

**HOLLAND TOWNSHIP
SCHOOL DISTRICT**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

JUNE 30, 2018

**Responsibility of the Management of
Holland Township School District
Hunterdon County, New Jersey**



**HOLLAND TOWNSHIP
SCHOOL DISTRICT**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2018

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**HOLLAND TOWNSHIP
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HOLLAND TOWNSHIP SCHOOL DISTRICT

Mrs. Stephanie Snyder, Superintendent
Mr. Brian McCarthy, School Business Administrator

908-995-2401
www.hollandschool.org

February 21, 2019

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, 2018, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly 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 2017-2018 fiscal year with an average daily enrollment of 562.8 students in grades PK through 8. The following details the changes in the student enrollment of the District over the last fifteen years:

714 Milford Warren Glen Road, Milford, NJ 08848
Fax 908-995-2011

HOLLAND TOWNSHIP SCHOOL DISTRICT

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Mr. Brian McCarthy, School Business Administrator

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<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2018	562.8	2.61
2017	548.5	(0.92)
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

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 2017-18 school year including:

1. Implemented year three of five-year strategic plan.
2. Provided continuous professional development through Rutgers University Literacy Coach. The latter modeled lessons that advanced student learning and supported New Jersey Literacy Standards for ELA.
3. Provided Technology Education through our STEM electives, enabling students to become real-world problem solvers, and to prepare them to meet the challenges of a dynamic global society.

HOLLAND TOWNSHIP SCHOOL DISTRICT

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4. Fostered responsible choices and positive lifelong habits through our "Health and Wellness" programs for middle level learners. Provided teacher awareness of the importance of student movement and that "brain breaks" improve student learning.
5. Continued to develop teacher leaders through the use of curriculum chairpersons that turnkey workshops, model best practices, analyze data, and make recommendations for curriculum adjustments based on student performance.

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, 2018.

HOLLAND TOWNSHIP SCHOOL DISTRICT

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Mr. Brian McCarthy, School Business Administrator

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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 the Notes to the Financial Statements, Note 1.

7. DEBT ADMINISTRATION:

As of June 30, 2018, the District's outstanding debt was \$0.

8. CASH MANAGEMENT:

The investment policy of the District is guided part by state statute as detailed in the 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 BKC, CPAs, 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.

HOLLAND TOWNSHIP SCHOOL DISTRICT

Mrs. Stephanie Snyder, Superintendent
Mr. Brian McCarthy, School Business Administrator

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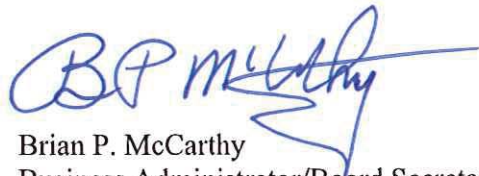
11. ACKNOWLEDGEMENTS:

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,

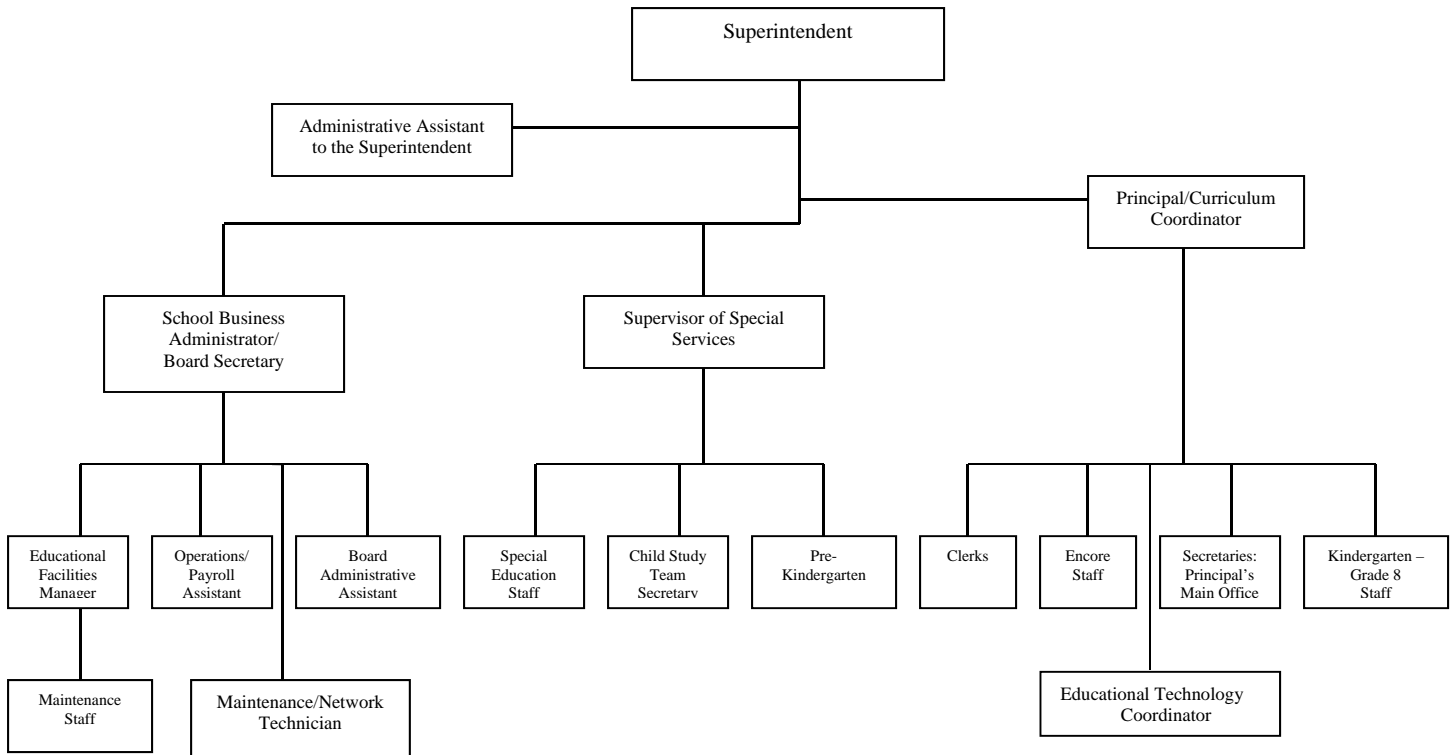


Stephanie Snyder
Superintendent



Brian P. McCarthy
Business Administrator/Board Secretary

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
Phillip Brennan	Vice President	2018
Brett Curry		2019
Matt Davis		2019
Laurie Hance		2019
Edward Johnson		2018
Lorraine Scheibener	President	2020
Joseph Somers		2020
Caitlin Witucki		2020

Other Officials:

Bill Shlala, Interim Superintendent

Julie Mumaw, Interim Board Secretary/School Business Administrator

Patti Fischer, Treasurer

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

Consultants and Advisors

Auditor Firm

BKC, CPAs, PC
114 Broad Street
Flemington, NJ 08822

Architect

Spiezle Architectural Group
1395 Yardville Hamilton Square Road
Suite 2
Hamilton, NJ 08691

Attorneys

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

Scarinci & Hollenbeck, LLC
1100 Valley Brook Avenue
PO Box 790
Lyndhurst, NJ 07071

Official Depository

Investors Savings Bank
3563 Highway 22 North
Whitehouse, NJ 08888



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, 2018, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. 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 opinion.

Opinion

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, 2018 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.

Change in Accounting Principle

As discussed in Note 7 to the financial statements, in 2018 the District adopted new accounting guidance, *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

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 Schedules, Schedules Related to Accounting and Reporting for Pensions, and Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits 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 an opinion on the financial statements that collectively comprise the District's basic financial statements. The introduction section, combining and individual 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 Expenditures of State Financial Assistance 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 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 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.

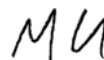
The introduction and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 21, 2019, 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.



BKC, CPAs, PC



Michael A. Holk, CPA, PSA

February 21, 2019
Flemington, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION - PART I

HOLLAND TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
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, 2018. 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, 2018. Please read in it conjunction with the transmittal letter and the District's financial statements.

Financial Highlights

Key financial highlights for 2018 are as follows:

- In total, net position decreased \$29,425 which represents a 0.52 percent decrease from 2017.
- General revenues accounted for \$15,931,816 in revenue or 97.44 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 \$419,373 or 2.56 percent to total revenues of \$16,351,189.
- Total assets of governmental activities increased by \$1,700,026 as cash and cash equivalents increased by \$2,178,817; receivables decreased by \$125,372 and capital assets decreased by \$353,419.
- The School District had \$16,380,614 in expenses; only \$419,373 of these expenses was offset by program specific charges for services, grants, or contributions. General revenues (primarily property taxes) of \$15,931,816 were adequate to provide for these programs.
- Among major funds, the general fund had \$12,335,017 in revenues, \$11,796,677 in expenditures, and \$130,109 in other financing sources. The general fund balance increased by \$668,449 over fiscal year 2017.

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, 2018
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 2018?" 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, 2018
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, 2018
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, 2018 with comparisons to June 30, 2017.

Table 1
Net Position

	06/30/18	06/30/17	Variance	
			Dollars	%
ASSETS				
Current & other assets	\$ 4,965,239	\$ 2,911,180	\$2,054,059	70.56
Capital assets	6,148,932	6,504,219	(355,287)	(5.46)
Total assets	<u>11,114,171</u>	<u>9,415,399</u>	<u>1,698,772</u>	18.04
Deferred outflows of resources				
Deferred amount of pension liability	<u>1,008,280</u>	<u>1,430,185</u>	<u>(421,905)</u>	(29.50)
LIABILITIES				
Long-term liabilities	4,006,407	5,000,717	(994,310)	(19.88)
Other liabilities	<u>1,622,785</u>	<u>104,796</u>	<u>1,517,989</u>	1,448.52
Total liabilities	<u>5,629,192</u>	<u>5,105,513</u>	<u>523,679</u>	10.26
Deferred inflows of resources				
Deferred amount of pension liability	<u>863,568</u>	<u>80,955</u>	<u>782,613</u>	966.73
NET POSITION				
Net investment in capital assets	6,148,932	6,504,219	(355,287)	(5.46)
Restricted	2,365,470	1,970,360	395,110	20.05
Unrestricted	<u>(2,884,711)</u>	<u>(2,815,463)</u>	<u>(69,248)</u>	2.46
Total net position	<u>\$ 5,629,691</u>	<u>\$ 5,659,116</u>	<u>\$ (29,425)</u>	(0.52)

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Unaudited

The net position of the District as a whole decreased by 0.52 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 by \$69,248 or 2.46 percent. Restricted net position, those restricted mainly for capital projects increased by \$395,110 or 20.05 percent. Net investment in capital assets decreased by \$355,287 or 5.46 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, 2018 with comparisons to fiscal year ending June 30, 2017.

