></u>

See accompanying notes to financial statements.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

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 over-all 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, 2016 of 559 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

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

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

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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 accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

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 non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. 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 non-instructional 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

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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.

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 (total net position) segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary Fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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

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.

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, if necessary, are voted upon at the annual school election in November. 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, 2016 were insignificant.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

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.

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 unearned 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 2015-2016 and 2014-2015 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 receivable/payables

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

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

I. Inventories and prepaid items

Inventories and prepaid items, which benefit future periods, other than those recorded in the Enterprise Fund are recorded as expenditures 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 unearned 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, 2016.

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:

Assets	Years
Buildings	40
Building improvements & portable classroom	40
Land improvements	20
Furniture	20
Musical instruments	20
Athletic equipment	15
Maintenance equipment	10 - 15
Audio visual equipment	7 - 10
Office equipment	5 - 10
Computer equipment	5 - 10
Vehicle	5 - 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.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences (continued)

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.

L. Unearned revenue

Unearned 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.

Unearned 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 unearned 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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

N. Fund balances - Governmental Funds

In the fund financial statements, Governmental Funds report the following classifications of fund balance:

- *Non-Spendable* - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- *Restricted* - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- *Committed* - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- *Assigned* - includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.
- *Unassigned* - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

When expenditure is incurred for purposes which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned, or unassigned fund balance are available, and the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

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.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

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 N.J.S.A. 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.

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. U.S. 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.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 3 - Deposits and cash equivalents and investments (continued)

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.

N.J.S.A. 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, 2016 appear in the financial statements as summarized below:

Cash		\$ 2,371,575
	<u>Ref.</u>	
Unrestricted cash		
Governmental Funds, balance sheet	B-1	\$ 666,942
Enterprise Funds, statement of net position	B-4	18,837
Fiduciary Funds, statement of net position	B-7	123,382
Restricted cash		
Governmental Funds, balance sheet	B-1	1,562,414
Total cash		<u>\$ 2,371,575</u>

Deposits - The District's carrying amount of bank deposits at June 30, 2016 is \$2,371,575 and the bank balance is \$2,468,021. Of the bank balance, \$250,000 is covered by Federal Depository Insurance and \$2,218,021 is insured by GUDPA.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 3 - Deposits and cash equivalents and investments (continued)
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 are required for:
 - deposits that are uninsured and either (a) uncollateralized or (b) collateralized with securities held by the pledging financial institution, or its trust department or agent but not in the government’s name.
 - Investment securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty or (b) the counterparty’s trust department or agent but not in the government’s name.

As the District has no such investments, this disclosure is not applicable.

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 or more of total investments. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. 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, 2016, the District had no investments.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 -

Capital assets

Capital asset activity for the fiscal year ended June 30, 2016 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 347,800	\$ -	\$ -	\$ 347,800
Construction in progress	315,469	103,941	-	419,410
Total	<u>663,269</u>	<u>103,941</u>	<u>-</u>	<u>767,610</u>
Capital assets, being depreciated				
Land improvements	105,711	-	-	105,711
Building & improvements	13,243,384	-	-	13,243,384
Vehicles	79,388	-	-	79,388
Furniture & equipment	409,228	43,480	4,043	448,665
Total	<u>13,837,711</u>	<u>43,480</u>	<u>4,043</u>	<u>13,877,148</u>
Accumulated depreciation				
Land improvements	2,643	5,285	-	7,928
Building & improvements	7,188,523	331,085	-	7,519,608
Vehicles	79,388	-	-	79,388
Furniture & equipment	265,203	22,622	4,043	283,782
Total	<u>7,535,757</u>	<u>358,992</u>	<u>4,043</u>	<u>7,890,706</u>
Total capital assets, being depreciated, net	<u>6,301,954</u>	<u>(315,512)</u>	<u>-</u>	<u>5,986,442</u>
Transfer	-	-	-	-
Governmental activities capital assets, net	<u>\$ 6,965,223</u>	<u>\$ (211,571)</u>	<u>\$ -</u>	<u>\$ 6,753,652</u>

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business type activities				
Furniture & equipment	\$ 36,245	\$ -	\$ -	\$ 36,245
Less: Accumulated depreciation	<u>20,532</u>	<u>1,565</u>	<u>-</u>	<u>22,097</u>
Business type activities capital assets, net	<u>\$ 15,713</u>	<u>\$ (1,565)</u>	<u>\$ -</u>	<u>\$ 14,148</u>

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

Instruction	
Regular	\$ 157,814
Special education	76,591
Other special instruction	9,441
Co-curricular activities	3,124
Support services	
Student & instruction	64,637
General & business administration	31,378
School administration	10,510
Plant & Maintenance	5,497
Total depreciation expense, governmental activities	<u>\$ 358,992</u>

Note 5 - Long-term debt

Long-term liability activity for the year ended June 30, 2016 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					
PERS net pension liability	\$ 2,930,782	\$ 681,418	\$ -	\$ 3,612,200	\$ -
Compensated absences payable	<u>339,647</u>	<u>13,344</u>	<u>40,737</u>	<u>312,254</u>	<u>30,357</u>
Total governmental activities long-term liabilities	<u>\$ 3,270,429</u>	<u>\$ 694,762</u>	<u>\$ 40,737</u>	<u>\$ 3,924,454</u>	<u>\$ 30,357</u>

Compensated absences liabilities are paid in the current expenditures budget of the District's General Fund.

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, 2016 is \$19,915,786. General obligation debt at June 30, 2016 is \$0, resulting in a legal debt margin of \$19,915,786.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

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), 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. Public employees' retirement systems (PERS)

Plan description

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

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

The following represents the membership tiers for PERS:

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

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Plan description (continued)

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

Allocation methodology and reconciliation to financial statements

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the Schedule of Employer Allocations are applied to amounts presented in the Schedules of Pension Amounts by Employer. The allocation percentages for each group as of June 30, 2015 are based on the ratio of each employer's contributions to the group for the fiscal years ended June 30, 2015.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the Division's Schedule of Employer Allocations and applied to amounts presented in the Schedule of Pension Amounts by Employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2014 through June 30, 2015. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer may result in immaterial differences.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal years 2015, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, PL 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Collective net pension liability and actuarial information

Components of net pension liability

The components of the District's allocable share of the net pension liability for PERS as of June 30, 2015 and 2014 are as follows:

	2015	2014
Total pension liability	\$ 6,936,941	\$ 6,116,092
Plan fiduciary net position	3,324,741	3,185,310
Net pension liability	\$ 3,612,200	\$ 2,930,782
Plan fiduciary net position as a percentage of the total pension liability	47.93%	52.08%

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Components of net pension liability (continued)

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	3.04%
Salary increases (based on age)	
2012 - 2021	2.15% - 4.40%
Thereafter	3.15% - 5.40%
Investment rate of return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-term expected rate of return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees, and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)
A. Public employees' retirement systems (PERS) (continued)
Long-term expected rate of return (continued)

Asset Class	Target Allocations	Long-Term Expected Rate of Return
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grad Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Commodities	1.00%	5.32%
Global Debt ex U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

Discount rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4/63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2015 and 2014, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	2015
At current discount rate (4.90%)	\$ 3,612,200
At a 1% lower rate (3.90%)	4,489,523
At a 1% higher rate (5.90%)	2,876,659
	2014
At current discount rate (5.39%)	\$ 2,930,782
At a 1% lower rate (4.39%)	3,687,024
At a 1% higher rate (6.39%)	2,295,732

Collective deferred outflows of resources and deferred inflows of resources

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 86,174	\$ -
Changes of assumptions	387,921	-
Net difference between projected and actual earnings on pension plan investments	-	58,077
Changes in proportion and differences between District contributions and proportionate share of contributions	69,545	43,690
District contributions subsequent to the measurement date	138,343	-
Total	\$ 681,983	\$ 101,767

The amount reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2016, the plan measurement date is June 30, 2015) of \$138,343 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective deferred outflows of resources and deferred inflows of resources (continued)

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2015:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Deferred outflows of resources				
Changes of assumptions	\$ 94,737	\$ 480,836	\$ 101,477	\$ 474,096
Deferred inflows of resources				
Difference between projected and actual earnings on pension plan investments	<u>179,544</u>	<u>(95,726)</u>	<u>25,741</u>	<u>58,077</u>
Net of deferred outflows/(inflows)	<u>\$ (84,807)</u>	<u>\$ 576,562</u>	<u>\$ 75,736</u>	<u>\$ 416,019</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding employer specific amounts, deferrals from District contributions subsequent to the measurement date, and deferrals from change on proportion) will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	
2015	\$ 75,736
2016	75,736
2017	75,736
2018	120,623
2019	68,188
Total	<u>\$ 416,019</u>

Pension expense

For the year ended June 30, 2016, the District recognized net pension expense of \$232,562 which represents the District's proportionate share of allocable plan pension expense of \$236,960 plus the net amortization of deferred amounts from changes in proportion of \$4,894 and less other adjustments to the net pension liability of \$9,292. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the year ending June 30, 2015 are as follows:

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 -

Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Pension expense (continued)

Service cost	\$ 141,932
Interest on total pension liability	338,247
Member contributions	(78,511)
Administrative expense	2,638
Expected investment return net of investment expense	(241,678)
Pension expense related to specific liabilities of individual employers	(1,404)
Recognition of deferred inflows/outflows of resources	
Amortization of assumption changes or inputs	83,220
Amortization of expected versus actual experience	18,257
Amortization of projected versus actual investment earnings on pension plan investments	(25,741)
Pension expense	\$ 236,960

B. Teacher's pension and annuity fund (TPAF)

Plan description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)
B. Teacher's pension and annuity fund (TPAF) (continued)
Plan description (continued)

The following represents the membership tiers for TPAF:

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

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

Special funding situation

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

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Pension plans (continued)

B. Teacher’s pension and annuity fund (TPAF) (continued)

Special funding situation (continued)

For purposes of reporting required by GASB Statement No. 68, Accounting and Financial Reporting for Pensions, the District’s proportionate share of allocable net pension liability, employer pension expense and related revenue, non-employer contributions and their allocable proportionate percentage for fiscal years ending June 30, 2015 and 2014 is as follows:

	2015	2014
Net pension liability	\$ 29,242,447	\$ 24,195,489
Employer pension expense and related revenue	1,785,515	1,301,994
Non-employer contribution	248,649	192,303
Allocable proportionate percentage	.0462665679%	.0452702764%

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 (\$8,300 in 2016) 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/njdcprp.

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, P.O. Box 295, Trenton, New Jersey 08625-0295.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

C. Defined contribution retirement program (continued)

The contribution policy is set by 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. Significant legislation which became effective October 1, 2011 will gradually increase the employee contribution rate for PERS and TPAF members. Effective October 1, 2011 the rate increased from 5.50% to 6.50% of annual contractual compensation for employees enrolled in the TPAF and PERS pension plans. The rate will increase each year on the first of July over a seven year phase-in period until the withholding rate reaches 7.50% effective July 1, 2018. Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual 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 noncontributing employer of the TPAF.

Three-year trend information for TPAF (paid on behalf of the District):

Year Funding	TPAF Benefit Cost	Percentage of APC Contributed
06/30/16	\$ 761,445	100%
06/30/15	647,221	100%
06/30/14	505,518	100%

Three-year trend information for PERS:

Year Funding	Annual Pension Cost	Percentage of APC Contributed
03/30/16	\$ 138,343	100%
06/30/15	129,046	100%
06/30/14	120,445	100%

During the year ended June 30, 2016, the State of New Jersey contributed \$413,868 to the TPAF for post-retirement medical benefits, \$16,493 for non-contributory insurance premiums and \$331,084 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$323,687 during the year ended June 30, 2016 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 68.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

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, 2015, there were 107,314 retirees eligible for post-retirement medical benefits, and the state contributed \$1.25 billion on their behalf. 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 2015, the State paid \$214.1 million toward Ch. 126 benefits for 19,056 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 N.J.S.A. 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 State 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, P.O. Box 295, Trenton, NJ 08625-0295 by visiting their website at (www.nj.gov/treasury/pensions).