Table 2
Changes in Net Position

	Fiscal Year Ending		Variance	
	06/30/18	06/30/17	Dollars	%
Revenues				
Program revenues				
Charges for services	\$ 185,369	\$ 169,375	\$ 15,994	9.44
Operating grants	234,004	253,721	(19,717)	(7.77)
Capital grants	-	29,315	(29,315)	(100.00)
General revenues				
Property taxes	8,943,061	8,771,709	171,352	1.95
Unrestricted grants	6,925,071	5,807,579	1,117,492	19.24
Other	63,684	20,666	43,018	208.16
Total revenues	<u>16,351,189</u>	<u>15,052,365</u>	<u>1,298,824</u>	8.63
Program expenses				
Instruction				
Regular	6,723,383	6,310,384	412,999	6.54
Special	3,213,582	2,855,855	357,727	12.53
Other	614,169	509,480	104,689	20.55
Support services				
Tuition	42,324	30,000	12,324	41.08
Student & instructional staff	2,556,621	2,324,208	232,413	10.00
General & business				
administration	847,529	817,650	29,879	3.65
School administration	447,612	406,328	41,284	10.16
Maintenance	1,394,877	1,128,427	266,450	23.61
Transportation	374,288	399,918	(25,630)	(6.41)
Food service	151,180	142,085	9,095	6.40
Interest on long-term debt	15,049	15,049	-	0.00
Total expenses	<u>16,380,614</u>	<u>14,939,384</u>	<u>1,441,230</u>	9.65
Increase (decrease) in net position before special items	<u>(29,425)</u>	<u>112,981</u>	<u>(142,406)</u>	(126.04)
Special item				
Gain (Loss) on disposal of assets	<u>-</u>	<u>6,865</u>	<u>(6,865)</u>	(100.00)
Increase (Decrease) in Net Position	<u>\$ (29,425)</u>	<u>\$ 119,846</u>	<u>\$ (149,271)</u>	(124.55)

HOLLAND TOWNSHIP SCHOOL DISTRICT
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Unaudited

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 55.19 percent of revenues for governmental activities for the Holland Township School District for the fiscal year 2018. The District's total governmental revenues were \$16,204,147 for the year ended June 30, 2018.

The total cost of all program expenses and services for governmental activities was \$16,229,434.

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, 2018 with comparisons to fiscal year ending June 30, 2017.

Table 3
Cost of Governmental Services

	Total Cost of Services		Net Cost of Services	
	06/30/18	06/30/17	06/30/18	06/30/17
Instruction	\$10,551,134	\$ 9,675,719	\$10,433,268	\$ 9,479,886
Support services				
Tuition	42,324	30,000	42,324	-
Student & instructional staff	2,556,621	2,324,208	2,410,899	2,247,780
General & business				
administration	847,529	817,650	847,529	815,405
School administration	447,612	406,328	447,612	405,446
Plant operations & maintenance	1,394,877	1,128,427	1,384,792	1,117,899
Pupil transportation	374,288	399,918	374,288	399,918
Interest on long-term debt	15,049	15,049	15,049	15,049
Total expenses	<u>\$16,229,434</u>	<u>\$14,797,299</u>	<u>\$15,955,761</u>	<u>\$14,481,383</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.

HOLLAND TOWNSHIP SCHOOL DISTRICT
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Unaudited

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

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

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

Extracurricular activities 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 \$12,534,030 and expenditures were \$11,995,690. The net increase in fund balance for the year of \$538,340 was most significant in the general fund due to the effective cost-cutting measures implemented by the District.

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.

HOLLAND TOWNSHIP SCHOOL DISTRICT
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Unaudited

During the course of the 2018 fiscal year, the District amended its general fund budget by transferring funds as needed to prevent over-expenditures in specific line-item accounts. The significant variances between the originally adopted budget and the final budget for the fiscal year 2018 were caused by the treatment of encumbrances that are added to the original budget.

For the general fund, budgeted revenues were \$10,958,593, which was \$156,796 above original budget estimates of \$10,801,797. The difference was due primarily to unbudgeted extraordinary aid realized of \$61,558, and unbudgeted tuition revenue realized of \$34,831. General fund revenues and other financing sources were more than expenditures and other financing uses by \$669,126.

Capital Assets

At the end of the fiscal year 2018, the District had \$6,148,932 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, 2018 with comparisons to June 30, 2017.

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

	06/30/18	06/30/17	Variance	
			Dollars	%
Land	\$ 347,800	\$ 347,800	\$ -	0.00
Construction in progress	17,500	-	17,500	100.00
Land improvements	87,211	92,497	(5,286)	(5.71)
Buildings & improvements	5,358,477	5,707,332	(348,855)	(6.11)
Furniture & equipment	337,944	356,590	(18,646)	(5.23)
Total	\$ 6,148,932	\$ 6,504,219	\$ (355,287)	(5.46)

Debt and Long-term Liabilities

At year end, the District had total long-term liabilities of \$4,006,407 outstanding as compared to \$5,000,717 in the previous year, a decrease of 19.88 percent, as shown in Table 5.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
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Table 5 provides a summary of the District's long-term liabilities at June 30, 2018 with comparisons to June 30, 2017.

Table 5
Outstanding Debt at Year-end

	06/30/18	06/30/17	Variance	
			Dollars	%
PERS net pension liability	\$ 3,564,582	\$ 4,680,209	\$ (1,115,627)	(23.84)
Compensated absences	441,825	320,508	121,317	37.85
	<u>\$ 4,006,407</u>	<u>\$ 5,000,717</u>	<u>\$ (994,310)</u>	<u>(19.88)</u>

The general obligation bonded debt of the District is limited by State law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2018 is \$19,865,629. General obligation debt authorized and outstanding at June 30, 2018 is \$0 resulting in a legal debt margin of \$19,865,629.

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

Factors Bearing on the District's Future

The Holland Township School District is in good financial condition. A major concern, however, is the continued increase in special education costs, as a percentage of the total school budget, and the reliance on local property taxes to support the District's programs. Future finances will be challenged, as the State's school funding formula has been modified by the FY19 Appropriations Act. In the latter law, the district's State Aid will be reduced significantly, in phases, over the next five years.

The Holland Township Board of Education continues to work to keep the local tax levy increase at or below 2%. The 2% annual tax levy cap presents challenges to the District, as costs for special education, personnel, benefits and other operating costs are rising at faster rates than the primary tax revenue source. Receiving minimal state aid, Holland Township School District must rely on local property taxes to support approximately 84 percent of their operating budget.

New Jersey School Districts have no taxing authority. Municipalities collect all property taxes for their respective communities and pay over to the other governmental agencies what is collected on their behalf. The municipalities pay over to School Districts the exact amount 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 challenges of the future.

**HOLLAND TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited**

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: Brian McCarthy, 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, 2018

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 2,445,442	\$ 18,427	\$ 2,463,869
Internal balances	8,743	(8,743)	-
Due from other funds	6,175	-	6,175
Receivables, net	124,186	1,959	126,145
Inventory	-	3,580	3,580
Restricted assets			
Legal reserve accounts - cash	2,365,470	-	2,365,470
Capital assets, net			
Land	347,800	-	347,800
Construction in progress	17,500	-	17,500
Other capital assets, net of depreciation	5,764,185	19,447	5,783,632
Total assets	<u>11,079,501</u>	<u>34,670</u>	<u>11,114,171</u>
Deferred outflows of resources			
Deferred amount on pension activity	<u>1,008,280</u>	<u>-</u>	<u>1,008,280</u>
Liabilities			
Accounts payable	93,119	8,190	101,309
Unearned revenue	1,516,535	4,941	1,521,476
Long-term liabilities			
Due within one year	25,658	-	25,658
Due beyond one year	3,980,749	-	3,980,749
Total liabilities	<u>5,616,061</u>	<u>13,131</u>	<u>5,629,192</u>
Deferred inflows of resources			
Deferred amount on pension liability	<u>863,568</u>	<u>-</u>	<u>863,568</u>
Net position			
Invested in capital assets, net of related debt	6,129,485	19,447	6,148,932
Restricted for			
Capital reserve account	1,702,306	-	1,702,306
Maintenance reserve account	563,164	-	563,164
Emergency reserve account	100,000	-	100,000
Unrestricted	<u>(2,886,803)</u>	<u>2,092</u>	<u>(2,884,711)</u>
Total net position	<u>\$ 5,608,152</u>	<u>\$ 21,539</u>	<u>\$ 5,629,691</u>

See accompanying notes to financial statements.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2018

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	\$ 2,864,518	\$ 3,858,865	\$ 38,051	\$ 31,296	\$ -	\$ (6,654,036)	\$ -	\$ (6,654,036)
Special education	1,459,800	1,753,782	29,887	5,149	-	(3,178,546)	-	(3,178,546)
Other special education	199,436	275,138	-	13,483	-	(461,091)	-	(461,091)
Other instruction	77,764	61,831	-	-	-	(139,595)	-	(139,595)
Support services								
Tuition	42,324	-	-	-	-	(42,324)	-	(42,324)
Students and instruction related services	1,342,704	1,213,917	412	145,310	-	(2,410,899)	-	(2,410,899)
General and business administration services	550,925	296,604	-	-	-	(847,529)	-	(847,529)
School administration services	206,906	240,706	-	-	-	(447,612)	-	(447,612)
Plant operations and maintenance	1,117,729	277,148	10,085	-	-	(1,384,792)	-	(1,384,792)
Pupil transportation	374,288	-	-	-	-	(374,288)	-	(374,288)
Interest on long-term debt	15,049	-	-	-	-	(15,049)	-	(15,049)
Total governmental activities	<u>8,251,443</u>	<u>7,977,991</u>	<u>78,435</u>	<u>195,238</u>	<u>-</u>	<u>(15,955,761)</u>	<u>-</u>	<u>(15,955,761)</u>
Business-type activities								
Food service	151,180	-	106,934	38,766	-	-	(5,480)	(5,480)
Total business-type activities	<u>151,180</u>	<u>-</u>	<u>106,934</u>	<u>38,766</u>	<u>-</u>	<u>-</u>	<u>(5,480)</u>	<u>(5,480)</u>
Total primary government	<u>\$ 8,402,623</u>	<u>\$ 7,977,991</u>	<u>\$ 185,369</u>	<u>\$ 234,004</u>	<u>\$ -</u>	<u>(15,955,761)</u>	<u>(5,480)</u>	<u>(15,961,241)</u>
General revenues, special items & transfers								
Property taxes levied for general purposes						8,943,061	-	8,943,061
Federal and state aid not restricted						6,925,071	-	6,925,071
Investment earnings						49,963	260	50,223
Miscellaneous income						12,379	1,082	13,461
Total general revenues, special items & transfers						<u>15,930,474</u>	<u>1,342</u>	<u>15,931,816</u>
Change in net position						(25,287)	(4,138)	(29,425)
Net position - beginning						5,633,439	25,677	5,659,116
Net position - ending						<u>\$ 5,608,152</u>	<u>\$ 21,539</u>	<u>\$ 5,629,691</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, 2018

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 2,445,442	\$ -	\$ -	\$ -	\$ 2,445,442
Due from other funds	62,832	-	-	-	62,832
Receivables from other governments					
Federal	-	50,499	-	-	50,499
State	63,597	5,000	-	-	68,597
Local	4,442	648	-	-	5,090
Restricted cash and cash equivalents	2,365,470	-	-	-	2,365,470
Total assets	\$ 4,941,783	\$ 56,147	\$ -	\$ -	\$ 4,997,930
Liabilities and fund balances					
Liabilities					
Due to other funds	\$ -	\$ 47,914	\$ -	\$ -	\$ 47,914
Accounts payable	84,886	8,233	-	-	93,119
Unearned revenue	1,516,535	-	-	-	1,516,535
Total liabilities	1,601,421	56,147	-	-	1,657,568

See accompanying notes to financial statements.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Balance Sheet (continued)
June 30, 2018

	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	\$ 223,106	\$ -	\$ -	\$ -	\$ 223,106
Excess surplus - designated for subsequent year's expenditures	105,284	-	-	-	-
Capital reserve account	1,702,306	-	-	-	1,702,306
Maintenance reserve account	563,164	-	-	-	563,164
Emergency reserve account	100,000	-	-	-	100,000
Committed fund balance					
Year-end encumbrances	367,057	-	-	-	367,057
Assigned fund balance					
Designated for subsequent year's expenditures	94,716	-	-	-	94,716
Additional assigned fund balance unreserved - designated for subsequent year's expenditures July 1, 2018 - August 1, 2018	50,130	-	-	-	50,130
Unassigned fund balance	134,599	-	-	-	134,599
Total fund balances	3,340,362	-	-	-	3,340,362
Total liabilities and fund balances	\$ 4,941,783	\$ 56,147	\$ -	\$ -	