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Post-retirement benefits (continued)

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.

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

Note 9 - Interfund receivable and payables

The composition of Interfund balances as of June 30, 2016 is as follows:

	Receivable Fund	Payable Fund
General Fund	\$ 6,248	\$ -
Unemployment Compensation Fund	1,110	-
Payroll Agency Fund	-	7,358
Total	\$ 7,358	\$ 7,358

The amount due to the General Fund from the Payroll Agency Fund represents payroll balance activity offset by contributions from the General Fund totaling \$73 and a loan to the Flexible Spending Account of \$6,175. The balance due from the Payroll Agency Fund to the Unemployment Compensation Fund of \$1,110 represents employee withholdings for the unemployment trust not yet transferred at year end.

All of the Interfund balances should be liquidated within one year except for the loan to the Flexible Spending Account.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 10 - Inventory

Inventory in the Food Service Fund as of June 30, 2016 consisted of the following:

Food	\$ 2,681
Supplies	686
Total	\$ 3,367

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating 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.

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. 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 its 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:

Fiscal Year	Prior Year Refund	Interest Earnings	Employee Deposits	Amount Reimbursed	Ending Balance
2015-2016	\$ -	\$ 254	\$ 11,019	\$ 1,845	\$ 78,516
2014-2015	-	245	11,419	16,053	69,088
2013-2014	-	268	11,004	17,669	73,477

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 13 - Legal reserve accounts

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 N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 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 N.J.S.A. 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 \$500,000 to their Capital Reserve Account, \$150,000 to their Maintenance Reserve Account, and \$100,000 to their Emergency Reserve Account by board resolution in June 2016.

The District withdrew \$121,160 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.

The following schedule is a summarization of the legal reserve accounts for the current fiscal year:

Reserve Type	Beginning Balance	District Contribution	Interest Earnings	Withdrawals Net of Return	Ending Balance
Capital	\$ 622,640	\$ 500,000	\$ 2,074	\$ (121,160)	\$1,003,554
Emergency	-	100,000	-	-	100,000
Maintenance	133,000	150,000	-	-	283,000
Total	<u>\$ 755,640</u>	<u>\$ 750,000</u>	<u>\$ 2,074</u>	<u>\$ (121,160)</u>	<u>\$1,386,554</u>

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 14 - Fund balances - Budgetary basis

As described in Note 1 N-Fund Equity (Fund Balance) may be restricted, committed or assigned. An analysis of the General Fund balance on June 30, 2016 and 2015 is as follows:

	2016	2015
Restricted		
Excess surplus - Represents amount in excess of allowable percentage. In accordance with state statute NJSA 18A:7F-7, the excess surplus is designated for utilization in succeeding year's budgets.	\$ 139,721	\$ 151,775
Excess surplus-Designated for subsequent year's expenditures - Represents amount in excess of allowable percentage appropriated in the succeeding year's budget to reduce tax requirements.	151,775	105,865
Committed		
Capital Reserve Account - Represents funds restricted to capital projects in the Districts long range facilities plan.	1,003,554	622,640
Maintenance reserve - Represents funds restricted for required maintenance of school facilities.	283,000	133,000
Emergency reserve account - Represents funds restricted to finance unanticipated General Fund expenditures required for a thorough and efficient education.	100,000	-
Assigned		
Year-end encumbrance - Represents balance assigned for purchase orders that have been issued but goods or services were not received as of June 30,	57,122	134,126
Unassigned		
Undesignated - Represents fund balance which has not been restricted or designated.	355,529	371,041
Total fund balance	\$ 2,090,701	\$ 1,518,447

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 15 - Calculation of excess surplus

In accordance with N.J.S.A. 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, 2016 is \$139,721.

Note 16 - Subsequent events

The District has evaluated subsequent events through October 27, 2016, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

Note 17 - Recent accounting pronouncements not yet effective

The following is a list of recent accounting pronouncements which are not yet effective as of the year end date of this report:

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77 "*Tax Abatement Disclosures*". This statement, which is effective for reporting periods beginning after December 15, 2015, is not expected to have a material impact on the District's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 78 "*Pension's Provided through Certain Multiple-Employer Defined Benefit Pension Plans*". This statement, which is effective for reporting periods beginning December 15, 2015, is not expected to have a material impact on the District's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 79 "*Certain External Investment Pools and Pool Participants*". This statement, which is effective for reporting periods beginning December 15, 2015, is not expected to have a material impact on the District's financial reporting.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80 "*Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*". This statement, which is effective for reporting periods beginning June 15, 2016, is not expected to have a material impact on the District's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81 "*Irrevocable Split-Interest Agreements*". This statement, which is effective for reporting periods after June 15, 2016, is not expected to have a material impact on the District's financial reporting.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

- Note 17 - Recent accounting pronouncements not yet effective (continued)
In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82 "*Pension Issues - an amendment of GASB Statements No. 67 and No. 73*". This statement is effective for reporting periods beginning June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. This statement is not expected to have a material impact on the District's financial reporting.
- Note 18 - Deficit balance in unrestricted net position
The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2016 of \$2,817,896 on schedule A-1 "Statement of Net Position". The deficit balance is not a negative reflection on the District's financial condition, but is the result of reporting required by GASB Statement No. 68 Accounting and Financial Reporting for Pensions which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local sources					
Local tax levy	\$ 8,771,709	\$ -	\$ 8,771,709	\$ 8,771,709	\$ -
Tuition from individuals	-	-	-	37,997	37,997
Tuition from other LEAs within the state	-	-	-	25,500	25,500
Unrestricted miscellaneous revenues	6,000	-	6,000	9,575	3,575
Adult education testing center fees	-	-	-	7,120	7,120
Interest earned on Capital Reserve Funds	-	-	-	2,074	2,074
Total	<u>8,777,709</u>	<u>-</u>	<u>8,777,709</u>	<u>8,853,975</u>	<u>76,266</u>
State Sources					
School Choice Aid	53,805	-	53,805	53,805	-
Categorical Transportation Aid	53,541	-	53,541	53,541	-
Extraordinary Aid	-	-	-	104,542	104,542
Categorical Special Education Aid	373,356	-	373,356	373,356	-
Equalization Aid	1,291,479	-	1,291,479	1,291,479	-
Categorical Security Aid	9,453	-	9,453	9,453	-
Other State Aids	11,420	-	11,420	24,347	12,927
TPAF Pension (on-behalf)	-	-	-	347,577	347,577
TPAF Social Security (reimbursed)	-	-	-	323,687	323,687
TPAF Post Retirement Benefits	-	-	-	413,868	413,868
Total	<u>1,793,054</u>	<u>-</u>	<u>1,793,054</u>	<u>2,995,655</u>	<u>1,202,601</u>
Total revenues	<u>\$ 10,570,763</u>	<u>\$ -</u>	<u>\$ 10,570,763</u>	<u>\$ 11,849,630</u>	<u>\$ 1,278,867</u>
EXPENDITURES					
Current					
Instruction - regular program					
Salaries of teachers					
Preschool	\$ 27,242	\$ 2,671	\$ 29,913	\$ 26,708	\$ 3,205
Kindergarten	229,959	3,410	233,369	231,630	1,739
Grades 1-5	1,412,751	(53,128)	1,359,623	1,335,082	24,541
Grades 6-8	1,038,012	34,692	1,072,704	1,053,408	19,296
Regular programs - undistributed instruction					
Purchased professional - educational services	500	-	500	500	-
Purchased technical services	15,990	(9,230)	6,760	5,812	948
Other purchased services	34,991	5,004	39,995	38,222	1,773
General supplies	175,330	14,341	189,671	179,605	10,066
Textbooks	48,000	(23,875)	24,125	18,459	5,666
Other objects	1,000	717	1,717	1,613	104
Total	<u>2,983,775</u>	<u>(25,398)</u>	<u>2,958,377</u>	<u>2,891,039</u>	<u>67,338</u>
Special education					
Learning and/or language disabilities					
Salaries of teachers	60,151	(420)	59,731	56,734	2,997
Other salaries for instruction	62,998	(29,829)	33,169	32,424	745
General supplies	1,500	-	1,500	1,285	215
Total	<u>124,649</u>	<u>(30,249)</u>	<u>94,400</u>	<u>90,443</u>	<u>3,957</u>

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Multiple disabilities					
Salaries of teachers	\$ 112,279	\$ 8,354	\$ 120,633	\$ 120,299	\$ 334
Other salaries for instruction	65,228	69,587	134,815	130,290	4,525
General supplies	1,601	485	2,086	2,022	64
Total	<u>179,108</u>	<u>78,426</u>	<u>257,534</u>	<u>252,611</u>	<u>4,923</u>
Resource room/resource center					
Salaries of teachers	677,977	(11,051)	666,926	663,486	3,440
Other salaries for instruction	241,220	38,632	279,852	278,282	1,570
General supplies	4,400	877	5,277	5,277	-
Other objects	60	1,740	1,800	1,800	-
Total	<u>923,657</u>	<u>30,198</u>	<u>953,855</u>	<u>948,845</u>	<u>5,010</u>
Autism					
Salaries of teachers	80,336	1,183	81,519	80,315	1,204
Other salaries for instruction	37,349	(5,983)	31,366	30,256	1,110
General supplies	1,350	-	1,350	542	808
Total	<u>119,035</u>	<u>(4,800)</u>	<u>114,235</u>	<u>111,113</u>	<u>3,122</u>
Preschool disabilities - part-time					
Salaries of teachers	33,043	361	33,404	31,305	2,099
Other salaries for instruction	69,246	(34,114)	35,132	35,090	42
General supplies	2,025	(608)	1,417	845	572
Total	<u>104,314</u>	<u>(34,361)</u>	<u>69,953</u>	<u>67,240</u>	<u>2,713</u>
Total special education	<u>1,450,763</u>	<u>39,214</u>	<u>1,489,977</u>	<u>1,470,252</u>	<u>19,725</u>
Basic skills/remedial					
Salaries of teachers	163,248	1,900	165,148	163,934	1,214
General supplies	1,450	1,300	2,750	2,599	151
Total	<u>164,698</u>	<u>3,200</u>	<u>167,898</u>	<u>166,533</u>	<u>1,365</u>
School-sponsored co/extra curricular activities-instru.					
Salaries	30,466	9,469	39,935	38,705	1,230
Supplies and materials	1,000	(1,000)	-	-	-
Total	<u>31,466</u>	<u>8,469</u>	<u>39,935</u>	<u>38,705</u>	<u>1,230</u>
School-sponsored athletics - instruction					
Salaries	19,131	511	19,642	19,636	6
Purchased services	6,000	2,033	8,033	7,961	72
Supplies and materials	2,290	(1,132)	1,158	1,146	12
Other objects	250	(200)	50	34	16
Total	<u>27,671</u>	<u>1,212</u>	<u>28,883</u>	<u>28,777</u>	<u>106</u>
Total instruction regular	<u>\$ 4,658,373</u>	<u>\$ 26,697</u>	<u>\$ 4,685,070</u>	<u>\$ 4,595,306</u>	<u>\$ 89,764</u>

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (cont'd)					
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the state - special	\$ -	\$ 1,592	\$ 1,592	\$ 1,592	\$ -
Tuition to priv. school for the disabled w/i state	67,500	(1,592)	65,908	-	65,908
Total	<u>67,500</u>	<u>-</u>	<u>67,500</u>	<u>1,592</u>	<u>65,908</u>
Undistributed expenditures - attendance & social work					
Salaries	79	-	79	-	79
Total	<u>79</u>	<u>-</u>	<u>79</u>	<u>-</u>	<u>79</u>
Undistributed expenditures - health services					
Salaries	82,134	1,080	83,214	82,324	890
Purchased professional and technical services	4,500	(1,213)	3,287	3,000	287
Other purchased services	400	(100)	300	239	61
Supplies and materials	2,296	1,350	3,646	3,548	98
Total	<u>89,330</u>	<u>1,117</u>	<u>90,447</u>	<u>89,111</u>	<u>1,336</u>
Undistributed expenditures - speech, ot, pt & related serv.					
Salaries	161,997	5,369	167,366	166,866	500
Purchased professional - educational services	115,000	(118)	114,882	89,399	25,483
Supplies and materials	2,085	100	2,185	1,728	457
Other objects	400	(100)	300	-	300
Total	<u>279,482</u>	<u>5,251</u>	<u>284,733</u>	<u>257,993</u>	<u>26,740</u>
Undistributed expend - other supp. service stds. - extra serv.					
Purchased professional - educational services	132,788	60,652	193,440	84,084	109,356
Supplies and materials	-	5,025	5,025	4,970	55
Total	<u>132,788</u>	<u>65,677</u>	<u>198,465</u>	<u>89,054</u>	<u>109,411</u>
Undistributed expenditures- guidance					
Salaries of other professional staff	58,637	800	59,437	57,814	1,623
Other purchased services	-	605	605	400	205
Supplies and materials	1,950	-	1,950	1,380	570
Total	<u>60,587</u>	<u>1,405</u>	<u>61,992</u>	<u>59,594</u>	<u>2,398</u>
Undistributed expenditures - child study teams					
Salaries of other professional staff	352,057	3,160	355,217	354,967	250
Salaries of secretarial and clerical assistants	42,442	1,402	43,844	43,526	318
Purchased professional - educational services	14,800	(4,772)	10,028	8,709	1,319
Other purchased services	-	2,300	2,300	702	1,598
Miscellaneous purchased service	6,300	(3,450)	2,850	2,400	450
Supplies and materials	4,564	5,626	10,190	9,980	210
Other objects	1,125	494	1,619	1,618	1
Total	<u>421,288</u>	<u>4,760</u>	<u>426,048</u>	<u>421,902</u>	<u>4,146</u>
Undistributed expenditures - improvement of inst. service					
Salaries of other professional staff	5,000	16,169	21,169	21,169	-
Other purchased professional & technical services	12,000	(5,366)	6,634	69	6,565
Supplies and materials	500	-	500	-	500
Total	<u>17,500</u>	<u>10,803</u>	<u>28,303</u>	<u>21,238</u>	<u>7,065</u>

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - edu. media service/sch. library					
Salaries	\$ 99,759	\$ 1,121	\$ 100,880	\$ 100,231	\$ 649
Salaries of technology coordinators	93,673	28,482	122,155	122,155	-
Other purchased services	4,950	228	5,178	5,176	2
Supplies and materials	4,336	3,062	7,398	4,393	3,005
Total	202,718	32,893	235,611	231,955	3,656
Undistributed expenditures - instructional staff training services					
Salaries of supervisor of instruction	15,500	574	16,074	16,074	-
Salaries of other professional staff	-	825	825	-	825
Other purchased services	5,000	2,501	7,501	7,307	194
Total	20,500	3,900	24,400	23,381	1,019
Undistributed expend. - support service - general admin.					
Salaries	207,414	(10,269)	197,145	186,164	10,981
Legal services	27,500	5,859	33,359	33,359	-
Audit fees	18,000	(850)	17,150	17,150	-
Architectural/engineering services	-	20,832	20,832	20,691	141
Other purchased professional services	4,500	2,875	7,375	7,374	1
Purchased technical services	4,500	9,451	13,951	13,310	641
Communications/telephone	52,500	(6,492)	46,008	36,203	9,805
BOE other purchased services	5,500	(1,800)	3,700	3,585	115
Misc purch services	17,900	13,522	31,422	30,195	1,227
General supplies	2,250	-	2,250	1,400	850
Miscellaneous expenditures	3,500	-	3,500	2,405	1,095
BOE membership dues and fees	6,000	(146)	5,854	5,773	81
Total	349,564	32,982	382,546	357,609	24,937
Undistributed expend. - support service - school admin.					
Salaries of principals/assistant principals	118,109	3,000	121,109	118,688	2,421
Salaries of secretarial and clerical assistants	74,507	4,143	78,650	75,515	3,135
Other purchased services	3,000	8,725	11,725	6,222	5,503
Supplies and materials	4,041	-	4,041	2,009	2,032
Other objects	1,500	-	1,500	1,292	208
Total	201,157	15,868	217,025	203,726	13,299
Undistributed expenditures - central services					
Salaries	225,624	5,000	230,624	222,557	8,067
Purchased technical services	15,000	12,525	27,525	24,605	2,920
Miscellaneous purchased services	5,660	(900)	4,760	1,809	2,951
Supplies and materials	2,250	2,375	4,625	4,615	10
Other objects	2,200	(225)	1,975	1,925	50
Total	250,734	18,775	269,509	255,511	13,998
Undistributed expend. - required maint. for school facilities					
Cleaning, repair, and maintenance services	123,688	78,255	201,943	172,953	28,990
General supplies	10,000	(7,564)	2,436	2,379	57
Total	133,688	70,691	204,379	175,332	29,047

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - custodial services					
Salaries	\$ 380,104	\$ (7,644)	\$ 372,460	\$ 359,712	\$ 12,748
Purchased professional and technical services	-	3,600	3,600	2,265	1,335
Cleaning, repair, and maintenance service	29,475	(15,554)	13,921	13,391	530
Other purchased property services	33,800	2,000	35,800	32,868	2,932
Insurance	62,000	(8,206)	53,794	53,290	504
Miscellaneous purchased services	500	210	710	549	161
General supplies	16,354	23,408	39,762	39,762	-
Energy (natural gas)	90,000	(31,100)	58,900	43,209	15,691
Energy (electricity)	130,000	(10,000)	120,000	85,551	34,449
Other objects	700	48	748	748	-
Total	742,933	(43,238)	699,695	631,345	68,350
Undistributed expenditures - care and upkeep of grounds					
Cleaning, repair, and maintenance service	8,425	(6,183)	2,242	1,925	317
General supplies	2,500	11,863	14,363	14,363	-
Total	10,925	5,680	16,605	16,288	317
Undistributed expenditures - security					
Cleaning, repair, and maintenance service	9,500	2,138	11,638	11,638	-
General supplies	1,000	5,673	6,673	6,652	21
Total	10,500	7,811	18,311	18,290	21
Undistributed expenditures - student transportation service					
Contr serv. (oth. than between home & school) - vend	1,000	-	1,000	1,000	-
Contr serv. (between home & school) - joint agreements	309,084	1,222	310,306	272,643	37,663
Contract service (sp ed stds) - joint agreements	90,850	-	90,850	75,783	15,067
Total	400,934	1,222	402,156	349,426	52,730
Unallocated benefits-employee benefits					
Social security contributions	156,000	(8,581)	147,419	131,444	15,975
Other retirement contributions - PERS	145,000	-	145,000	138,343	6,657
Other retirement contributions - regular	5,900	-	5,900	3,921	1,979
Workmen's compensation	84,800	-	84,800	80,754	4,046
Health benefits	2,231,778	(167,566)	2,064,212	1,824,460	239,752
Tuition reimbursement	52,993	-	52,993	7,839	45,154
Other employee benefits	2,200	3,695	5,895	3,738	2,157
Unused sick payment to terminated/retired staff	40,000	(2,157)	37,843	37,843	-
Total	2,718,671	(174,609)	2,544,062	2,228,342	315,720
On-behalf TPAF pension contribution	-	-	-	347,577	(347,577)
On-behalf TPAF post retirement medical benefits	-	-	-	413,868	(413,868)
Reimbursed TPAF Social Security contribution	-	-	-	323,687	(323,687)
Total	-	-	-	1,085,132	(1,085,132)
Total undistributed expenditures	\$ 6,110,878	\$ 60,988	\$ 6,171,866	\$ 6,516,821	\$ (344,955)
Total current	\$ 10,769,251	\$ 87,685	\$ 10,856,936	\$ 11,112,127	\$ (255,191)

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Capital outlay					
Equipment					
Undistributed					
Undistributed expend. - req. maint. for school facil.	\$ 26,454	\$ (26,454)	\$ -	\$ -	\$ -
Undistributed expenditures - care/upkeep of grounds	-	26,455	26,455	26,455	-
Undistributed expenditures - non-instructional serv.	-	12,823	12,823	2,585	10,238
Total equipment	<u>26,454</u>	<u>12,824</u>	<u>39,278</u>	<u>29,040</u>	<u>10,238</u>
Facilities acquisition and construction service					
Architectural/engineering services	-	20,532	20,532	-	20,532
Assessment for debt service on SDA funding	15,049	-	15,049	15,049	-
Total facilities acquisition and construction service	<u>15,049</u>	<u>20,532</u>	<u>35,581</u>	<u>15,049</u>	<u>20,532</u>
Total capital outlay	<u>\$ 41,503</u>	<u>\$ 33,356</u>	<u>\$ 74,859</u>	<u>\$ 44,089</u>	<u>\$ 30,770</u>
Total expenditures	<u>\$ 10,810,754</u>	<u>\$ 121,041</u>	<u>\$ 10,931,795</u>	<u>\$ 11,156,216</u>	<u>\$ (224,421)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (239,991)</u>	<u>\$ (121,041)</u>	<u>\$ (361,032)</u>	<u>\$ 693,414</u>	<u>\$ 1,054,446</u>
Other financing sources (uses)					
Capital reserve - transfer to Capital Projects Fund	-	(121,160)	(121,160)	(121,160)	-
Total other financing sources (uses)	<u>-</u>	<u>(121,160)</u>	<u>(121,160)</u>	<u>(121,160)</u>	<u>-</u>
Excess (deficiency) of revenues & other financing sources					
Over (under) expenditures & other financing uses	(239,991)	(242,201)	(482,192)	572,254	1,054,446
Fund balances, July 1	1,518,447	-	1,518,447	1,518,447	-
Fund balances, June 30	<u>\$ 1,278,456</u>	<u>\$ (242,201)</u>	<u>\$ 1,036,255</u>	<u>\$ 2,090,701</u>	<u>\$ 1,054,446</u>

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Recapitulation of Excess (Deficiency) of of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (134,126)	\$ -	\$ (134,126)	\$ (134,126)	\$ -
Increase in Capital Reserve	-	500,000	500,000	500,000	-
Interest deposit to Capital Reserve	-	-	-	2,074	2,074
Withdrawal from Capital Reserve	-	(121,160)	(121,160)	(121,160)	-
Increase in Emergency Reserve	-	100,000	100,000	100,000	-
Increase in Maintenance Reserve	-	150,000	150,000	150,000	-
Budgeted fund balance	(105,865)	(871,041)	(976,906)	75,466	1,052,372
Total	<u><u>\$ (239,991)</u></u>	<u><u>\$ (242,201)</u></u>	<u><u>\$ (482,192)</u></u>	<u><u>\$ 572,254</u></u>	<u><u>\$ 1,054,446</u></u>
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures				\$ 151,775	
Excess surplus - current year				139,721	
Committed fund balance					
Capital Reserve				1,003,554	
Emergency Reserve				100,000	
Maintenance Reserve				283,000	
Assigned fund balance					
Year-end encumbrances				57,122	
Unassigned fund balance				<u>355,529</u>	
Fund balance per budgetary basis				2,090,701	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(177,805)</u>	
Fund balance per governmental funds (GAAP)				<u><u>\$ 1,912,896</u></u>	