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 \$14,690,035 and the accumulated depreciation is \$8,560,550.	6,129,485
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	144,712
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(4,006,407)
Total net position of governmental activities	\$ 5,608,152

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, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources					
Local tax levy	\$ 8,943,061	\$ -	\$ -	\$ -	\$ 8,943,061
Tuition charges					
Individuals	37,944	-	-	-	37,944
Other charges	29,887	-	-	-	29,887
Interest earned on capital reserve funds	13,946	-	-	-	13,946
Interest on investments	36,017	-	-	-	36,017
Miscellaneous	12,379	5,731	-	-	18,110
Total	9,073,234	5,731	-	-	9,078,965
State sources	3,261,783	-	-	-	3,261,783
Federal sources	-	193,282	-	-	193,282
Total revenues	12,335,017	199,013	-	-	12,534,030
Expenditures					
Current					
Instructional					
Regular instruction	2,833,115	31,296	-	-	2,864,411
Special education instruction	1,454,651	5,149	-	-	1,459,800
Other special instruction	185,953	13,483	-	-	199,436
Other instruction	77,764	-	-	-	77,764
Support service and undistributed costs					
Tuition	42,324	-	-	-	42,324
Student and instruction related services	1,196,982	145,310	-	-	1,342,292
General and business administrative services	550,925	-	-	-	550,925
School administrative services	206,906	-	-	-	206,906
Plant operations and maintenance	1,107,644	-	-	-	1,107,644
Pupil transportation	374,288	-	-	-	374,288

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, 2018

	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	\$ 3,702,278	\$ 3,775	\$ -	\$ -	\$ 3,706,053
Capital outlay	48,798	-	-	-	48,798
Debt services					
Interest and other charges	15,049	-	-	-	15,049
Total expenditures	<u>11,796,677</u>	<u>199,013</u>	<u>-</u>	<u>-</u>	<u>11,995,690</u>
Excess (deficit) of revenues over (under) expenditures	<u>538,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>538,340</u>
Other financing sources (uses)					
Transfers in	130,109	-	-	-	130,109
Transfers out	-	-	(130,109)	-	(130,109)
Total other financing sources (uses)	<u>130,109</u>	<u>-</u>	<u>(130,109)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	668,449	-	(130,109)	-	538,340
Fund balances, July 1	<u>2,671,913</u>	<u>-</u>	<u>130,109</u>	<u>-</u>	<u>2,802,022</u>
Fund balances, June 30	<u>\$ 3,340,362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,340,362</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, 2018

Total net changes in fund balances - governmental fund (from B-2)	\$	538,340
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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 depreciation exceeds capital outlays in the period:

Capital outlays	\$ 48,798	
Depreciation expense	<u>(402,217)</u>	(353,419)

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.	(88,891)
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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.	<u>(121,317)</u>
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Change in net position of governmental activities	\$	<u><u>(25,287)</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, 2018

	<u>Food Service Fund</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 18,427
Receivables from other governments	
State	115
Federal	1,844
Inventory	3,580
Total current assets	<u>23,966</u>
Noncurrent assets	
Capital assets	44,988
Less: accumulated depreciation	<u>(25,541)</u>
Total noncurrent assets	<u>19,447</u>
Total assets	<u>43,413</u>
Liabilities	
Current liabilities	
Due to other funds	8,743
Accounts payable	8,190
Unearned revenues	4,941
Total liabilities	<u>21,874</u>
Net position	
Invested in capital assets, net of related debt	19,447
Unrestricted	<u>2,092</u>
Total net position	<u><u>\$ 21,539</u></u>

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, 2018

	<u>Food Service Fund</u>
Operating revenues	
Charges for services	
Daily sales - reimbursable programs	\$ 78,994
Daily sales - non-reimbursable programs	27,940
Total operating revenues	<u>106,934</u>
Operating expenses	
Costs of sales - reimbursable programs	49,374
Costs of sales - non-reimbursable programs	7,507
Commodity food costs	11,304
Salaries	52,981
Employee benefits	7,483
Other purchased services	
Insurance	5,074
Management fee	8,253
Other	3,676
Supplies and materials	3,036
Depreciation	1,868
Miscellaneous	624
Total operating expenses	<u>151,180</u>
Operating income (loss)	<u>(44,246)</u>
Non-operating revenues (expenses)	
State sources	
State school lunch program	1,628
Federal sources	
National school lunch program	
Cash assistance	25,834
Non-cash assistance (commodities)	11,304
Local sources - interest income	260
Miscellaneous	1,082
Total non-operating revenues (expenses)	<u>40,108</u>
Change in net position	(4,138)
Net position, beginning	<u>25,677</u>
Net position, ending	<u>\$ 21,539</u>

See accompanying notes to financial statements.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2018

	<u>Food Service Fund</u>
Cash flows from operating activities	
Receipts from customers	\$ 108,309
Payments to Food Service Management Company	(133,201)
Payments to vendors (net)	<u>(3,659)</u>
Net cash provided by (used for) operating activities	<u>(28,551)</u>
Cash flows from noncapital related financing activities	
State sources	1,599
Federal sources	25,543
Miscellaneous	<u>1,082</u>
Net cash provided by (used for) noncapital financing activities	<u>28,224</u>
Cash flows from investing activities	
Interest Income	<u>260</u>
Net increase in cash and cash equivalents	(67)
Cash and cash equivalents, July 1	<u>18,494</u>
Cash and cash equivalents, June 30	<u><u>\$ 18,427</u></u>
Reconciliation of operating income to net cash	
Provided by operating activities	
Operating income (loss)	\$ (44,246)
Adjustments to reconcile operating income to net cash	
Provided by operating activities	
Depreciation	1,868
Federal food donation program	11,304
(Increase) decrease in inventory	(361)
Increase (decrease) in accounts payable	966
Increase (decrease) in unearned revenue	<u>1,918</u>
Net cash provided by (used for) operating activities	<u><u>\$ (28,551)</u></u>

See accompanying notes to financial statements.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2018

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and cash equivalents	\$ 72,936	\$ 44,535	\$ 63,181
Due from other funds	1,097	-	-
Total assets	<u>\$ 74,033</u>	<u>\$ 44,535</u>	<u>\$ 63,181</u>
Liabilities			
Accounts payable	\$ 23	\$ -	\$ -
Due to other funds	-	-	7,272
Due to student groups	-	44,535	-
Payroll deductions and withholdings	-	-	55,909
Total liabilities	<u>23</u>	<u>\$ 44,535</u>	<u>\$ 63,181</u>
Net position	<u>\$ 74,010</u>		

See accompanying notes to financial statements.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2018

	<u>Unemployment Compensation Fund</u>
Additions	
Contributions	
Plan members	\$ 11,203
Investment earnings-interest	759
Total additions	<u>11,962</u>
Deductions	
Unemployment claims	<u>2,853</u>
Total deductions	<u>2,853</u>
Change in net position	9,109
Net position, beginning of the year	<u>64,901</u>
Net position, end of the year	<u><u>\$ 74,010</u></u>

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

The financial statements of the Holland Township School District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to 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, 2018 of 568 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 Activities) 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.

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 resource's 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 - This fund is 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 N.J.A.C. 6:20-2A.2(m)1. All budget amendments must be approved by School Board Resolution. Budget amendments during the fiscal year ended June 30, 2018 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 2017 - 2018 and 2016 - 2017 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 and 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, 2018.

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	15 - 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
Vehicles	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.

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

N. Net position

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. In the government-wide financial statements, net position is classified into the following three components:

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

N. Net position (continued)

- Net investment in Capital Assets - This component represents capital assets, less accumulated depreciation and net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.
- Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments
- Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position

O. 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 an 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, then the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

P. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Q. 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.

R. Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has one item that qualifies for reporting in this category, deferred amount on pension activity. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amount on pension activity.

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.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 2 - Tax assessments and property taxes (continued)

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 investments

Cash, cash equivalents and investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. As of June 30, 2018, the district had no investments.

New Jersey governmental units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey governmental units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies. The State of New Jersey does not place any limit on the amount that the District may invest with any one issuer.

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.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 3 - Deposits and investments (continued)

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.

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 savings 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.

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a policy for custodial credit risk. New Jersey statutes require that cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds, employee's salary withholdings, or funds that may pass to the District relative to the happening of a future condition.

As of June 30, 2018, the District's bank balance of \$5,206,074 were exposed to custodial credit risk as follows:

Insured by the FDIC	\$ 250,000
Insured by GUDPA	4,956,074
Total	\$ 5,206,074

Deposits at June 30, 2018 appear in the financial statements as summarized below:

Cash		\$ 5,009,991
Unrestricted cash	<u>Ref.</u>	
Governmental Funds, Balance Sheet	B-1	\$ 2,445,442
Enterprise Funds, Statement of Net Position	B-4	18,427
Fiduciary Funds, Statement of Net Position	B-7	180,652
Restricted cash		
Governmental Funds, Balance Sheet	B-1	2,365,470
Total cash		\$ 5,009,991

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets

Capital asset activity for the fiscal year ended June 30, 2018 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 347,800	\$ -	\$ -	\$ 347,800
Construction in progress	-	17,500	-	17,500
Total	<u>347,800</u>	<u>17,500</u>	<u>-</u>	<u>365,300</u>
Capital assets, being depreciated				
Land improvements	105,711	-	-	105,711
Building & improvements	13,566,910	-	-	13,566,910
Vehicles	21,988	-	-	21,988
Furniture & equipment	603,273	31,298	4,445	630,126
Total	<u>14,297,882</u>	<u>31,298</u>	<u>4,445</u>	<u>14,324,735</u>
Accumulated depreciation				
Land improvements	13,214	5,286	-	18,500
Building & improvements	7,859,578	348,855	-	8,208,433
Vehicles	21,988	-	-	21,988
Furniture & equipment	267,998	48,076	4,445	311,629
Total	<u>8,162,778</u>	<u>402,217</u>	<u>4,445</u>	<u>8,566,550</u>
Total capital assets, being depreciated, net	<u>6,135,104</u>	<u>(370,919)</u>	<u>-</u>	<u>5,764,185</u>
Transfer	-	-	-	-
Governmental activities capital assets, net	<u>\$ 6,482,904</u>	<u>\$ (353,419)</u>	<u>\$ -</u>	<u>\$ 6,129,485</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business type activities				
Furniture equipment	\$ 44,988	\$ -	\$ -	\$ 44,988
Less: accumulated depreciation	<u>23,673</u>	<u>1,868</u>	<u>-</u>	<u>25,541</u>
Business type activities capital assets, net	<u>\$ 21,315</u>	<u>\$ 1,868</u>	<u>\$ -</u>	<u>\$ 19,447</u>

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets (continued)

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

Instruction			
Regular	\$	173,917	
Special education		86,878	
Other special instruction		11,059	
Co-curricular activities		4,625	
Support services			
Student & instruction		73,849	
General & business administration		32,765	
School administration		12,305	
Plant & maintenance		6,819	
Total depreciation expense, governmental activities	\$	402,217	

Note 5 - Long-term debt

Long-term liability activity for the fiscal year ended June 30, 2018 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
PERS net pension liability	\$ 4,680,209	\$ -	\$ 1,115,627	\$ 3,564,582	\$ -
Compensated absences payable	320,508	199,589	78,272	441,825	25,658
Total long-term liabilities	\$ 5,000,717	\$ 199,589	\$ 1,193,899	\$ 4,006,407	\$ 25,658

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, 2018 is \$19,865,629. General obligation debt at June 30, 2018 is \$0, resulting in a legal debt margin of \$19,865,629.

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.

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 10-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 1, 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, 2017 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2017.

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 State fiscal year ended June 30, 2017. 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. 43:15A 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 the State fiscal year 2017, 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.