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources	\$ 13,059	\$ -	\$ 13,059	\$ 13,059	\$ -
Federal sources	233,675	-	233,675	233,675	-
Total revenues	<u>\$ 246,734</u>	<u>\$ -</u>	<u>\$ 246,734</u>	<u>\$ 246,734</u>	<u>\$ -</u>
Expenditures					
Instruction					
Salaries	\$ 14,086	\$ -	\$ 14,086	\$ 14,086	\$ -
Other purchased services - tuition	30,000	-	30,000	30,000	-
General supplies	78,425	(14,440)	63,985	63,985	-
Totals	<u>122,511</u>	<u>(14,440)</u>	<u>108,071</u>	<u>108,071</u>	<u>-</u>
Support services					
Employee benefits	3,663	-	3,663	3,663	-
Purchased professional & technical services	120,560	-	120,560	120,560	-
Total	<u>124,223</u>	<u>-</u>	<u>124,223</u>	<u>124,223</u>	<u>-</u>
Facility acquisition and construction services					
Instructional equipment	-	14,440	14,440	14,440	-
Total expenditures	<u>\$ 246,734</u>	<u>\$ -</u>	<u>\$ 246,734</u>	<u>\$ 246,734</u>	<u>\$ -</u>

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to Required Supplementary Information
Budget-to-GAAP Reconciliation

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 comparison schedules	\$ 11,849,630	\$ 246,734
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		40,222
Outstanding encumbrances-current year		(113)
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	177,805	-
State aid receivable current year	(177,805)	-
Total revenues (GAAP Basis)	\$ 11,849,630	\$ 286,843
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 11,156,216	\$ 246,734
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		40,222
Outstanding encumbrances-current year		(113)
Total expenditures (GAAP Basis)	\$ 11,156,216	\$ 286,843

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset) - percentage		0.00%	0.00%	0.00%						
District's proportion of the net pension liability (asset) - value	N/A	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	-	29,242,447	24,195,489	22,969,952	-	-	-	-	-	-
Total	\$ -	\$ 29,242,447	\$ 24,195,489	\$ 22,969,952	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll		\$ 4,499,102	\$ 4,361,284	\$ 4,467,572						
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability		28.71%	33.64%	33.76%						

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Schedule of District Contributions - Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Contractually required contribution	\$ 347,577	\$ 250,134	\$ 191,511	\$ 293,675	\$ 150,231	\$ 13,414	\$ 15,185	\$ 14,595	\$ 327,965	\$ 316,872
Contributions in relation to the contractually required contribution	<u>(347,577)</u>	<u>(250,134)</u>	<u>(191,511)</u>	<u>(293,675)</u>	<u>(150,231)</u>	<u>(13,414)</u>	<u>(15,185)</u>	<u>(14,595)</u>	<u>(327,965)</u>	<u>(316,872)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 4,559,875	\$ 4,499,102	\$ 4,361,284	\$ 4,467,572	\$ 4,331,483	\$ 4,380,587	\$ 4,618,632	\$ 3,980,476	\$ 4,241,646	\$ 4,185,371
Contributions as a percentage of covered employee payroll	7.62%	5.56%	4.39%	6.57%	3.47%	0.31%	0.33%	0.37%	7.73%	7.57%

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	\$ -	\$ 3,612,200	\$ 2,930,782	\$ 3,055,084	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	N/A	1,087,100	1,104,212	\$ 1,092,708	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	332.28%	265.42%	279.59%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	47.93%	52.08%	48.72%	N/A	N/A	N/A	N/A	N/A	N/A

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Schedule of District Contributions - Public Employees Retirement System
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 138,343	\$ 129,046	\$ 120,445	\$ 118,992	\$ 123,210	\$ 125,359	\$ 87,957	\$ 72,324	\$ 52,714	\$ 26,891
Contributions in relation to the contractually required contribution	(138,343)	(129,046)	(120,445)	(118,992)	(123,210)	(125,359)	(87,957)	(72,324)	(52,714)	(26,891)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 1,057,159	\$ 1,087,100	\$ 1,104,212	\$ 1,092,708	\$ 1,066,983	\$ 1,048,067	\$ 1,090,597	\$ 1,119,428	\$ 962,554	\$ 881,210
Contributions as a percentage of covered employee payroll	13.09%	11.87%	10.91%	10.89%	11.55%	11.96%	8.07%	6.46%	5.48%	3.05%

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part III
(Unaudited)
June 30, 2016

Note 1 - Special funding situation - TPAF

The participating employer allocations included in the supplemental Schedule of Employer Special Funding Allocations and the supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.

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, 2016

	Various Local Grants	NCLB Title I	NCLB Title IIA	Small, Rural School Achievement Program	IDEA Basic	IDEA Preschool	Total
Revenues							
Local sources	\$ 13,059	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,059
Federal sources	-	17,749	8,256	63,178	139,304	5,188	233,675
Total revenues	\$ 13,059	\$ 17,749	\$ 8,256	\$ 63,178	\$139,304	\$ 5,188	\$ 246,734
Expenditures							
Instruction							
Salaries	\$ -	\$ 14,086	\$ -	\$ -	\$ -	\$ -	\$ 14,086
Other purchased services	-	-	-	-	30,000	-	30,000
General supplies	1,559	-	-	60,238	-	2,188	63,985
Total	1,559	14,086	-	60,238	30,000	2,188	108,071
Support services							
Personal services - employee benefits	-	3,663	-	-	-	-	3,663
Purchased professional and technical services	-	-	8,256	-	109,304	3,000	120,560
Total	-	3,663	8,256	-	109,304	3,000	124,223
Facilities acquisition & construction services							
Instructional equipment	11,500	-	-	2,940	-	-	14,440
Total	11,500	-	-	2,940	-	-	14,440
Total expenditures	\$ 13,059	\$ 17,749	\$ 8,256	\$ 63,178	\$139,304	\$ 5,188	\$ 246,734

See independent auditors' report.

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, 2016

Description	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 06/30/16
			Prior Years	Current Year	
Telephone system upgrade at Holland Township School District	10/09/14	\$ 183,914	\$109,030	\$ 59,680	\$ 15,204
Public announcement and clock system upgrades at Holland Township School District	10/09/14	333,326	201,303	18,489	113,534
		<u>\$ 517,240</u>	<u>\$ 310,333</u>	<u>\$ 78,169</u>	<u>\$ 128,738</u>

See independent auditors' report.

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, 2016

Revenues	
State sources - NJ SDA ROD Grants	\$ 80,773
Local sources - transfers in from capital reserve	121,160
Total revenues	<u>201,933</u>
Expenditures	
Legal services	1,705
Architectural/engineering services	32,355
Construction services	69,881
	<u>103,941</u>
Excess (deficiency) of revenues and other financing sources	
Over (under) expenditures and other financing uses	97,992
Net position - beginning	<u>206,907</u>
Net position - ending	<u>\$ 304,899</u>
<u>Reconciliation of fund balance difference for GAAP purposes</u>	
Fund balance - budgetary basis (Schedule F-2)	\$ 304,899
Receivables from other Governments - State	
GAAP basis (Schedule B-1)	9,964
Budgetary basis (Schedule K-4)	<u>(129,039)</u>
Fund balance - GAAP basis (Schedule B-1)	<u>\$ 185,824</u>
<u>Reconciliation of financial assistance difference for GAAP purposes</u>	
State financial assistance - budgetary basis (Schedule F-2)	\$ 80,773
Adjustment to GAAP basis	<u>(41,363)</u>
State financial assistance - GAAP basis (Schedule B-2)	<u>\$ 39,410</u>

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Telephone System Upgrade at Holland Township School District
For the Fiscal Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources - transfers in from capital reserve	\$ 122,753	\$ -	\$ 122,753	\$ 122,753
State source - NJ SDA ROD Grants	61,161	-	61,161	61,161
Total revenues	<u>183,914</u>	<u>-</u>	<u>183,914</u>	<u>183,914</u>
Expenditures and other financing uses				
Legal services	2,420	-	2,420	2,500
Architectural/engineering services	23,500	5,925	29,425	29,425
Other purchased professional & technical services	1,800		1,800	1,900
Construction services	81,310	53,755	135,065	150,089
Total expenditures	<u>109,030</u>	<u>59,680</u>	<u>168,710</u>	<u>183,914</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ 74,884</u>	<u>\$ (59,680)</u>	<u>\$ 15,204</u>	<u>\$ -</u>

Additional project information

Project number	2220-060-14-1006
Grant date	10/09/14
Bond authorization date	N/A
Bonds authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 152,903
Additional authorized cost	\$ 31,011
Revised authorized cost	\$ 183,914
Percentage completion	92%

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Public Announcement and Clock System Upgrades at Holland Township School District
For the Fiscal Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources - transfers in from capital reserve	\$ 199,996	\$ -	\$ 199,996	\$ 199,996
State source - NJ SDA ROD Grants	133,330	-	133,330	133,330
Total revenues	<u>333,326</u>	<u>-</u>	<u>333,326</u>	<u>333,326</u>
Expenditures and other financing uses				
Legal services	2,154	-	2,154	2,154
Architectural/engineering services	44,317	2,363	46,680	46,680
Other purchased professional & technical services	1,489		1,489	1,750
Construction services	152,180	16,126	168,306	280,896
Other objects	1,163		1,163	1,846
Total expenditures	<u>201,303</u>	<u>18,489</u>	<u>219,792</u>	<u>333,326</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ 132,023</u>	<u>\$ (18,489)</u>	<u>\$ 113,534</u>	<u>\$ -</u>

Additional project information

Project number	2220-060-14-1004
Grant date	10/09/14
Bond authorization date	N/A
Bonds authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 333,326
Additional authorized cost	\$ -
Revised authorized cost	\$ 333,326
Percentage completion	66%

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
1973 Wing Partial Brick Repointing at Holland Township School District
For the Fiscal Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources - transfers in from capital reserve	\$ -	\$ 121,160	\$ 121,160	\$ 121,160
State source - NJ SDA ROD Grants	-	80,773	80,773	80,773
Total revenues	-	201,933	201,933	201,933
Expenditures and other financing uses				
Legal services	-	1,705	1,705	2,500
Architectural/engineering services	-	24,067	24,067	37,568
Construction services	-	-	-	161,865
Total expenditures	-	25,772	25,772	201,933
Excess (deficiency) of revenues over (under)				
Expenditures	\$ -	\$ 176,161	\$ 176,161	\$ -

Additional project information

Project number	2220-060-14-1003
Grant date	10/09/14
Bond authorization date	N/A
Bonds authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 201,933
Additional authorized cost	\$ -
Revised authorized cost	\$ 201,933
Percentage completion	13%

See independent auditors' report.

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 Position
Enterprise Fund - Food Service
For the Fiscal Year Ended June 30, 2016

ASSETS

Current assets

Cash & cash equivalents	\$ 18,837
Receivables from other governments	
State	70
Federal	1,081
Inventory	3,367
Total current assets	<u>23,355</u>

Noncurrent assets

Capital assets	36,245
Less: accumulated depreciation	<u>(22,097)</u>
Total noncurrent assets	<u>14,148</u>

Total assets	<u>37,503</u>
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LIABILITIES

Current liabilities

Accounts payable	4,810
Unearned Revenues	<u>1,557</u>
Total liabilities	<u>6,367</u>

NET POSITION

Invested in capital Assets, net of related debt	14,148
Unrestricted	<u>16,988</u>
Total net position	<u><u>\$ 31,136</u></u>

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenses, and
Changes in Fund Net Position
Enterprise Fund - Food Service
For the Fiscal Year Ended June 30, 2016

Operating revenues	
Charges for services	
Daily sales - non-reimbursable programs	\$ 78,449
Daily sales - reimbursable programs	24,043
Total operating revenues	<u>102,492</u>
Operating expenses	
Costs of sales - reimbursable programs	50,400
Costs of sales - non-reimbursable programs	15,446
Salaries	50,516
Employee benefits	11,492
Purchased property services	325
Insurance	975
Management fee	8,253
Other purchased services	4,069
Supplies and materials	932
Depreciation	1,565
Miscellaneous	245
Total operating expenses	<u>144,218</u>
Operating income (loss)	<u>(41,726)</u>
Non-operating revenues (expenses)	
State sources	
State school lunch program	1,335
Federal sources	
National school lunch program	21,342
Food donation program	13,683
Interest income	104
Total non-operating revenues (expenses)	<u>36,464</u>
Change in net position	(5,262)
Net position, beginning	<u>36,398</u>
Net position, ending	<u>\$ 31,136</u>

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Statement of Cash Flows
Enterprise Fund - Food Service
For the Fiscal Year Ended June 30, 2016

Cash flows from operating activities	
Receipts from customers	\$ 102,492
Payments to food service management company	(123,761)
Payments to vendors (net)	(375)
Net cash provided by (used for) operating activities	<u>(21,644)</u>
Cash flows from noncapital related financing activities	
State sources	1,416
Federal sources	21,919
Net cash provided by (used for) noncapital financing activities	<u>23,335</u>
Cash flows from investing activities	
Interest on investments	<u>104</u>
Net increase in cash and cash equivalents	1,795
Cash and cash equivalents, July 1	<u>17,042</u>
Cash and cash equivalents, June 30	<u><u>\$ 18,837</u></u>
Reconciliation of operating income to net cash	
Provided by operating activities	
Operating income (loss)	\$ (41,726)
Adjustments to reconcile operating income to net cash	
Provided by (used for) operating activities	
Depreciation	1,565
Federal food donation program	13,683
(Increase) decrease in inventory	1,004
Increase (decrease) in accounts payable	4,810
Increase (decrease) in unearned revenue	(980)
Net cash provided by (used for) operating activities	<u><u>\$ (21,644)</u></u>

See independent auditors' report.

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 government and/or other funds.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Combining Schedule of Net Position
For the Fiscal Year Ended June 30, 2016

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
Assets				
Cash and cash equivalents	\$ 77,036	\$ 29,436	\$ 16,910	\$ 123,382
Receivables from other governments	370	-	-	370
Due from other funds	1,110	-	-	1,110
Total assets	78,516	29,436	16,910	124,862
Liabilities				
Due to other funds	-	-	7,358	7,358
Due to students groups	-	29,436	-	29,436
Payroll deductions & withholdings	-	-	9,552	9,552
Total liabilities	-	29,436	16,910	46,346
Net position				
Held in trust for unemployment claims & other purposes	\$ 78,516	\$ -	\$ -	\$ 78,516

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Schedule of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2016

	Unemployment Compensation Fund
Additions	
Contributions	
Plan members	\$ 11,019
Investment earnings - interest	254
Total additions	11,273
Deductions	
Unemployment claims	1,845
Total deductions	1,845
Change in net position	9,428
Net position, beginning of the year	69,088
Net position, end of the year	\$ 78,516

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund
Schedule of Receipts & Disbursements
For the Fiscal Year Ended June 30, 2016

	<u>Balance</u> <u>07/01/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/16</u>
Assets				
Cash and cash equivalents	<u>\$ 34,835</u>	<u>\$ 126,252</u>	<u>\$ 131,651</u>	<u>\$ 29,436</u>
Total assets	<u><u>\$ 34,835</u></u>	<u><u>\$ 126,252</u></u>	<u><u>\$ 131,651</u></u>	<u><u>\$ 29,436</u></u>
Liabilities				
Due to student groups	<u>\$ 34,835</u>	<u>\$ 126,252</u>	<u>\$ 131,651</u>	<u>\$ 29,436</u>
Total liabilities	<u><u>\$ 34,835</u></u>	<u><u>\$ 126,252</u></u>	<u><u>\$ 131,651</u></u>	<u><u>\$ 29,436</u></u>

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund
Schedule of Receipts & Disbursements
For the Fiscal Year Ended June 30, 2016

	Balance 07/01/15	Additions	Deletions	Balance 06/30/16
Assets				
Cash and cash equivalents	\$ 5,848	\$ 6,915,327	\$ 6,904,265	\$ 16,910
Total assets	\$ 5,848	\$ 6,915,327	\$ 6,904,265	\$ 16,910
Liabilities				
Due to other funds	\$ 109	\$ 16,422	\$ 9,173	\$ 7,358
Payroll deductions and withholdings	3,239	2,802,883	2,799,070	7,052
Net payroll	2,500	4,096,022	4,096,022	2,500
Total liabilities	\$ 5,848	\$ 6,915,327	\$ 6,904,265	\$ 16,910

See independent auditors' report.

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.

(NOT APPLICABLE TO THIS REPORT)

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	

HOLLAND TOWNSHIP SCHOOL DISTRICT
Net Position by Component
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ending June 30, 2016									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Government activities										
Net investment in capital assets	\$ 6,646,566	\$ 6,637,832	\$ 6,668,897	\$ 6,577,926	\$ 6,623,346	\$ 7,204,223	\$ 6,908,474	\$ 6,954,466	\$ 6,965,223	\$ 6,753,652
Restricted	122,467	321,886	480,857	460,293	551,704	466,440	324,810	592,271	884,835	1,572,378
Unrestricted	<u>390,013</u>	<u>124,336</u>	<u>190,840</u>	<u>184,477</u>	<u>388,857</u>	<u>172,516</u>	<u>467,520</u>	<u>(2,731,750)</u>	<u>(2,692,410)</u>	<u>(2,817,896)</u>
Total governmental activities	<u>\$ 7,159,046</u>	<u>\$ 7,084,054</u>	<u>\$ 7,340,594</u>	<u>\$ 7,222,696</u>	<u>\$ 7,563,907</u>	<u>\$ 7,843,179</u>	<u>\$ 7,700,804</u>	<u>\$ 4,814,987</u>	<u>\$ 5,157,648</u>	<u>\$ 5,508,134</u>
Business-type activities										
Net investment in capital assets	\$ 4,945	\$ 4,481	\$ 4,018	\$ 3,554	\$ 5,308	\$ 18,969	\$ 17,362	\$ 15,756	\$ 15,713	\$ 14,148
Unrestricted	<u>32,968</u>	<u>27,008</u>	<u>32,297</u>	<u>39,372</u>	<u>37,632</u>	<u>23,937</u>	<u>29,726</u>	<u>26,238</u>	<u>20,685</u>	<u>16,988</u>
Total business-type activities	<u>\$ 37,913</u>	<u>\$ 31,489</u>	<u>\$ 36,315</u>	<u>\$ 42,926</u>	<u>\$ 42,940</u>	<u>\$ 42,906</u>	<u>\$ 47,088</u>	<u>\$ 41,994</u>	<u>\$ 36,398</u>	<u>\$ 31,136</u>
District-wide										
Net investment in capital assets	\$ 6,651,511	\$ 6,642,313	\$ 6,672,915	\$ 6,581,480	\$ 6,628,654	\$ 7,223,192	\$ 6,925,836	\$ 6,970,222	\$ 6,980,936	\$ 6,767,800
Restricted	122,467	321,886	480,857	460,293	551,704	466,440	324,810	592,271	884,835	1,572,378
Unrestricted	<u>422,981</u>	<u>151,344</u>	<u>223,137</u>	<u>223,849</u>	<u>426,489</u>	<u>196,453</u>	<u>497,246</u>	<u>(2,705,512)</u>	<u>(2,671,725)</u>	<u>(2,800,908)</u>
Total district-wide	<u>\$ 7,196,959</u>	<u>\$ 7,115,543</u>	<u>\$ 7,376,909</u>	<u>\$ 7,265,622</u>	<u>\$ 7,606,847</u>	<u>\$ 7,886,085</u>	<u>\$ 7,747,892</u>	<u>\$ 4,856,981</u>	<u>\$ 5,194,046</u>	<u>\$ 5,539,270</u>

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ending June 30, 2016									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
Instruction										
Regular	\$ 4,311,518	\$ 4,430,633	\$ 3,950,126	\$ 4,361,652	\$ 4,385,835	\$ 4,733,165	\$ 4,718,854	\$ 4,498,086	\$ 5,219,402	\$ 5,518,906
Special education	1,437,957	1,624,915	1,951,953	2,030,429	1,831,701	2,014,249	2,153,821	2,142,947	2,505,305	2,702,941
Other special education	324,019	315,870	229,945	346,678	264,336	229,171	278,219	302,033	317,420	342,807
Other instruction	91,666	97,933	138,951	103,063	91,960	87,009	91,313	53,588	94,857	105,220
Support services										
Tuition	86,122	123,450	37,827	-	63,395	118,211	135,257	161,838	124,048	31,592
Student & instruction related services	1,468,440	1,567,244	1,482,014	1,589,353	1,452,283	1,550,042	1,594,527	1,675,809	1,942,084	2,184,084
General & business administrative services	764,692	858,372	764,407	865,538	884,924	839,603	908,390	848,654	931,666	960,193
School administration	276,929	296,051	322,063	311,459	286,200	319,695	302,974	273,193	338,428	364,091
Plant operations & maintenance	918,996	1,087,747	1,109,460	1,063,528	925,793	1,009,554	1,159,462	1,055,323	1,036,951	1,053,315
Pupil transportation	387,492	384,633	380,376	386,731	358,579	352,494	382,359	356,495	371,651	349,426
Special Schools			2,242	5,151	1,672	-	-	-	-	-
Interest on long-term debt	73,951	60,233	44,975	32,081	39,672	20,493	15,049	15,049	15,049	15,049
Total governmental activities expenses	<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>	<u>11,273,686</u>	<u>11,740,225</u>	<u>11,383,015</u>	<u>12,896,861</u>	<u>13,627,624</u>
Business-type activities										
Food service	176,023	203,664	181,390	185,522	191,619	200,892	173,137	167,146	152,694	144,218
Total business-type activities	<u>176,023</u>	<u>203,664</u>	<u>181,390</u>	<u>185,522</u>	<u>191,619</u>	<u>200,892</u>	<u>173,137</u>	<u>167,146</u>	<u>152,694</u>	<u>144,218</u>
Total district expenses	<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>	<u>\$ 11,474,578</u>	<u>\$ 11,913,362</u>	<u>\$ 11,550,161</u>	<u>\$ 13,049,555</u>	<u>\$ 13,771,842</u>

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ending June 30, 2016									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program revenues										
Governmental activities										
Charges for services										
Regular instruction	\$ 23,263	\$ 31,933	\$ 21,162	\$ 28,922	\$ 38,353	\$ 42,535	\$ 37,883	\$ 29,618	\$ 40,634	\$ 45,269
Special education instruction	-	-	4,222	-	19,056	20,060	20,480	20,500	50,830	28,429
Other instruction	-	-	-	-	6,426	1,134	6,804	1,134	6,804	3,024
Student & instruction related services	6,876	170	-	-	-	198	195	203	1,063	-
General & business administrative services	12,123	17,470	14,057	30,757	29,902	16	15	-	615	760
Plant operations & maintenance	13,313	12,014	12,278	13,280	16,599	15,419	20,973	11,144	10,530	10,607
Pupil transportation	3,555	-	-	-	-	-	-	-	-	-
Operating grants & contributions	194,036	178,148	180,961	299,913	193,415	182,818	191,499	170,303	184,301	286,843
Capital grants & contributions	(10)	-	-	-	29,623	240,697	-	-	116,779	39,410
Total governmental activities program revenues	253,156	239,735	232,680	372,872	333,374	502,877	277,849	232,902	411,556	414,342

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ending June 30, 2016									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-type activities										
Charges for services										
Food service	\$ 149,991	\$ 152,389	\$ 148,557	\$ 150,315	\$ 149,513	\$ 152,994	\$ 134,650	\$ 118,201	\$ 109,452	\$ 102,492
Operating grants & contributions	29,305	34,274	37,581	39,454	42,120	47,596	42,788	43,593	38,124	36,360
Total business-type activities										
program revenues	179,296	186,663	186,138	189,769	191,633	200,590	177,438	161,794	147,576	138,852
Total district-program revenues	<u>\$ 432,452</u>	<u>\$ 426,398</u>	<u>\$ 418,818</u>	<u>\$ 562,641</u>	<u>\$ 525,007</u>	<u>\$ 703,467</u>	<u>\$ 455,287</u>	<u>\$ 394,696</u>	<u>\$ 559,132</u>	<u>\$ 553,194</u>
Net (expense) revenues										
Governmental activities	\$ (9,888,626)	\$ (10,607,346)	\$ (10,181,659)	\$ (10,722,791)	\$ (10,252,976)	\$ (10,770,809)	\$ (11,462,376)	\$ (11,150,113)	\$ (12,485,305)	\$ (13,213,282)
Business-type activities	3,273	(17,001)	4,748	4,247	14	(302)	4,301	(5,352)	(5,118)	(5,366)
Total district-wide net expenses	<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>	<u>\$ (10,771,111)</u>	<u>\$ (11,458,075)</u>	<u>\$ (11,155,465)</u>	<u>\$ (12,490,423)</u>	<u>\$ (13,218,648)</u>