The contribution rate was 7.20% effective July 1, 2016 and will increase annually on July 1st until eventually reaching 7.50% of base salary effective July 1, 2018.

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, 2017 are as follows:

Total pension liability		2017
Plan fiduciary net position	\$	6,868,166
Net pension liability		3,303,584
	\$	3,564,582

Plan fiduciary net position as a percentage of the total pension liability	48.10%
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HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Collective net pension liability and actuarial information (continued)

Components of net pension liability (continued)

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary increases (based on age)	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Investment rate of return	7.00%

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For local employees, mortality tables are set back two years for males and seven years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back one year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back three years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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.

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Discount rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, 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 rate in the most recent State fiscal year. State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plans fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the collective net pension liability of as of June 30, 2017 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:

<u>District's Proportionate Share of the Net Pension Liability</u>	<u>2017</u>
At current discount rate (5.00%)	\$ 3,564,582
At a 1% lower rate (4.00%)	4,422,105
At a 1% higher rate (6.00%)	2,850,158

Collective deferred outflows of resources and deferred inflows of resources

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 83,934	\$ -
Changes of assumptions	718,140	715,508
Net difference between projected and actual earnings on pension plan investments	24,272	-
Changes in proportion and differences between District contributions and proportionate share of contributions	40,077	148,060
District contributions subsequent to the measurement date	141,857	-
Total	<u>\$ 1,008,280</u>	<u>\$ 863,568</u>

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 \$141,857 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 ended June 30, 2018, the plan measurement date is June 30, 2017) will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2018.

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 fiscal year ended June 30, 2017:

	Beginning Balance	Increases	Decreases	Ending Balance
Deferred outflows of resources				
Differences between expected and actual experience	\$ 84,341	\$ 26,030	\$ 26,437	\$ 83,934
Changes of assumptions	939,455	-	221,315	718,140
Difference between projected and actual earnings on pension plan investments	172,932	(152,787)	(4,127)	24,272
Deferred inflows of resources				
Changes of assumptions	-	(875,220)	(159,712)	(715,508)
Net of deferred outflows	<u>\$ 1,196,728</u>	<u>\$ (1,001,977)</u>	<u>\$ 83,913</u>	<u>\$ 110,838</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:

Year Ended June 30,

2018	\$ 83,914
2019	126,628
2020	76,730
2021	(102,051)
2022	(74,383)
Total	<u>\$ 110,838</u>

Pension expense

For the fiscal year ended June 30, 2018, the District recognized net pension expense of \$232,813, which represents the District's proportionate share of allocable plan pension expense of \$257,107, less the net amortization of deferred amounts from changes in proportion of \$22,823, less other adjustments to the net pension liability of \$1,471. 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 ended June 30, 2017 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	\$	166,263
Interest on total pension liability		301,704
Member contributions		(79,088)
Administrative expense		2,069
Expected investment return net of investment expense		(215,415)
Pension expense related to specific liabilities of individual employers		(2,339)
Recognition of deferred inflows/outflows of resources		
Amortization of assumption changes or inputs		61,604
Amortization of expected versus actual experience		26,437
Amortization of projected versus actual investment earnings on pension plan investments		(4,128)
Pension expense	\$	257,107

B. Teachers' 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.

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 10-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.

The following represents the membership tiers for TPAF:

Tier	Definition
1	Members enrolled prior to July 1, 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)

B. Teachers' pension and annuity fund (TPAF) (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.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 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 the State fiscal year 2017, the State's pension contribution was less than the actuarial determined amount.

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. During the State fiscal year ended June 30, 2017, the State of New Jersey contributed \$498,665 to the TPAF for normal pension benefits on behalf of the District.

The contribution rate was 7.20% effective July 1, 2016 and will increase annually on July 1st until eventually reaching 7.50% of base salary effective July 1, 2018.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

B. Teachers' pension and annuity fund (TPAF) (continued)

Collective net pension liability and actuarial information

Components of the net pension liability

For purposes of reporting required by GASB Statement No. 68, Accounting and Financial Reporting for Pensions, the State's proportionate share of the net pension liability attributable to the employer, employer pension expense and related revenue, non-employer contributions and their allocable proportionate percentage for the fiscal year ended June 30, 2017 is as follows:

	2017
State's proportionate share of net pension liability	\$ 29,941,609
District's proportionate share of net pension liability	-
Employer pension expense and related revenue	2,074,203
Non-employer contribution	498,665
Allocable proportionate percentage	.0444081991%

The components of the contractually required contribution, which exclude amounts related to specific liabilities of individual employers, for the District for the year ended June 30, 2017 are as follows:

Service cost	\$ 1,340,086
Interest on total pension liability	1,462,337
Member contributions	(349,895)
Administrative expense	5,276
Expected investment return net of investment expense	(711,016)
Pension expense related to specific liabilities of individual employers	(158)
Recognition of deferred inflows/outflows of resources	
Amortization of economic/demographic gains or losses	23,597
Amortization of assumption changes or inputs	320,268
Amortization of investment gains or losses	(16,292)
Pension expense	\$ 2,074,203

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

B. Teachers' pension and annuity fund (TPAF) (continued)

Components of the net pension liability continued)

Collective net pension liability and actuarial information

As detailed earlier, the District was not required to report a liability for its proportionate share of net pension expense for TPAF due to a special funding situation. The State's proportionate share of the net pension liability for TPAF as of June 30, 2017 is as follows:

	2017
Total pension liability	\$ 40,143,123
Plan fiduciary net position	10,201,514
Net pension liability	\$ 29,941,609

Plan fiduciary net position as a percentage of the total pension liability 25.41%

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary increases	
2012 - 2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.00%

Preretirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial study for the period July 1, 2012 to June 30, 2015.

Long-term expected rate of return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)
B. Teacher's pension and annuity fund (TPAF) (continued)
Long-term expected rate of return (continued)

Asset Class	Target Allocations	Long-Term Expected Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount rate

The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, 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 rate in the most recent State fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the plans fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036 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 plan (continued)

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

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

The following presents the net pension liability of the State as of June 30, 2017 calculated using the discount rate as disclosed above as well as what the State's 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:

<u>District's Proportionate Share of the Net Pension Liability</u>	<u>2017</u>
At current discount rate (4.25%)	\$ 29,941,609
At a 1% lower rate (3.25%)	35,571,571
At a 1% higher rate (5.25%)	25,303,622

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 2018) but who earn salary of at least \$5,000 annually are eligible to participate. The Program Administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcrp.

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's contribution to the DCRP for fiscal year ended 2018 was \$4,476.

D. Other pension plan information

During the fiscal year ended June 30, 2018, the State of New Jersey contributed \$421,020 to the TPAF for post-retirement medical benefits, \$15,444 for non-contributory insurance premiums, \$1,056 for long-term disability insurance and \$636,412 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 \$303,169 during the fiscal year ended June 30, 2018 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 Chapter 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. Chapter 103 of PL 2007 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, 2017, there were 112,966 statewide retirees eligible for post-retirement medical benefits, and the State contributed \$1.39 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62 of PL 1994. Funding of post-retirement medical premiums are on a pay-as-you-go basis.

The State is also responsible for the cost attributable to Chapter 126 of PL 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a School District or County College with 25-years of service. In fiscal year 2017, the State paid \$238.9 million toward Chapter 126 of PL 1992 benefits for 20,913 eligible retired members.

GASB Statement No. 75 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 participates in the State Health Benefits Program (SHBP), a 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 employees, 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, PO Box 295, Trenton, NJ 08625-0295 or 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 - Post-retirement medical benefits under the plan have been funded on a pay-as-you-go 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.

Total OPEB liability - Under a special funding situation, the State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Therefore, the following OPEB liability note information is reported at the State's level and is not accrued by the District.

Total OPEB liability

For purposes of reporting required GASB Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions, the District's proportionate share of allocable OPEB liability and employer OPEB expense and related revenue as of June 30, 2017 is as follows:

	2017
State's proportionate share of the OPEB liability	\$ 53,639,841,858
District's proportionate share of the State's OPEB liability	27,014,392
Employer pension expense and related revenue	1,589,085
Allocable proportionate percentage	.050362550%

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability at June 30, 2016	\$ 29,146,100
Service cost	1,109,212
Interest cost	853,749
Change of benefit terms	-
Differences between expected and actual experiences	-
Changes of assumptions	(3,491,998)
Member contributions	23,040
Gross benefit payments	(625,711)
Total OPEB liability at June 30, 2017	\$ 27,014,392

There were no changes of the benefit terms from June 30, 2016 to June 30, 2017.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Post-retirement benefits (continued)

Total OPEB liability (continued)

The total non-employer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total non-employer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%	
	TPAF	PERS
	(based on years of service)	(based on age)
Salary increases		
Through 2026	1.55% - 4.55%	2.15% - 4.15%
Thereafter	2.00% - 5.45%	3.15% - 5.15%

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Health care trend assumptions

For pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount rate

The discount rate for June 30, 2017 was 3.58%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Post-retirement benefits (continued)

Sensitivity of the total OPEB liability to changes in the discount rates

The following presents the total non-employer OPEB liability as of June 30, 2017, using the District's allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

<u>Total OPEB Liability (school retirees)</u>	2017
At current discount rate (3.58%)	\$ 27,014,392
At a 1% lower rate (2.58%)	32,068,032
At a 1% higher rate (4.58%)	23,005,796

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total non-employer OPEB liability, as well as what the total non-employer OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

<u>Total OPEB Liability (school retirees)</u>	2017
Healthcare cost trend rate	\$ 27,014,392
At a 1% lower rate (1% decrease)	22,216,726
At a 1% higher rate (1% increase)	33,385,636

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended June 30, 2017, the District recognized OPEB expense of \$1,589,085 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

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:

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 8 - Deferred compensation (continued)

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, 2018 is as follows:

	Receivable Fund	Payable Fund
General fund	\$ 62,832	\$ -
Special revenue fund	-	47,914
Food service fund	-	8,743
Unemployment compensation fund	1,097	-
Flexible spending account	-	6,175
Payroll agency fund	-	1,097
Total	\$ 63,929	\$ 63,929

The amount due from the special revenue fund to the general fund represents a loan due to cash flow issues relating to the delayed receipt of grant revenues. The amount due from the food service fund to the general fund of \$8,743 represents cash disbursed in the general fund for food service fund expenses that was not reimbursed by the food service fund. The amount due from the flexible spending account to the general fund of \$6,175 represents an imprest balance loan to ensure a positive cash balance in the flexible spending account. The balance due from the payroll agency fund to the unemployment compensation fund of \$1,097 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 imprest balance loan to the flexible spending account.

Note 10 - Inventory

Inventory in the food service fund as of June 30, 2018 consisted of the following:

Food	\$ 2,937
Supplies	643
Total	\$ 3,580

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 11 - Contingent liabilities

Litigation

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.

Grantor agencies

Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial.

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:

<u>Fiscal Year</u>	<u>Prior Year Refund</u>	<u>Interest Earnings</u>	<u>Employee Deposits</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017 - 2018	\$ -	\$ 759	\$ 11,203	\$ 2,853	\$ 74,010
2016 - 2017	-	335	11,277	25,227	64,901
2015 - 2016	-	254	11,019	1,845	78,516

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, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A: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 \$250,000 to their capital reserve account and \$200,000 to their maintenance reserve account by Board Resolution in June 2018.

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	\$ 1,308,251	\$ 250,000	\$ 13,946	\$ (130,109)	\$ 1,702,306
Emergency	100,000	-	-	-	100,000
Maintenance	432,000	200,000	-	68,836	563,164
Total	<u>\$ 1,840,251</u>	<u>\$ 450,000</u>	<u>\$ 13,946</u>	<u>\$ (61,273)</u>	<u>\$ 2,365,470</u>

The June 30, 2018 LRFP balance of local support costs of uncompleted capital projects exceeded the amount in capital reserve.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 14 - Fund balances

As described in Note 1 (N), fund balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2018 is as follows:

Restricted

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.	\$ 105,284
Excess surplus - Represents amount in excess of allowable percentage. In accordance with State Statute N.J.S.A. 18A:7F-7, the excess surplus is designated for utilization in succeeding year's budgets.	223,106
Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan.	1,702,306
Maintenance reserve account - Represents funds restricted for required maintenance of school facilities.	563,164
Emergency reserve account - Represents funds restricted to finance unanticipated general fund expenditures required for a thorough and efficient education.	100,000

Committed

Year-end encumbrance - Represents fund balance assigned for purchase orders that have been issued but goods or services were not received as of June 30.	367,057
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Assigned

Designated Surplus - Designated for subsequent year's expenditures - Represents amount appropriated in the succeeding year's budget to reduce tax requirements.	94,716
Additional assigned fund balance - unreserved - Designated for subsequent year's expenditures July 1, 2018 - August 1, 2018.	50,130

Unassigned

Undesignated - Represents fund balance which has not been restricted or designated.	313,597
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Total fund balance - Budgetary basis (Exhibit C-1)	<u>3,519,360</u>
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Last state aid payments not recognized on GAAP basis	(178,998)
Total fund balance - GAAP basis (Exhibit B-1)	<u>\$ 3,340,362</u>

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, 2018 is \$223,106.

Note 16 - Recent accounting pronouncements not yet effective
 The following is the recent accounting pronouncements which are not yet effective as of the year end date of this report:

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 *Leases*. This statement, which is effective for reporting periods beginning after June 15, 2019, is not expected to have a material impact on the District's financial reporting.

Note 17 - Deficit balance in unrestricted net position
 The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2018 of \$2,886,803 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.

Note 18 - Operating leases
 At June 30, 2018, the District had operating lease agreements in effect for copy machines. The present value of the future minimum rental payments under the operating lease agreements are as follows:

<u>Fiscal Year Ended June 30,</u>	
2019	\$ 19,409
Total	\$ 19,409

Note 19 - Subsequent events
 The District has evaluated subsequent events through February 21, 2019, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

HOLLAND TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local sources					
Local tax levy	\$ 8,943,061	\$ -	\$ 8,943,061	\$ 8,943,061	\$ -
Tuition from individuals	33,000	-	33,000	37,944	4,944
Tuition from other LEAs within the state	-	-	-	29,887	29,887
Unrestricted miscellaneous revenues	6,000	-	6,000	48,396	42,396
Interest earned on capital reserve funds	-	-	-	13,946	13,946
Total	8,982,061	-	8,982,061	9,073,234	91,173
State sources					
School choice aid	75,327	-	75,327	75,327	-
Categorical transportation aid	53,541	-	53,541	53,541	-
Extraordinary aid	-	-	-	61,558	61,558
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	-
PARCC readiness aid	5,710	-	5,710	5,710	-
Per pupil growth aid	5,710	-	5,710	5,710	-
Professional learning community aid	5,160	-	5,160	5,160	-
Lead testing for drinking water	-	-	-	2,026	2,026
Other state aid	-	-	-	2,039	2,039
TPAF pension (on-behalf)	-	-	-	651,856	651,856
TPAF social security (reimbursed)	-	-	-	303,169	303,169
TPAF post retirement benefits	-	-	-	421,020	421,020
TPAF long-term disability insurance	-	-	-	1,056	1,056
Total	1,819,736	-	1,819,736	3,262,460	1,442,724
Total revenues	\$ 10,801,797	\$ -	\$ 10,801,797	\$ 12,335,694	\$ 1,533,897
EXPENDITURES					
Current					
Instruction - regular program					
Salaries of teachers					
Preschool	\$ 63,208	\$ (34,766)	\$ 28,442	\$ 28,086	\$ 356
Kindergarten	241,445	5,655	247,100	244,775	2,325
Grades 1-5	1,365,379	(114,737)	1,250,642	1,211,606	39,036
Grades 6-8	1,077,522	(50,448)	1,027,074	1,022,989	4,085
Home instruction					
Salaries of teacher	-	1,328	1,328	270	1,058
Other salaries for instruction	2,000	(2,000)	-	-	-
Purchased professional - educational services	1,000	672	1,672	1,672	-
Other purchased services	500	(205)	295	-	295
Regular programs - undistributed instruction					
Purchased professional - educational services	500	637	1,137	1,137	-
Purchased technical services	16,150	-	16,150	14,103	2,047
Other purchased services	63,000	(21,423)	41,577	40,772	805
General supplies	123,782	97,868	221,650	129,107	92,543
Textbooks	53,654	87,550	141,204	136,365	4,839
Other objects	6,050	(1,533)	4,517	2,233	2,284
Total	3,014,190	(31,402)	2,982,788	2,833,115	149,673

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Special education					
Learning and/or language disabilities					
Salaries of teachers	\$ 57,077	\$ 1,800	\$ 58,877	\$ 57,977	\$ 900
Other salaries for instruction	31,818	1,160	32,978	32,268	710
General supplies	1,500	(51)	1,449	1,316	133
Total	<u>90,395</u>	<u>2,909</u>	<u>93,304</u>	<u>91,561</u>	<u>1,743</u>
Multiple disabilities					
Salaries of teachers	114,859	7,055	121,914	112,388	9,526
Other salaries for instruction	64,586	34,803	99,389	98,789	600
General supplies	1,500	91	1,591	1,591	-
Total	<u>180,945</u>	<u>41,949</u>	<u>222,894</u>	<u>212,768</u>	<u>10,126</u>
Resource room/resource center					
Salaries of teachers	663,790	50,665	714,455	706,355	8,100
Other salaries for instruction	336,533	7,756	344,289	337,339	6,950
Purchased technical services	1,850	(1,444)	406	-	406
General supplies	5,750	5,875	11,625	11,412	213
Textbooks	-	14,880	14,880	14,802	78
Total	<u>1,007,923</u>	<u>77,732</u>	<u>1,085,655</u>	<u>1,069,908</u>	<u>15,747</u>
Preschool disabilities - part-time					
Salaries of teachers	58,257	(28,806)	29,451	29,301	150
Other salaries for instruction	31,818	25,109	56,927	50,667	6,260
General supplies	2,000	7,909	9,909	446	9,463
Total	<u>92,075</u>	<u>4,212</u>	<u>96,287</u>	<u>80,414</u>	<u>15,873</u>
Total special education	<u>1,371,338</u>	<u>126,802</u>	<u>1,498,140</u>	<u>1,454,651</u>	<u>43,489</u>
Basic skills/remedial					
Salaries of teachers	187,785	(10,159)	177,626	174,625	3,001
General supplies	2,500	8,828	11,328	11,328	-
Total	<u>190,285</u>	<u>(1,331)</u>	<u>188,954</u>	<u>185,953</u>	<u>3,001</u>
School-sponsored co/extra curricular activities - instruction					
Salaries	41,158	9,011	50,169	43,789	6,380
Supplies and materials	2,000	(631)	1,369	-	1,369
Total	<u>43,158</u>	<u>8,380</u>	<u>51,538</u>	<u>43,789</u>	<u>7,749</u>
School-sponsored athletics - instruction					
Salaries	31,181	(6,405)	24,776	22,786	1,990
Purchased services	7,000	1,557	8,557	8,242	315
Supplies and materials	2,000	772	2,772	2,772	-
Other objects	250	-	250	175	75
Total	<u>40,431</u>	<u>(4,076)</u>	<u>36,355</u>	<u>33,975</u>	<u>2,380</u>
Total instruction regular	<u>\$ 4,659,402</u>	<u>\$ 98,373</u>	<u>\$ 4,757,775</u>	<u>\$ 4,551,483</u>	<u>\$ 206,292</u>

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the state - special	\$ 28,000	\$ 14,324	\$ 42,324	\$ 42,324	\$ -
Total	28,000	14,324	42,324	42,324	-
Undistributed expenditures - health services					
Salaries	76,625	10,450	87,075	86,436	639
Purchased professional and technical services	5,500	(2,920)	2,580	-	2,580
Other purchased services	900	(211)	689	197	492
Supplies and materials	3,596	990	4,586	3,623	963
Total	86,621	8,309	94,930	90,256	4,674
Undistributed expenditures - speech, ot, pt & related services					
Salaries	169,404	7,959	177,363	176,253	1,110
Purchased professional - educational services	85,000	19,826	104,826	104,177	649
Supplies and materials	1,800	251	2,051	2,001	50
Other objects	499	-	499	499	-
Total	256,703	28,036	284,739	282,930	1,809
Undistributed expend - other supp. service stds. - extra service					
Purchased professional - educational services	95,000	(54,014)	40,986	21,661	19,325
Supplies and materials	500	234	734	734	-
Total	95,500	(53,780)	41,720	22,395	19,325
Undistributed expenditures - guidance					
Salaries of other professional staff	95,632	4,503	100,135	98,535	1,600
Other purchased services	750	303	1,053	-	1,053
Supplies and materials	3,200	(286)	2,914	2,516	398
Total	99,582	4,520	104,102	101,051	3,051
Undistributed expenditures - child study teams					
Salaries of other professional staff	367,772	(33,123)	334,649	329,835	4,814
Salaries of secretarial and clerical assistants	33,093	1,680	34,773	33,408	1,365
Unused vacation payment to terminated/retired staff	-	17,867	17,867	17,867	-
Purchased professional - educational services	14,300	(11,800)	2,500	-	2,500
Other purchased professional & technical services	-	9,300	9,300	9,234	66
Other purchased services	-	3,000	3,000	2,764	236
Miscellaneous purchased service	6,300	(3,113)	3,187	2,400	787
Supplies and materials	6,750	700	7,450	7,276	174
Other objects	1,500	114	1,614	1,614	-
Total	429,715	(15,375)	414,340	404,398	9,942
Undistributed expenditures - improvement of inst. service					
Salaries of other professional staff	5,000	16,720	21,720	14,209	7,511
Other purchased professional & technical services	10,500	(1,720)	8,780	-	8,780
Other purchased services	10,000	(10,000)	-	-	-
Supplies and materials	500	(276)	224	-	224
Total	26,000	4,724	30,724	14,209	16,515

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - edu. media service/sch. library					
Salaries	\$ 102,625	\$ 4,282	\$ 106,907	\$ 106,107	\$ 800
Salaries of technology coordinators	128,569	800	129,369	128,569	800
Other purchased services	6,025	(303)	5,722	5,667	55
Supplies and materials	36,298	(28,030)	8,268	5,748	2,520
Total	273,517	(23,251)	250,266	246,091	4,175
Undistributed expenditures - instructional staff training services					
Salaries of supervisor of instruction	17,940	488	18,428	18,408	20
Purchased professional - educational services	3,000	(3,000)	-	-	-
Other purchased services	5,000	13,551	18,551	17,244	1,307
Total	25,940	11,039	36,979	35,652	1,327
Undistributed expend. - support service - general admin.					
Salaries	198,859	(7,917)	190,942	180,329	10,613
Unused vacation payment to terminated/retired staff	-	8,567	8,567	8,567	-
Legal services	23,311	-	23,311	19,542	3,769
Audit fees	18,500	(200)	18,300	18,300	-
Architectural/engineering services	-	26,105	26,105	10,400	15,705
Other purchased professional services	15,123	(15,123)	-	-	-
Purchased technical services	-	10,010	10,010	10,010	-
Communications/telephone	43,000	(8,995)	34,005	33,000	1,005
BOE other purchased services	5,500	(1,853)	3,647	3,269	378
Misc purch services	24,100	11,621	35,721	35,333	388
General supplies	2,250	442	2,692	2,594	98
Miscellaneous expenditures	-	7,777	7,777	7,777	-
BOE membership dues and fees	9,500	(9,500)	-	-	-
Total	340,143	20,934	361,077	329,121	31,956
Undistributed expend. - support service - school admin.					
Salaries of principals/assistant principals	124,940	500	125,440	124,940	500
Salaries of secretarial and clerical assistants	76,205	2,537	78,742	78,242	500
Other purchased services	3,000	(2,788)	212	205	7
Supplies and materials	2,300	(334)	1,966	1,757	209
Other objects	1,500	262	1,762	1,762	-
Total	207,945	177	208,122	206,906	1,216
Undistributed expenditures - central services					
Salaries	112,894	82,111	195,005	193,305	1,700
Purchased professional services	77,000	(66,167)	10,833	10,833	-
Purchased technical services	24,500	(11,602)	12,898	12,201	697
Miscellaneous purchased services	2,200	-	2,200	1,750	450
Supplies and materials	2,500	680	3,180	2,925	255
Other objects	1,000	-	1,000	790	210
Total	220,094	5,022	225,116	221,804	3,312
Undistributed expend. - required maint. for school facilities					
Cleaning, repair, and maintenance services	310,630	118,363	428,993	374,212	54,781
General supplies	5,000	(4,264)	736	736	-
Total	315,630	114,099	429,729	374,948	54,781