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30, 2016									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General revenues & other										
changes in net position										
Governmental activities										
Property taxes levied for										
general purposes, net	\$ 6,990,227	\$ 7,313,843	\$ 7,474,751	\$ 7,833,653	\$ 8,051,999	\$ 8,136,039	\$ 8,298,760	\$ 8,464,735	\$ 8,634,029	\$ 8,771,709
Taxes levied for debt service	332,745	271,483	260,220	243,416	287,694	280,433	-	-	-	-
Unrestricted grants &										
contributions	2,737,480	2,889,968	2,665,222	2,638,857	2,296,151	2,626,291	2,850,495	2,719,133	4,180,397	4,781,170
Investment earnings	84,795	64,011	15,192	7,499	1,394	15,035	7,673	7,847	8,938	10,591
Miscellaneous income	1,943	3,152	22,814	4,405	2,771	4,191	5,612	7,220	5,668	298
Operating transfers out	-	(10,103)	-	(122,229)	(45,000)	(10,000)	-	-	-	-
Special item-insurance										
proceeds for flood damage	-	-	-	-	-	-	157,461	-	-	-
Special item-prior year										
accounts receivable canceled	-	-	-	-	-	(704)	-	-	-	-
Special item-loss on disposal										
of capital assets	(97,800)	-	-	(708)	(822)	(1,204)	-	-	(1,066)	-
Total governmental activities	<u>10,049,390</u>	<u>10,532,354</u>	<u>10,438,199</u>	<u>10,604,893</u>	<u>10,594,187</u>	<u>11,050,081</u>	<u>11,320,001</u>	<u>11,198,935</u>	<u>12,827,966</u>	<u>13,563,768</u>

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30, 2016									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-type activities										
Investment earnings	\$ 802	\$ 474	\$ 78	\$ 135	\$ -	\$ 268	\$ -	\$ 129	\$ 103	\$ 104
Miscellaneous income	-	-	-	-	-	-	-	10	-	-
Special item-loss on disposal of capital assets	-	-	-	-	-	-	-	-	(581)	-
Operating transfers in	-	10,103	-	2,229	-	-	-	-	-	-
Total business-type activities	<u>802</u>	<u>10,577</u>	<u>78</u>	<u>2,364</u>	<u>-</u>	<u>268</u>	<u>-</u>	<u>139</u>	<u>(478)</u>	<u>104</u>
Total district-wide	<u>\$ 10,050,192</u>	<u>\$ 10,542,931</u>	<u>\$ 10,438,277</u>	<u>\$ 10,607,257</u>	<u>\$ 10,594,187</u>	<u>\$ 11,050,349</u>	<u>\$ 11,320,001</u>	<u>\$ 11,199,074</u>	<u>\$ 12,827,488</u>	<u>\$ 13,563,872</u>
Change in net position										
Governmental activities	\$ 160,764	\$ (74,992)	\$ 256,540	\$ (117,898)	\$ 341,211	\$ 279,272	\$ (142,375)	\$ 48,822	\$ 342,661	\$ 350,486
Business-type activities	<u>4,075</u>	<u>(6,424)</u>	<u>4,826</u>	<u>6,611</u>	<u>14</u>	<u>(34)</u>	<u>4,301</u>	<u>(5,213)</u>	<u>(5,596)</u>	<u>(5,262)</u>
Total district	<u>\$ 164,839</u>	<u>\$ (81,416)</u>	<u>\$ 261,366</u>	<u>\$ (111,287)</u>	<u>\$ 341,225</u>	<u>\$ 279,238</u>	<u>\$ (138,074)</u>	<u>\$ 43,609</u>	<u>\$ 337,065</u>	<u>\$ 345,224</u>

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30, 2016									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund										
Restricted	\$ 232,463	\$ 222,241	\$ 208,335	\$ 125,165	\$ 107,704	\$ 193,799	\$ 210,108	\$ 215,157	\$ 257,640	\$ 291,496
Committed	3,178	249,666	458,637	460,292	190,658	464,262	324,810	592,271	755,640	1,386,554
Assigned	356,371	68,792	123,952	84,879	330,771	99,240	380,243	93,184	134,126	57,122
Unassigned	201,455	214,888	200,175	380,976	294,856	250,424	253,119	242,897	193,236	177,724
Total general fund	<u>\$ 793,467</u>	<u>\$ 755,587</u>	<u>\$ 991,099</u>	<u>\$ 1,051,312</u>	<u>\$ 923,989</u>	<u>\$ 1,007,725</u>	<u>\$ 1,168,280</u>	<u>\$ 1,143,509</u>	<u>\$ 1,340,642</u>	<u>\$ 1,912,896</u>
All other governmental funds										
Restricted, reported in										
Capital projects fund	\$ 132,609	\$ 55,542	\$ 55,542	\$ -	\$ 361,046	\$ 2,178	\$ -	\$ -	\$ 129,195	\$ 185,824
Assigned, reported in										
Debt service fund	<u>50,000</u>	<u>50,001</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 182,609</u>	<u>\$ 105,543</u>	<u>\$ 55,543</u>	<u>\$ 1</u>	<u>\$ 361,046</u>	<u>\$ 2,178</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129,195</u>	<u>\$ 185,824</u>

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30, 2016									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax levy	\$ 7,322,972	\$ 7,585,326	\$ 7,734,971	\$ 8,077,069	\$ 8,339,693	\$ 8,416,472	\$ 8,298,760	\$ 8,464,735	\$ 8,634,029	\$ 8,771,709
Tuition charges	23,263	31,826	25,344	28,922	54,712	62,013	57,669	50,050	78,595	63,497
Interest earnings	84,795	64,011	15,192	7,499	1,394	15,035	7,673	7,847	8,938	10,591
Miscellaneous	8,943	13,031	42,617	13,381	10,115	21,500	29,037	16,499	31,158	21,124
State sources	2,737,849	2,890,002	2,665,222	2,404,167	2,298,989	2,561,995	2,852,467	2,719,133	2,878,453	2,995,655
State sources-capital projects	(10)	-	-	-	29,623	240,697	-	-	116,779	39,410
Federal sources	192,667	174,235	167,158	531,627	190,113	237,027	173,302	162,292	167,131	273,897
Total revenues	10,370,479	10,758,431	10,650,504	11,062,665	10,924,639	11,554,739	11,418,908	11,420,556	11,915,083	12,175,883
Expenditures										
Instruction										
Regular instruction	2,907,946	3,001,200	2,878,136	2,923,940	2,890,933	3,124,326	3,078,365	2,985,098	2,970,766	2,891,039
Special education instruction	941,968	1,070,481	1,278,962	1,169,898	1,120,468	1,244,876	1,381,573	1,385,091	1,453,918	1,470,252
Other special instruction	194,716	195,391	155,851	219,842	162,444	132,368	159,760	194,991	166,687	166,533
School sponsored/other instructional	64,948	68,672	80,669	68,694	55,895	56,854	57,613	24,862	59,721	67,482
Support services										
Tuition	8,623	56,658	612	-	63,395	118,211	85,257	30,882	4,448	1,592
Student & inst related services	896,274	979,365	967,719	1,027,427	891,046	983,691	990,736	1,166,522	1,183,047	1,194,228
General administration	306,371	365,744	295,090	358,043	341,168	322,374	370,692	343,758	322,320	357,609
School administration services	181,419	197,293	207,693	206,764	184,463	210,446	197,959	205,354	200,886	203,726
Central services	193,350	202,157	210,494	206,436	225,023	227,439	239,427	243,308	244,365	255,511
Administrative information technology	27,931	37,339	25,904	26,802	28,407	29,893	32,144	32,521	33,091	-
Plant operations & maintenance	823,122	984,307	881,141	867,217	722,341	764,648	953,304	851,615	841,088	841,255
Pupil transportation	371,837	384,633	380,376	386,731	358,579	352,494	382,359	356,495	371,651	349,426
Employee benefits	1,663,170	1,748,435	1,947,121	2,203,638	2,360,232	2,344,020	2,283,464	2,222,397	2,205,172	2,228,342
On-behalf TPAF pension & social security contribution	996,771	1,035,974	617,878	654,806	625,989	788,462	957,627	827,129	969,181	1,085,132
Capital outlay	4,213	35,995	43,923	11,505	39,840	4,736	40,126	389,952	52,731	29,040
Special schools	-	-	2,242	5,151	1,672	-	-	-	-	-
Special revenue funds	194,036	178,148	180,961	299,913	193,415	182,818	191,499	170,303	184,301	286,843
Capital projects fund	17,309	-	-	-	74,057	640,113	1,038	-	310,333	103,941
Debt service										
Principal	265,000	265,000	265,000	265,000	265,000	269,000	-	-	-	-
Interest & other charges	67,745	56,482	45,220	33,958	41,550	22,398	15,049	15,049	15,049	15,049
Total expenditures	10,126,749	10,863,274	10,464,992	10,935,765	10,645,917	11,819,167	11,417,992	11,445,327	11,588,755	11,547,000

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds (continued)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30, 2016									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Excess (deficiency) of revenues over (under) expenditures	\$ 243,730	\$ (104,843)	\$ 185,512	\$ 126,900	\$ 278,722	\$ (264,428)	\$ 916	\$ (24,771)	\$ 326,328	\$ 628,883
Other financing sources (uses)										
Prior year receivable canceled	-	-	-	-	-	(704)	-	-	-	-
Insurance claim proceeds for flooding damage	-	-	-	-	-	-	157,461	-	-	-
Transfers in (out)	-	(10,103)	-	(122,229)	(45,000)	(10,000)	-	-	-	-
Total other financing sources (uses)	-	(10,103)	-	(122,229)	(45,000)	(10,704)	157,461	-	-	-
Net change in fund balances	\$ 243,730	\$ (114,946)	\$ 185,512	\$ 4,671	\$ 233,722	\$ (275,132)	\$ 158,377	\$ (24,771)	\$ 326,328	\$ 628,883
Debt service as a percentage of non-capital expenditures	3.40%	3.06%	3.07%	2.81%	3.00%	2.68%	0.13%	0.14%	0.13%	0.13%

Source: District records

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

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
General Fund - Other Local Revenues by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30, 2016									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Interest on investments	\$ 84,795	\$ 64,011	\$ 15,192	\$ 7,499	\$ 1,394	\$ 15,035	\$ 7,673	\$ 7,847	\$ 8,938	\$ 10,591
Tuition	23,263	31,826	25,344	28,922	54,712	62,013	57,669	50,050	78,595	63,497
Canceled										
Prior year accounts payable	-	-	1,058	43	-	271	4,250	1,091	-	185
Old outstanding checks	-	-	-	-	-	-	-	-	574	-
Account balances	-	3,152	-	1,440	2,736	3,552	424	375	28	-
Donations	-	-	21,621	2,155	-	-	-	-	-	-
Prior year refunds	1,943	-	135	767	35	301	178	5,822	5,066	-
Chromebook use rental fee	-	-	-	-	-	-	-	-	7,720	7,120
Miscellaneous	-	-	-	-	-	89	-	-	-	113
Building use rental income	6,000	6,000	6,000	6,000	6,000	7,200	7,200	1,200	-	-
Bid specification fees	-	-	-	-	880	-	760	-	600	760
Annual totals	\$ 116,001	\$ 104,989	\$ 69,350	\$ 46,826	\$ 65,757	\$ 88,461	\$ 78,154	\$ 66,385	\$ 101,521	\$ 82,266