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - custodial services					
Salaries	\$ 343,469	\$ 39,321	\$ 382,790	\$ 371,970	\$ 10,820
Purchased professional and technical services	1,500	(900)	600	-	600
Cleaning, repair, and maintenance service	31,000	(16,853)	14,147	13,412	735
Other purchased property services	37,000	1,400	38,400	35,061	3,339
Insurance	60,000	(4,527)	55,473	55,473	-
Miscellaneous purchased services	500	15	515	515	-
General supplies	20,000	9,670	29,670	28,364	1,306
Energy (natural gas)	60,000	(5,157)	54,843	53,114	1,729
Energy (electricity)	127,800	914	128,714	126,673	2,041
Other objects	700	888	1,588	1,588	-
Total	681,969	24,771	706,740	686,170	20,570
Undistributed expenditures - care and upkeep of grounds					
Cleaning, repair, and maintenance service	6,500	(3,250)	3,250	-	3,250
General supplies	2,500	8,067	10,567	9,430	1,137
Total	9,000	4,817	13,817	9,430	4,387
Undistributed expenditures - security					
Cleaning, repair, and maintenance service	18,250	4,095	22,345	21,950	395
General supplies	1,000	14,450	15,450	15,146	304
Total	19,250	18,545	37,795	37,096	699
Undistributed expenditures - student transportation service					
Salaries for pupil trans (between home & school) - reg.	28,168	(27,747)	421	-	421
Contr service (between home & school) - joint agreements	277,340	13,776	291,116	291,116	-
Contract service (sp ed stds) - joint agreements	91,500	(8,328)	83,172	83,172	-
Total	397,008	(22,299)	374,709	374,288	421
Unallocated benefits - employee benefits					
Social security contributions	160,000	-	160,000	150,790	9,210
Other retirement contributions - PERS	160,000	-	160,000	145,639	14,361
Other retirement contributions - regular	5,500	-	5,500	4,476	1,024
Workmen's compensation	90,500	6,976	97,476	97,476	-
Health benefits	2,527,350	(246,724)	2,280,626	1,844,305	436,321
Tuition reimbursement	50,000	(4,482)	45,518	24,228	21,290
Other employee benefits	2,200	1,220	3,420	3,420	-
Unused sick payment to terminated/retired staff	71,502	(16,568)	54,934	54,843	91
Total	3,067,052	(259,578)	2,807,474	2,325,177	482,297
On-behalf TPAF pension contribution	-	-	-	651,856	(651,856)
On-behalf TPAF post retirement medical benefits	-	-	-	421,020	(421,020)
On-behalf TPAF long-term disability insurance	-	-	-	1,056	(1,056)
Reimbursed TPAF social security contribution	-	-	-	303,169	(303,169)
Total	-	-	-	1,377,101	(1,377,101)
Total undistributed expenditures	\$ 6,579,669	\$ (114,966)	\$ 6,464,703	\$ 7,181,347	\$ (716,644)
Total current	\$ 11,239,071	\$ (16,593)	\$ 11,222,478	\$ 11,732,830	\$ (510,352)

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Capital outlay					
Equipment					
Undistributed					
Undistributed expenditures - instruction	\$ -	\$ 207,776	\$ 207,776	\$ -	\$ 207,776
Undistributed expend. - support service - inst. staff	-	31,298	31,298	31,298	-
Undistributed expenditures - care and upkeep of grounds	-	31,950	31,950	-	31,950
Total equipment	-	271,024	271,024	31,298	239,726
Facilities acquisition and construction service					
Architectural/engineering services	-	17,500	17,500	17,500	-
Assessment for debt service on SDA funding	15,049	-	15,049	15,049	-
Total facilities acquisition and construction service	15,049	17,500	32,549	32,549	-
Total capital outlay	\$ 15,049	\$ 288,524	\$ 303,573	\$ 63,847	\$ 239,726
Total expenditures	\$ 11,254,120	\$ 271,931	\$ 11,526,051	\$ 11,796,677	\$ (270,626)
Excess (deficiency) of revenues over (under) expenditures	\$ (452,323)	\$ (271,931)	\$ (724,254)	\$ 539,017	\$ 1,263,271
Other financing sources (uses)					
Operating transfer in					
Transfers from capital projects fund	-	-	-	130,109	130,109
Total other financing sources (uses)	-	-	-	130,109	130,109
Excess (deficiency) of revenues & other financing sources over (under) expenditures & other financing uses	(452,323)	(271,931)	(724,254)	669,126	1,393,380
Fund balances, July 1	2,850,234	-	2,850,234	2,850,234	-
Fund balances, June 30	\$ 2,397,911	\$ (271,931)	\$ 2,125,980	\$ 3,519,360	\$ 1,393,380

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (312,602)	\$ -	\$ (312,602)	\$ (312,602)	\$ -
Increase in capital reserve	-	250,000	250,000	380,109	130,109
Interest deposit to capital reserve	-	-	-	13,946	13,946
Increase in maintenance reserve	-	200,000	200,000	200,000	-
Withdrawal from maintenance reserve	-	(68,836)	(68,836)	(68,836)	-
Budgeted fund balance	(139,721)	(653,095)	(792,816)	456,509	1,249,325
Total	<u>\$ (452,323)</u>	<u>\$ (271,931)</u>	<u>\$ (724,254)</u>	<u>\$ 669,126</u>	<u>\$ 1,393,380</u>
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures				\$ 105,284	
Excess surplus - current year				223,106	
Capital reserve				1,702,306	
Emergency reserve				100,000	
Maintenance reserve				563,164	
Committed fund balance					
Year-end encumbrances				367,057	
Assigned fund balance					
Designated for subsequent year's expenditures				94,716	
Additional assigned fund balance - unreserved - designated for subsequent year's expenditures					
July 1, 2018 - August 1, 2018				50,130	
Unassigned fund balance				<u>313,597</u>	
Fund balance per budgetary basis				3,519,360	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(178,998)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 3,340,362</u>	

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources	\$ 5,731	\$ -	\$ 5,731	\$ 5,731	\$ -
Federal sources	213,081	-	213,081	205,081	(8,000)
Total revenues	<u>\$ 218,812</u>	<u>\$ -</u>	<u>\$ 218,812</u>	<u>\$ 210,812</u>	<u>\$ (8,000)</u>
Expenditures					
Instruction					
Salaries	\$ 13,483	\$ -	\$ 13,483	\$ 13,483	\$ -
General supplies	56,244	-	56,244	48,244	8,000
Totals	<u>69,727</u>	<u>-</u>	<u>69,727</u>	<u>61,727</u>	<u>8,000</u>
Support services					
Employee benefits	3,775	-	3,775	3,775	-
Purchased professional and technical services	145,310	-	145,310	145,310	-
Total	<u>149,085</u>	<u>-</u>	<u>149,085</u>	<u>149,085</u>	<u>-</u>
Total expenditures	<u>\$ 218,812</u>	<u>\$ -</u>	<u>\$ 218,812</u>	<u>\$ 210,812</u>	<u>\$ 8,000</u>

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the 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
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 12,335,694	\$ 210,812
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-current year	-	(11,799)
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	178,321	-
State aid receivable current year	(178,998)	-
Total revenues (GAAP Basis)	\$ 12,335,017	\$ 199,013
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 11,796,677	\$ 210,812
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-current year	-	(11,799)
Total expenditures (GAAP Basis)	\$ 11,796,677	\$ 199,013

See independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**SCHEDULES RELATED TO ACCOUNTING
AND REPORTING FOR PENSIONS (GASB 68) (UNAUDITED)**

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset) - percentage	N/A	0.0153128283%	0.0158023702%	0.0160914135%	0.0156535975%	0.0159851712%	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	\$ -	\$ 3,564,582	\$ 4,680,209	\$ 3,612,200	\$ 2,930,782	\$ 3,055,084	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	1,127,084	1,100,236	1,057,159	1,087,100	1,104,212	1,092,708	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	323.98%	425.38%	332.28%	265.42%	279.59%	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	48.10%	40.14%	47.93%	52.08%	48.72%	N/A	N/A	N/A	N/A

N/A - Information Is Not Available

See independent auditors' report.

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 141,857	\$ 140,386	\$ 138,343	\$ 129,046	\$ 120,445	\$ 118,992	\$ 123,210	\$ 125,359	\$ 87,957	\$ 72,324
Contributions in relation to the contractually required contribution	<u>(141,857)</u>	<u>(140,386)</u>	<u>(138,343)</u>	<u>(129,046)</u>	<u>(120,445)</u>	<u>(118,992)</u>	<u>(123,210)</u>	<u>(125,359)</u>	<u>(87,957)</u>	<u>(72,324)</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	\$ 1,127,084	\$ 1,100,236	\$ 1,057,159	\$ 1,087,100	\$ 1,104,212	\$ 1,092,708	\$ 1,066,983	\$ 1,048,067	\$ 1,090,597	\$ 1,119,428
Contributions as a percentage of covered employee payroll	12.59%	12.76%	13.09%	11.87%	10.91%	10.89%	11.55%	11.96%	8.07%	6.46%

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	-	29,941,609	34,150,937	29,242,447	24,195,489	22,969,952	-	-	-	-
Total	\$ -	\$ 29,941,609	\$ 34,150,937	\$ 29,242,447	\$ 24,195,489	\$ 22,969,952	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ -	\$ 4,479,051	\$ 4,559,875	\$ 4,499,102	\$ 4,361,284	\$ 4,467,572	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	0.00%	0.00%	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	25.41%	22.33%	28.71%	33.64%	33.76%	N/A	N/A	N/A	N/A

N/A - Information Is Not Available

See independent auditors' report.

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 651,856	\$ 499,504	\$ 347,577	\$ 250,134	\$ 191,511	\$ 293,675	\$ 150,231	\$ 13,414	\$ 15,185	\$ 14,595
Contributions in relation to the contractually required contribution	<u>(651,856)</u>	<u>(499,504)</u>	<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>
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	\$ 4,292,682	\$ 4,479,051	\$ 4,559,875	\$ 4,499,102	\$ 4,361,284	\$ 4,467,572	\$ 4,331,483	\$ 4,380,587	\$ 4,618,632	\$ 3,980,476
Contributions as a percentage of covered employee payroll	15.19%	11.15%	7.62%	5.56%	4.39%	6.57%	3.47%	0.31%	0.33%	0.37%

See independent auditors' report.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR
OTHER POSTEMPLOYMENT EMPLOYEE BENEFITS (GASB 75) (UNAUDITED)**

HOLLAND TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Other
Postemployment Employee Benefits Liability
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportionate share of the other post employment employee benefits liability (asset) - percentage	N/A	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the other post employment employee benefits liability (asset) - value	N/A	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the other post employment employee benefits liability (asset) associated with the District	N/A	27,014,392	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	\$ -	\$ 27,014,392	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	N/A	\$ 5,579,287	N/A	N/A	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	0.00%	N/A	N/A	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	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Information Is Not Available

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part III
(Unaudited)
June 30, 2018

- 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.
- Note 2 - Changes in assumptions - TPAF
The discount rate increased from 3.22% in State fiscal year 2016 to 4.25% in State fiscal year 2017. The inflation rate was 2.50% for State fiscal years 2016 and 2.25% in State fiscal year 2017.
- Note 3 - Changes in assumptions - PERS
The discount rate increased from 3.98% in State fiscal year 2016 to 5.00% in State fiscal year 2017. The inflation rate decreased from 3.08% for State fiscal year 2016 to 2.25% for State fiscal year 2017.
- Note 4 - Changes in assumptions - other post-retirement employee benefits
The other post-retirement employee benefits discount rate increased from 2.85% in State fiscal year 2016 to 3.58% in State fiscal year 2017. The inflation rate was not available for State fiscal year 2016 and for State fiscal year 2017 was 2.50%.
- Note 5 - Changes in healthcare trend assumptions - other post-retirement employee benefits
For pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For Health Maintenance Organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.
- Note 6 - Changes in benefit term assumptions - other post-retirement employee benefits
There were no changes of the benefit terms from June 30, 2016 to June 30, 2017.

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, 2018

	Various Local Grants	ESSA Title I	ESSA Title IIA	ESSA Title IV	Small, Rural School Achievement Program	IDEA Basic	IDEA Preschool	Total
Revenues								
Local sources	\$ 5,731	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,731
Federal sources	-	17,258	7,256	10,000	37,364	128,054	5,149	205,081
Total revenues	\$ 5,731	\$ 17,258	\$ 7,256	\$ 10,000	\$ 37,364	\$ 128,054	\$ 5,149	\$ 210,812
Expenditures								
Instruction								
Salaries	\$ -	\$ 13,483	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,483
General supplies	5,731	-	-	-	37,364	-	5,149	48,244
Total	5,731	13,483	-	-	37,364	-	5,149	61,727
Support services								
Personal services - employee benefits	-	3,775	-	-	-	-	-	3,775
Purchased professional and technical services	-	-	7,256	10,000	-	128,054	-	145,310
Total	-	3,775	7,256	10,000	-	128,054	-	149,085
Total expenditures	\$ 5,731	\$ 17,258	\$ 7,256	\$ 10,000	\$ 37,364	\$ 128,054	\$ 5,149	\$ 210,812

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, 2018

Description	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 06/30/18
			Prior Years	Current Year	
Telephone system upgrade at Holland Township School District	10/09/14	\$ 178,012	\$178,012	\$ -	\$ -
Public announcement and clock system upgrades at Holland Township School District	10/09/14	230,150	230,150	-	-
1973 Wing Partial Brick Repointing at Holland Township School District	10/09/14	91,142	91,142	-	-
		<u>\$ 499,304</u>	<u>\$ 499,304</u>	<u>\$ -</u>	<u>\$ -</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, 2018

Other financing uses	
Transfers out	\$ (130,109)
Net change in fund balance	<u>(130,109)</u>
Fund balance - beginning	<u>130,109</u>
Fund balance - ending	<u><u>\$ -</u></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, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources - transfers in from capital reserve	\$ 122,753	\$ -	\$ 122,753	\$ 116,851
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>178,012</u>
Expenditures and other financing uses				
Legal services	2,420	-	2,420	2,500
Architectural/engineering services	30,118	-	30,118	29,425
Other purchased professional and technical services	1,800	-	1,800	1,900
Construction services	143,674	-	143,674	144,187
Transfers out	-	5,902	5,902	-
Total expenditures	<u>178,012</u>	<u>5,902</u>	<u>183,914</u>	<u>178,012</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,902</u>	<u>\$ (5,902)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information

Project number	2220-060-14-1006
Grant date	10/9/2014
Bond authorization date	N/A
Bonds authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 152,903
Additional authorized cost	\$ 25,109
Revised authorized cost	\$ 178,012
Percentage completion	100%

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, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources - transfers in from capital reserve	\$ 199,996	\$ -	\$ 199,996	\$ 138,431
State source - NJ SDA ROD Grants	91,719	-	91,719	91,719
Total revenues	<u>291,715</u>	<u>-</u>	<u>291,715</u>	<u>230,150</u>
Expenditures and other financing uses				
Legal services	2,154	-	2,154	2,154
Architectural/engineering services	46,680	-	46,680	46,680
Other purchased professional and technical services	1,489	-	1,489	1,489
Construction services	178,664	-	178,664	178,664
Other objects	1,163	-	1,163	1,163
Transfers out	-	61,565	61,565	-
Total expenditures	<u>230,150</u>	<u>61,565</u>	<u>291,715</u>	<u>230,150</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 61,565</u>	<u>\$ (61,565)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information

Project number	2220-060-14-1004
Grant date	10/9/2014
Bond authorization date	N/A
Bonds authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 333,326
Reduced authorized cost	\$ (103,176)
Revised authorized cost	\$ 230,150
Percentage completion	100%

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, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources - transfers in from capital reserve	\$ 121,160	\$ -	\$ 121,160	\$ 58,518
State source - NJ SDA ROD Grants	32,624	-	32,624	32,624
Total revenues	<u>153,784</u>	<u>-</u>	<u>153,784</u>	<u>91,142</u>
Expenditures and other financing uses				
Legal services	1,705	-	1,705	1,705
Architectural/engineering services	34,437	-	34,437	34,437
Other purchased services	1,340	-	1,340	1,340
Construction services	53,660	-	53,660	53,660
Transfers out	-	62,642	62,642	-
Total expenditures	<u>91,142</u>	<u>62,642</u>	<u>153,784</u>	<u>91,142</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 62,642</u>	<u>\$ (62,642)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information

Project number	2220-060-14-1003
Grant date	10/9/2014
Bond authorization date	N/A
Bonds authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 201,933
Additional authorized cost	\$ (110,791)
Revised authorized cost	\$ 91,142
Percentage completion	100%

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
Enterprise Fund - Food Service
Statement of Fund Net Position
June 30, 2018

Assets	
Current assets	
Cash and cash equivalents	\$ 18,427
Receivables from other governments	
State	115
Federal	1,844
Inventory	3,580
Total current assets	23,966
Noncurrent assets	
Capital assets	44,988
Less: accumulated depreciation	(25,541)
Total noncurrent assets	19,447
Total assets	43,413
Liabilities	
Current liabilities	
Due to other funds	8,743
Accounts payable	8,190
Unearned revenues	4,941
Total liabilities	21,874
Net position	
Invested in capital assets, net of related debt	19,447
Unrestricted	2,092
Total net position	\$ 21,539

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Enterprise Fund - Food Service
Statement of Revenues, Expenses, and
Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2018

Operating revenues		
Charges for services		
Daily sales - non-reimbursable programs	\$	78,994
Daily sales - reimbursable programs		27,940
Total operating revenues		<u>106,934</u>
Operating expenses		
Costs of sales - reimbursable programs		49,374
Costs of sales - non-reimbursable programs		7,507
Commodity food costs		11,304
Salaries		52,981
Employee benefits		7,483
Other purchased services		
Insurance		5,074
Management fee		8,253
Other		3,676
Supplies and materials		3,036
Depreciation		1,868
Miscellaneous		624
Total operating expenses		<u>151,180</u>
Operating income (loss)		<u>(44,246)</u>
Non-operating revenues (expenses)		
State sources		
State school lunch program		1,628
Federal sources		
National school lunch program		
Cash assistance		25,834
Non-cash assistance (commodities)		11,304
Interest income		260
Miscellaneous		1,082
Total non-operating revenues (expenses)		<u>40,108</u>
Change in net position		(4,138)
Net position, beginning		<u>25,677</u>
Net position, ending	See independent auditors' report.	<u>\$ 21,539</u>

HOLLAND TOWNSHIP SCHOOL DISTRICT
Enterprise Fund - Food Service
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2018

Cash flows from operating activities	
Receipts from customers	\$ 108,309
Payments to Food Service Management Company	(133,201)
Payments to vendors (net)	<u>(3,659)</u>
Net cash provided by (used for) operating activities	<u>(28,551)</u>
Cash flows from noncapital related financing activities	
State sources	1,599
Federal sources	25,543
Miscellaneous	<u>1,082</u>
Net cash provided by (used for) noncapital financing activities	<u>28,224</u>
Cash flows from investing activities	
Interest on investments	<u>260</u>
Net increase (decrease) in cash and cash equivalents	(67)
Cash and cash equivalents, July 1	<u>18,494</u>
Cash and cash equivalents, June 30	<u><u>\$ 18,427</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (44,246)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	1,868
Federal food donation program	11,304
(Increase) decrease in inventory	(361)
Increase (decrease) in accounts payable	966
Increase (decrease) in unearned revenue	<u>1,918</u>
Net cash provided by (used for) operating activities	<u><u>\$ (28,551)</u></u>

See independent auditors' report.

FIDUCIARY FUNDS

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 Statement of Net Position
June 30, 2018

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
Assets				
Cash and cash equivalents	\$ 72,936	\$ 44,535	\$ 63,181	\$ 180,652
Due from other funds	1,097	-	-	1,097
Total assets	74,033	44,535	63,181	181,749
Liabilities				
Accounts payable	23	-	-	23
Due to other funds	-	-	7,272	7,272
Due to student groups	-	44,535	-	44,535
Payroll deductions and withholdings	-	-	55,909	55,909
Total liabilities	23	44,535	63,181	107,739
Net position				
Held in trust for unemployment claims and other purposes	\$ 74,010	\$ -	\$ -	\$ 74,010

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2018

	<u>Unemployment Compensation Fund</u>
Additions	
Contributions	
Plan members	\$ 11,203
Investment earnings - interest	<u>759</u>
Total additions	<u>11,962</u>
Deductions	
Unemployment claims	<u>2,853</u>
Total deductions	<u>2,853</u>
Change in net position	9,109
Net position, beginning of the year	<u>64,901</u>
Net position, end of the year	<u><u>\$ 74,010</u></u>

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, 2018

	Balance 07/01/17	Additions	Deletions	Balance 06/30/18
Assets				
Cash and cash equivalents	\$ 44,135	\$ 123,439	\$ 123,039	\$ 44,535
Total assets	\$ 44,135	\$ 123,439	\$ 123,039	\$ 44,535
Liabilities				
Due to student groups	\$ 44,052	\$ 123,439	\$ 122,956	\$ 44,535
Due to other funds	83	-	83	-
Total liabilities	\$ 44,135	\$ 123,439	\$ 123,039	\$ 44,535

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund Schedule of Receipts & Disbursements
For the Fiscal Year Ended June 30, 2018

	Balance 07/01/17	Additions	Deletions	Balance 06/30/18
Assets				
Cash and cash equivalents	\$ 8,655	\$ 6,958,022	\$ 6,903,496	\$ 63,181
Due from other funds	6,204	-	6,204	-
Total assets	\$ 14,859	\$ 6,958,022	\$ 6,909,700	\$ 63,181
Liabilities				
Due to other funds	\$ 7,285	\$ 11,203	\$ 11,216	\$ 7,272
Payroll deductions and withholdings	5,074	2,841,124	2,792,789	53,409
Net payroll	2,500	4,105,695	4,105,695	2,500
Total liabilities	\$ 14,859	\$ 6,958,022	\$ 6,909,700	\$ 63,181

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)

STATISTICAL SECTION

HOLLAND TOWNSHIP SCHOOL DISTRICT
Statistical Section J Series

Contents	Page
FINANCIAL TRENDS	
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	J-1 to J-5
REVENUE CAPACITY	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6 to J-9
DEBT CAPACITY	
These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 to J-13
DEMOGRAPHIC AND ECONOMIC INFORMATION	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-14 to J-15
OPERATING INFORMATION	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-16 to J-20
Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports (CAFR) for the relevant year.	