Source: District Records

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

	Fiscal Year Ending June 30, 2016									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Vacant land	\$ 15,993,100	\$ 13,910,600	\$ 13,960,200	\$ 13,623,600	\$ 12,898,800	\$ 11,043,000	\$ 10,255,300	\$ 6,480,600	\$ 6,975,500	\$ 7,439,600
Residential	646,038,300	644,816,900	646,967,000	646,506,300	646,373,000	646,768,800	643,244,500	525,191,400	524,687,600	526,884,100
Farm regular	66,731,500	72,529,100	73,861,100	75,961,400	75,820,600	74,547,600	75,823,800	65,474,000	65,808,400	64,633,400
Q farm	2,402,600	2,619,500	2,615,500	2,588,800	2,555,100	2,519,600	2,579,300	2,645,310	2,658,190	2,602,380
Commercial	16,192,600	16,192,600	16,150,100	16,302,400	16,202,400	16,745,200	16,745,200	16,026,211	15,119,411	13,883,911
Industrial	17,736,700	17,716,700	14,480,500	14,480,500	14,026,400	13,145,500	13,145,500	11,231,600	11,231,600	11,231,600
Apartment	409,900	409,900	409,900	409,900	409,900	409,900	409,900	429,300	429,300	429,300
Total assessed value	765,504,700	768,195,300	768,444,300	769,872,900	768,286,200	765,179,600	762,203,500	627,478,421	626,910,001	627,104,291
Public utilities (a)	1,865,780	1,915,521	1,952,899	2,066,917	1,938,850	1,948,801	1,671,889	1,531,313	1,504,717	1,464,110
Net valuation taxable	\$ 767,370,480	\$ 770,110,821	\$ 770,397,199	\$ 771,939,817	\$ 770,225,050	\$ 767,128,401	\$ 763,875,389	\$ 629,009,734	\$ 628,414,718	\$ 628,568,401
Estimated actual county equalized value	\$ 876,204,072	\$ 854,549,495	\$ 830,689,491	\$ 832,100,698	\$ 783,944,071	\$ 746,069,777	\$ 691,448,812	\$ 670,270,971	\$ 660,724,128	\$ 659,360,538
Percentage of net valuation to estimated actual equalized value	87.58%	90.12%	92.74%	92.77%	98.25%	102.82%	110.47%	93.84%	95.11%	95.33%
Total direct school tax rate (b)	\$ 0.99	\$ 1.00	\$ 1.05	\$ 1.08	\$ 1.09	\$ 1.08	\$ 1.11	\$ 1.37	\$ 1.40	\$ 1.40

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
- * Limited exemptions and abatements

See independent auditors' report.

**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				Regional School Rate	Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6)			Municipality	County	
			Total Direct School Tax Rate					
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	
2012	1.08	-	1.08	0.52	-	0.34	1.94	
2013	1.11	-	1.11	0.50	-	0.33	1.94	
2014	* 1.37	-	1.37	0.61	0.10	0.39	2.47	
2015	1.40	-	1.40	0.58	0.19	0.39	2.56	
2016	1.40	-	1.40	0.61	0.19	0.39	2.59	

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 pre-budget by more than the spending growth limitation calculated as follows: the pre-budget 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

See independent auditors' report.

**HOLLAND TOWNSHIP SCHOOL DISTRICT
Principal Property Taxpayers,
Current Year and Nine Years Ago**

	2016			2007		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Genon Energy Services Individual Property Owner	\$ 6,515,900	1	1.04%	\$ 8,000,000	1	1.06%
Individual Property Owner	4,388,600	2	0.70%	4,145,100	3	0.54%
Oak Hill Golf Club	2,929,000	3	0.47%	5,143,500	2	0.68%
Georgia Pacific Corporation	2,789,400	4	0.44%	3,300,000	6	0.43%
Columbia Gas Individual Property Owner	1,897,400	5	0.30%	2,206,500	7	0.29%
Individual Property Owner	1,562,500	6	0.25%	-	-	-
Individual Property Owner	1,463,000	7	0.23%	-	-	-
Fiberville Estates	1,368,700	8	0.22%	3,889,800	4	0.51%
Holland Retail LLC	1,228,700	9	0.20%	-	-	-
KJA Holdings Inc. Fibermark	1,178,500	10	0.19%	-	-	-
Individual Property Owner				3,812,300	5	0.50%
Individual Property Owner				1,667,400	8	0.22%
Verizon-NJ				1,557,507	9	0.20%
Individual Property Owner				1,289,400	10	0.17%
	<u>\$ 25,321,700</u>		<u>4.04%</u>	<u>\$35,011,507</u>		<u>4.60%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Years

Year Ending December 31,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
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%
2011	15,216,041	14,971,324	98.39%
2012	14,931,139	14,704,177	98.48%
2013	14,846,969	14,461,715	97.41%
2014	15,534,767	15,286,853	98.40%
2015	16,132,875	15,908,743	98.61%

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

- (a) School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount 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,	Governmental Activities				Business-Type Activities		Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
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	0.15%	101	
2011	269,000	-	-	-	-	269,000	0.08%	51	
2012							N/A	N/A	
2013							N/A	N/A	
2014							N/A	N/A	
2015							N/A	N/A	
2016							N/A	N/A	

NOTES: (1) Details regarding the District's outstanding debt can be found in the notes to the financial statements.
(2) The Lebanon Borough School District had no bonded debt as of June 30, 2015 and the previous three fiscal years.

(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.

See independent auditors' report.

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 of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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
2012				N/A	N/A
2013				N/A	N/A
2014				N/A	N/A
2015				N/A	N/A
2016				N/A	N/A

NOTES: (1) Details regarding the district's outstanding debt can be found in the notes to the financial statements.

(2) The Holland Township School District had no bonded debt from June 30, 2012 through June 30, 2016.

- (a) See Exhibit J-6 for property tax data.
- (b) Population data can be found in Exhibit J-14.

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2015

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Municipality	\$ 500,000	100.00	\$ 500,000
Regional High School	2,090,000	28.56	596,956
County general obligation debt	62,494,492	3.18	<u>1,988,066</u>
Subtotal, overlapping debt			3,085,022
School district Direct debt			<u>-</u>
Total direct and overlapping debt			<u><u>\$ 3,085,022</u></u>

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

- (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.

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Legal Debt Margin Information
Last Ten Fiscal Years

Legal debt margin calculation for fiscal year 2016

	Equalized valuation basis	
	2015	\$ 657,620,897
	2014	659,739,692
	2013	<u>674,218,045</u>
		<u>\$ 1,991,578,634</u>
Average equalized valuation of taxable property		663,859,545
Debt limit (3.0% of average equalization value)		\$ 19,915,786
Total net debt applicable to limit		<u>-</u>
Legal debt margin		<u>19,915,786</u>

	Fiscal Year				
	2012	2013	2014	2015	2016
Debt limit	\$ 23,590,605	\$ 22,231,980	\$ 21,138,304	\$ 20,264,280	\$ 19,915,786
Total net debt applicable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 23,590,605</u>	<u>\$ 22,231,980</u>	<u>\$ 21,138,304</u>	<u>\$ 20,264,280</u>	<u>\$ 19,915,786</u>

Total net debt applicable to the limit
as a percentage of debt limit

	Fiscal Year				
	2007	2008	2009	2010	2011
Debt limit	\$ 22,742,973	\$ 24,256,012	\$ 25,414,836	\$ 25,386,205	\$ 24,687,055
Total net debt applicable	<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>\$ 21,413,973</u>	<u>\$ 23,192,012</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

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

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2007	5,260	\$ 358,716,220	\$ 68,197	3.5%
2008	5,253	362,751,168	69,056	4.5%
2009	5,268	347,319,240	65,930	8.2%
2010	5,289	351,279,513	66,417	8.4%
2011	5,251	369,108,543	70,293	8.2%
2012	5,217	389,302,974	74,622	8.4%
2013	5,199	386,587,242	74,358	7.6%
2014	5,182	403,905,808	77,944	5.3%
2015	5,162	N/A	N/A	4.6%
2016	5,162	N/A	N/A	N/A

Sources:

- (a) Population information provided by the NJ Dept of Labor and Workforce
- (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 2010 census published by the U.S. Bureau of Economic Analysis
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce

**HOLLAND TOWNSHIP SCHOOL DISTRICT
Prinicpal Employers
Current Year and Nine Years Ago**

2016

Employer	Employees	Rank	Percentage of Total Municipal Employment
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

2007

Employer	Employees	Rank	Percentage of Total Municipal Employment
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Full Time Equivalent District Employees by Function/Program
Last Nine Fiscal Years

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Function/Program										
Instruction										
Regular	66.0	62.0	46.5	47.0	45.9	44.9	44.9	43.9	43.9	46.7
Special education	11.0	12.0	30.2	31.5	28.7	28.2	28.7	29.4	31.1	26.2
Support services										
Student and instruction related services	15.0	16.5	16.5	15.5	14.7	13.8	15.6	15.3	15.2	16.4
General administration	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0
School administration services	4.0	4.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Central services	3.0	3.5	3.5	3.5	3.5	3.4	3.4	3.4	3.4	3.4
Plant operations and maintenance	6.4	6.0	6.0	6.0	6.5	6.8	5.8	5.8	5.8	5.8
Total	<u>108.4</u>	<u>107.0</u>	<u>109.7</u>	<u>109.5</u>	<u>104.3</u>	<u>102.1</u>	<u>103.4</u>	<u>102.8</u>	<u>104.4</u>	<u>103.5</u>

Source: District Personnel Records

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures (a)</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff (b)</u>	<u>Teacher Ratio</u>	<u>Average Daily Enrollment (ADE) (c)</u>	<u>Average Daily Attendance (ADA) (c)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2007	716	\$ 9,772,482	\$ 13,649	9.67%	74	1:9.68	713.4	685.8	-0.40%	96.13%
2008	687	10,505,797	15,292	12.04%	71	1:9.68	684.2	656.8	-4.09%	96.00%
2009	675	10,110,849	14,979	-2.05%	73	1:9.24	674.9	644.1	-1.36%	95.44%
2010	665	10,625,302	15,978	6.67%	64	1:10.91	663.2	629.8	-1.73%	94.96%
2011	659	10,225,470	15,517	-2.89%	63.4	1:10.40	656.9	626.2	-0.95%	95.33%
2012	652	10,882,920	16,692	7.57%	64	1:10.18	648.9	619.9	-1.22%	95.53%
2013	627	11,361,779	18,121	8.56%	64.9	1:9.67	622.3	592.4	-4.10%	95.20%
2014	603	11,040,326	18,309	1.04%	63.5	1:9.50	602.2	576.9	-3.23%	95.79%
2015	592	11,210,642	18,937	3.43%	65.5	1:9.05	585.2	559.4	-2.82%	95.58%
2016	559	11,398,970	20,392	7.68%	65.8	1:8.50	556.8	534.1	-4.86%	95.92%

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).

See independent auditors' report.

**HOLLAND TOWNSHIP SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years**

District Building	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Holland Township Elementary (1939)										
Square feet	112,840	112,840	112,840	112,840	112,840	112,840	112,840	112,840	112,840	112,840
Capacity (students)	770	770	770	770	770	770	770	770	770	770
Enrollment	717	717	672	659	655	647	618	603	587	549
Number of Schools at June 30, 2016										
Elementary & Middle =	1									

Source: District Facilities Office

NOTE: 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.

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Schedule of Required Maintenance
Last Ten Fiscal Years

Undistributed Expenditures - Required Maintenance for School Facilities

<u>Fiscal Year Ending</u>	<u>Holland Township School</u>	<u>Total</u>
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
2012	110,647	110,647
2013	129,837	129,837
2014	142,657	142,657
2015	102,835	102,835
2016	175,332	175,332
	<hr/>	<hr/>
Total school facilities	<u>\$ 1,202,719</u>	<u>\$ 1,202,719</u>

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

Source: District records

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2016
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
School package policy - School Alliance Insurance Fund		
Insurance group		
Property - building blanket and contents (fund limit)	\$ 250,000,000	\$ 2,500
Auto physical damage		1,000
Comprehensive general liability	5,000,000	
Blanket employee dishonesty bond	500,000	1,000
Environmental impairment liability- School Alliance Insurance		
Fund through Illinois Union Insurance Company		
Per incident	1,000,000	10,000
School board legal liability - School Alliance Insurance Fund		
Policy limit	5,000,000	5,000
Workers compensation -School Alliance Insurance Fund		
Disease policy limit	5,000,000	-
Public employees' faithful performance - Selective		
Insurance Company		
Treasurer of school monies	200,000	-
School Business Administrator Bond	100,000	-
Student accident insurance - Zurich Insurance		
Policy limit	1,000,000	-
Excess liability- School Alliance Insurance Fund		
Policy limit	5,000,000	-

Source: District records

See independent auditors' report.



Bedard, Kurowicki & Co.
Certified Public Accountants, PC
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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***

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Holland Township School District, County of Hunterdon, the State of New Jersey, (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 27, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Holland Township School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Bedard, Kurowicki & Co.
BEDARD, KUROWICKI & CO., CPA'S, PC

William Colantano

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

October 27, 2016
Flemington, New Jersey



Bedard, Kurowicki & Co.
Certified Public Accountants, PC
www.bkc-cpa.com

**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by The Uniform Guidance and New Jersey
OMB Circular Letter 15-08**

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

Report on Compliance for Each Major Federal and State Program

We have audited the Holland Township School District's, (the District), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the New Jersey OMB Circular Letter 15-08 that could have a direct and material effect on each of the District's major federal and New Jersey programs for the year ended June 30, 2016. Holland Township School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and New Jersey programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and New Jersey OMB Circular 15-08. Those standards, the Uniform Guidance and OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Holland Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and New Jersey programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of the Holland Township School District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Holland Township School District's internal control over compliance.

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

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

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

Bedard, Kurowicki & Co.
BEDARD, KUROWICKI & CO., CPA'S, PC



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

October 27, 2016
Flemington, New Jersey

**Holland Township School District
Schedule of Expenditures of Federal Awards - Schedule A
For the Fiscal Year Ended June 30, 2016**

Grantor/Program Title	Federal		Program				Repayment					Balance June 30, 2016			
	CFDA Number	FAIN Number	Project Number	or Award Amount	Grant Period		Balance 06/30/15	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	of Prior Year Balance	Accounts Receivable	Deferred Revenue	Due to Grantor
					From	To									
U.S. Department of Education passed through State Department of Education Special Revenue Fund															
NCLB Title I A	84.010A	S010S150030	NCLB-002016	\$ 17,749	7/1/2015	6/30/2016	\$ -	\$ -	\$ 17,749	\$ 17,749	\$ -	\$ -	\$ -	\$ -	\$ -
NCLB Title II A	84.367A	S367A150029	NCLB-002016	8,256	7/1/2015	6/30/2016	-	-	8,256	8,256	-	-	-	-	-
Rural Education Achievement Program	84.358A	S358B150030	S358A15-7757	51,715	7/1/2015	6/30/2016	(40,222)	-	51,715	11,493	-	-	-	-	-
Rural Education Achievement Program	84.358A	S358B150030	S358A15-7757	51,685	7/1/2015	6/30/2016	-	-	45,292	51,685	-	-	(6,393)	-	-
IDEA Basic	84.027	H027A150100	IDEA-002016	139,304	7/1/2015	6/30/2016	-	-	139,304	139,304	-	-	-	-	-
IDEA Preschool	84.173	H173S150114	IDEA-002016	5,188	7/1/2015	6/30/2016	-	-	5,188	5,188	-	-	-	-	-
Total Special Revenue Fund							<u>(40,222)</u>	<u>-</u>	<u>267,504</u>	<u>233,675</u>	<u>-</u>	<u>-</u>	<u>(6,393)</u>	<u>-</u>	<u>-</u>
U.S. Department of Agriculture passed through State Department of Education Enterprise Fund															
Child Nutrition Center															
National School Lunch Program non-cash assistance (commodities)	10.555	1616NJ304N1099	N/A	11,987	7/1/2015	6/30/2016	2,537	-	-	2,537	-	-	-	-	-
National School Lunch Program non-cash assistance (commodities)	10.555	1616NJ304N1099	N/A	12,703	7/1/2015	6/30/2016	-	-	12,703	11,146	-	-	-	1,557	-
National School Lunch Program cash assistance	10.555	1616NJ304N1099	N/A	24,654	7/1/2015	6/30/2016	(1,658)	-	1,658	-	-	-	-	-	-
National School Lunch Program cash assistance	10.555	1616NJ304N1099	N/A	21,342	7/1/2015	6/30/2016	-	-	20,261	21,342	-	-	(1,081)	-	-
Total Enterprise Fund							<u>879</u>	<u>-</u>	<u>34,622</u>	<u>35,025</u>	<u>-</u>	<u>-</u>	<u>(1,081)</u>	<u>1,557</u>	<u>-</u>
Total Federal Financial Assistance							<u>\$ (39,343)</u>	<u>\$ -</u>	<u>\$ 302,126</u>	<u>\$ 268,700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,474)</u>	<u>\$ 1,557</u>	<u>\$ -</u>

See independent auditors' report.

Holland Township School District Schedule of Expenditures of State Financial Assistance - Schedule B For the Fiscal Year Ended June 30, 2016

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2015			Budgetary Expenditure	Adjustments	Balance June 30, 2016			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor	Cash Received			Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General Fund														
Special Education Categorical aid	16-495-034-5120-089	\$ 373,356	7/1/2015	6/30/2016	\$ -	\$ -	\$ 336,333	\$ 373,356	\$ -	\$ -	\$ -	\$ -	\$ 37,023	\$ 373,356
Equalization aid	16-495-034-5120-078	1,291,479	7/1/2015	6/30/2016	-	-	1,163,412	1,291,479	-	-	-	-	128,067	1,291,479
Security aid	16-495-034-5120-084	9,453	7/1/2015	6/30/2016	-	-	8,515	9,453	-	-	-	-	938	9,453
Transportation aid	16-495-034-5120-014	53,541	7/1/2015	6/30/2016	-	-	48,232	53,541	-	-	-	-	5,309	53,541
School Choice aid	16-495-034-5120-068	53,805	7/1/2015	6/30/2016	-	-	48,469	53,805	-	-	-	-	5,336	53,805
Per Pupil Growth aid	16-495-034-5120-097	5,710	7/1/2015	6/30/2016	-	-	5,144	5,710	-	-	-	-	566	5,710
PARCC Readiness aid	16-495-034-5120-098	5,710	7/1/2015	6/30/2016	-	-	5,144	5,710	-	-	-	-	566	5,710
Extraordinary aid	15-495-034-5120-044	119,819	7/1/2014	6/30/2015	(119,819)	-	119,819	-	-	-	-	-	-	119,819
Extraordinary aid	16-495-034-5120-044	104,542	7/1/2015	6/30/2016	-	-	-	104,542	-	(104,542)	-	-	-	104,542
Non-public Transportation aid	15-495-034-5120-014	1,222	7/1/2014	6/30/2015	(1,222)	-	1,222	-	-	-	-	-	-	1,222
Non-public Transportation aid	16-495-034-5120-014	987	7/1/2015	6/30/2016	-	-	-	987	-	(987)	-	-	-	987
Payment for institutionalized children-														
Unknown district of residence														
	16-495-034-5120-005	11,940	7/1/2015	6/30/2016	-	-	11,940	11,940	-	-	-	-	-	11,940
TPAF Pension-Post Retirement Medical	16-495-034-5094-001	413,868	7/1/2015	6/30/2016	-	-	413,868	413,868	-	-	-	-	-	413,868
TPAF Pension	16-495-034-5094-002	331,084	7/1/2015	6/30/2016	-	-	331,084	331,084	-	-	-	-	-	331,084
TPAF Pension-Non Contributory Insurance	16-495-034-5094-004	16,493	7/1/2015	6/30/2016	-	-	16,493	16,493	-	-	-	-	-	16,493
TPAF Social Security Tax	16-495-034-5094-003	321,960	7/1/2014	6/30/2015	(15,803)	-	15,803	-	-	-	-	-	-	321,960
TPAF Social Security Tax	15-495-034-5094-003	323,687	7/1/2015	6/30/2016	-	-	308,033	323,687	-	(15,654)	-	-	-	323,687
Total General Fund					(136,844)	-	2,833,511	2,995,655	-	(121,183)	-	-	177,805	3,438,656
NJ School Development Authority														
Capital Projects Fund														
Telephone System Upgrades	2220-060-14-1006	61,161	7/1/2014	6/30/2017	(61,161)	-	58,409	-	-	(2,752)	-	-	-	-
Public address system upgrades	2220-060-14-1004	133,330	7/1/2014	6/30/2017	(133,330)	-	87,816	-	-	(45,514)	-	-	-	-
1972 Wing partial brick repointing	2220-060-14-1003	80,773	7/1/2014	6/30/2018	-	-	-	80,773	-	(80,773)	-	-	-	80,773
Total capital projects fund					(194,491)	-	146,225	80,773	-	(129,039)	-	-	-	80,773
State Department of Agriculture														
Enterprise Fund														
State School Lunch program	16-100-010-3350-023	1,722	7/1/2014	6/30/2015	(151)	-	151	-	-	-	-	-	-	1,722
State School Lunch program	15-100-010-3350-023	1,335	7/1/2015	6/30/2016	-	-	1,265	1,335	-	(70)	-	-	-	1,335
Total Enterprise Fund					(151)	-	1,416	1,335	-	(70)	-	-	-	3,057
Total State Financial Assistance					\$ (331,486)	\$ -	\$ 2,981,152	3,077,763	\$ -	\$ (250,292)	\$ -	\$ -	\$ 177,805	\$ 3,522,486
Less: On behalf TPAF Pension System contributions								(761,445)						
Total for State financial assistance - major program determination								\$ 2,316,318						

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Schedule of Awards and Financial Assistance
June 30, 2016

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 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 2003, 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 \$0 for the General Fund, \$40,109 for the Special Revenue Fund and (\$41,363) for the Capital Projects Fund. For a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds, see exhibit C-3 and for the Capital Projects Fund see exhibit F-2.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Schedule of Awards and Financial Assistance
June 30, 2016

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	\$ -	\$ -	\$ 2,995,655	\$ 2,995,655
Special Revenue Fund	12,946	273,897	-	286,843
Capital Projects Fund	-	-	39,410	39,410
Food Project Fund	-	35,025	1,335	36,360
Total	<u>\$ 12,946</u>	<u>\$ 308,922</u>	<u>\$ 3,036,400</u>	<u>\$ 3,358,268</u>

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, 2016. 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, 2016.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued: Unmodified

Internal Control Over Financial Reporting: Yes X No

- 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 Not Applicable

- 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?

Any Audit Findings Disclosed that are Required to be Reported in Accordance with the Uniform Guidance ? Yes No

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Amount</u>	<u>Name of Federal Program</u>
	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: \$750,000

Auditee qualified as a low-risk auditee X Yes No

**HOLLAND TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016**

State Awards (continued)

Type of Auditor's Report issued on Compliance for Major Programs: Unmodified

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 15-08? Yes X No

Identification of Major Programs:

<u>GMIS Numbers</u>	<u>Amount</u>	<u>Name of State Program</u>
16-495-034-5120-078	\$ 1,291,479	Equalization Aid

Section II - Financial Statement Findings

There were no findings or questioned costs for the year ended June 30, 2016.

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, 2016.

**HOLLAND TOWNSHIP SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2016**

Schedule of Prior Year Findings and Questioned Costs

There were no prior year findings or questioned costs.