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 6,668,897	\$ 6,577,926	\$ 6,623,346	\$ 7,204,223	\$ 6,908,474	\$ 6,954,466	\$ 6,965,223	\$ 6,753,652	\$ 6,482,904	\$ 6,129,485
Restricted	480,857	460,293	551,704	466,440	324,810	592,271	884,835	1,572,378	1,970,360	2,365,470
Unrestricted	190,840	184,477	388,857	172,516	467,520	(2,731,750)	(2,692,410)	(2,817,896)	(2,819,825)	(2,886,803)
Total governmental activities	<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>	<u>\$ 5,633,439</u>	<u>\$ 5,608,152</u>
Business-type activities										
Net investment in capital assets	\$ 4,018	\$ 3,554	\$ 5,308	\$ 18,969	\$ 17,362	\$ 15,756	\$ 15,713	\$ 14,148	\$ 21,315	\$ 19,447
Unrestricted	32,297	39,372	37,632	23,937	29,726	26,238	20,685	16,988	4,362	2,092
Total business-type activities	<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>	<u>\$ 25,677</u>	<u>\$ 21,539</u>
District-wide										
Net investment in capital assets	\$ 6,672,915	\$ 6,581,480	\$ 6,628,654	\$ 7,223,192	\$ 6,925,836	\$ 6,970,222	\$ 6,980,936	\$ 6,767,800	\$ 6,504,219	\$ 6,148,932
Restricted	480,857	460,293	551,704	466,440	324,810	592,271	884,835	1,572,378	1,970,360	2,365,470
Unrestricted	223,137	223,849	426,489	196,453	497,246	(2,705,512)	(2,671,725)	(2,800,908)	(2,815,463)	(2,884,711)
Total district-wide	<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>	<u>\$ 5,659,116</u>	<u>\$ 5,629,691</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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
Instruction										
Regular	\$ 3,950,126	\$ 4,361,652	\$ 4,385,835	\$ 4,733,165	\$ 4,718,854	\$ 4,498,086	\$ 5,219,402	\$ 5,518,906	\$ 6,310,384	\$ 6,723,383
Special education	1,951,953	2,030,429	1,831,701	2,014,249	2,153,821	2,142,947	2,505,305	2,702,941	2,855,855	3,213,582
Other special education	229,945	346,678	264,336	229,171	278,219	302,033	317,420	342,807	397,015	474,574
Other instruction	138,951	103,063	91,960	87,009	91,313	53,588	94,857	105,220	112,465	139,595
Support services										
Tuition	37,827	-	63,395	118,211	135,257	161,838	124,048	31,592	30,000	42,324
Student and instruction related services	1,482,014	1,589,353	1,452,283	1,550,042	1,594,527	1,675,809	1,942,084	2,184,084	2,324,208	2,556,621
General and business administrative services	764,407	865,538	884,924	839,603	908,390	848,654	931,666	960,193	817,650	847,529
School administration	322,063	311,459	286,200	319,695	302,974	273,193	338,428	364,091	406,328	447,612
Plant operations and maintenance	1,109,460	1,063,528	925,793	1,009,554	1,159,462	1,055,323	1,036,951	1,053,315	1,128,427	1,394,877
Pupil transportation	380,376	386,731	358,579	352,494	382,359	356,495	371,651	349,426	399,918	374,288
Special Schools	2,242	5,151	1,672	-	-	-	-	-	-	-
Interest on long-term debt	44,975	32,081	39,672	20,493	15,049	15,049	15,049	15,049	15,049	15,049
Total governmental activities expenses	<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>	<u>14,797,299</u>	<u>16,229,434</u>
Business-type activities										
Food service	181,390	185,522	191,619	200,892	173,137	167,146	152,694	144,218	142,085	151,180
Total business-type activities	<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>	<u>142,085</u>	<u>151,180</u>
Total district expenses	<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>	<u>\$ 14,939,384</u>	<u>\$ 16,380,614</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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Program revenues										
Governmental activities										
Charges for services										
Regular instruction	\$ 21,162	\$ 28,922	\$ 38,353	\$ 42,535	\$ 37,883	\$ 29,618	\$ 40,634	\$ 45,269	\$ 53,617	\$ 38,051
Special education instruction	4,222	-	19,056	20,060	20,480	20,500	50,830	28,429	-	29,887
Other instruction	-	-	6,426	1,134	6,804	1,134	6,804	3,024	-	-
Student and instruction related services	-	-	-	198	195	203	1,063	-	5,850	412
General and business administrative services	14,057	30,757	29,902	16	15	-	615	760	-	-
Plant operations and maintenance	12,278	13,280	16,599	15,419	20,973	11,144	10,530	10,607	10,528	10,085
Operating grants and contributions	180,961	299,913	193,415	182,818	191,499	170,303	184,301	286,843	216,606	195,238
Capital grants and contributions	-	-	29,623	240,697	-	-	116,779	39,410	29,315	-
Total governmental activities program revenues	<u>232,680</u>	<u>372,872</u>	<u>333,374</u>	<u>502,877</u>	<u>277,849</u>	<u>232,902</u>	<u>411,556</u>	<u>414,342</u>	<u>315,916</u>	<u>273,673</u>
Business-type activities										
Charges for services										
Food service	148,557	150,315	149,513	152,994	134,650	118,201	109,452	102,492	99,380	106,934
Operating grants and contributions	37,581	39,454	42,120	47,596	42,788	43,593	38,124	36,360	37,115	38,766
Total business-type activities program revenues	<u>186,138</u>	<u>189,769</u>	<u>191,633</u>	<u>200,590</u>	<u>177,438</u>	<u>161,794</u>	<u>147,576</u>	<u>138,852</u>	<u>136,495</u>	<u>145,700</u>
Total district-program revenues	<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>	<u>\$ 452,411</u>	<u>\$ 419,373</u>
Net (expense) revenues										
Governmental activities	\$ (10,181,659)	\$ (10,722,791)	\$ (10,252,976)	\$ (10,770,809)	\$ (11,462,376)	\$ (11,150,113)	\$ (12,485,305)	\$ (13,213,282)	\$ (14,481,383)	\$ (15,955,761)
Business-type activities	4,748	4,247	14	(302)	4,301	(5,352)	(5,118)	(5,366)	(5,590)	(5,480)
Total district-wide net expenses	<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>	<u>\$ (14,486,973)</u>	<u>\$ (15,961,241)</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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General revenues and other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 7,474,751	\$ 7,833,653	\$ 8,051,999	\$ 8,136,039	\$ 8,298,760	\$ 8,464,735	\$ 8,634,029	\$ 8,771,709	\$ 8,771,709	\$ 8,943,061
Taxes levied for debt service	260,220	243,416	287,694	280,433	-	-	-	-	-	-
Unrestricted grants and contributions	2,665,222	2,638,857	2,296,151	2,626,291	2,850,495	2,719,133	4,180,397	4,781,170	5,807,579	6,925,071
Investment earnings	15,192	7,499	1,394	15,035	7,673	7,847	8,938	10,591	18,783	49,963
Miscellaneous income	22,814	4,405	2,771	4,191	5,612	7,220	5,668	298	1,752	12,379
Operating transfers out	-	(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 - gain (loss) on disposal of capital assets	-	(708)	(822)	(1,204)	-	-	(1,066)	-	6,865	-
Total governmental activities	<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>	<u>\$ 14,606,688</u>	<u>\$ 15,930,474</u>
Business-type activities										
Investment earnings	78	135	-	268	-	129	103	104	131	260
Miscellaneous income	-	-	-	-	-	10	-	-	-	1,082
Special item - loss on disposal of capital assets	-	-	-	-	-	-	(581)	-	-	-
Operating transfers in	-	2,229	-	-	-	-	-	-	-	-
Total business-type activities	<u>78</u>	<u>2,364</u>	<u>-</u>	<u>268</u>	<u>-</u>	<u>139</u>	<u>(478)</u>	<u>104</u>	<u>131</u>	<u>1,342</u>
Total district-wide	<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>	<u>\$ 14,606,819</u>	<u>\$ 15,931,816</u>
Change in net position										
Governmental activities	\$ 256,540	\$ (117,898)	\$ 341,211	\$ 279,272	\$ (142,375)	\$ 48,822	\$ 342,661	\$ 350,486	\$ 125,305	\$ (25,287)
Business-type activities	4,826	6,611	14	(34)	4,301	(5,213)	(5,596)	(5,262)	(5,459)	(4,138)
Total district	<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>	<u>\$ 119,846</u>	<u>\$ (29,425)</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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund										
Restricted	\$ 666,972	\$ 585,457	\$ 298,362	\$ 658,061	\$ 534,918	\$ 807,428	\$ 1,013,280	\$ 1,678,050	\$ 2,085,256	\$ 2,693,860
Committed	123,952	84,879	270,771	98,874	380,243	93,184	134,126	57,122	312,602	367,057
Assigned	-	-	60,000	366	-	-	-	-	-	144,846
Unassigned	200,175	380,976	294,856	250,424	253,119	242,897	193,236	177,724	274,055	134,599
Total general fund	<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>	<u>\$ 2,671,913</u>	<u>\$ 3,340,362</u>
All other governmental funds										
Restricted, reported in										
Capital projects fund	\$ 55,542	\$ -	\$ 361,046	\$ 2,178	\$ -	\$ -	\$ 129,195	\$ 185,824	\$ 130,109	\$ -
Assigned, reported in										
Debt service fund	1	1	-	-	-	-	-	-	-	-
Total all other governmental funds	<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>	<u>\$ 130,109</u>	<u>\$ -</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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax levy	\$ 7,734,971	\$ 8,077,069	\$ 8,339,693	\$ 8,416,472	\$ 8,298,760	\$ 8,464,735	\$ 8,634,029	\$ 8,771,709	\$ 8,771,709	\$ 8,943,061
Tuition charges	25,344	28,922	54,712	62,013	57,669	50,050	78,595	63,497	44,155	67,831
Interest earnings	15,192	7,499	1,394	15,035	7,673	7,847	8,938	10,591	18,783	49,963
Miscellaneous	42,617	13,381	10,115	21,500	29,037	16,499	31,158	21,124	16,244	18,110
State sources	2,665,222	2,404,167	2,298,989	2,561,995	2,852,467	2,719,133	2,878,453	2,995,655	3,241,611	3,261,783
State sources - capital projects	-	-	29,623	240,697	-	-	116,779	39,410	29,315	-
Federal sources	167,158	531,627	190,113	237,027	173,302	162,292	167,131	273,897	211,576	193,282
Total revenues	\$ 10,650,504	\$ 11,062,665	\$ 10,924,639	\$ 11,554,739	\$ 11,418,908	\$ 11,420,556	\$ 11,915,083	\$ 12,175,883	\$ 12,333,393	\$ 12,534,030
Expenditures										
Instruction										
Regular instruction	\$ 2,878,136	\$ 2,923,940	\$ 2,890,933	\$ 3,124,326	\$ 3,078,365	\$ 2,985,098	\$ 2,970,766	\$ 2,891,039	\$ 3,112,048	\$ 2,833,115
Special education instruction	1,278,962	1,169,898	1,120,468	1,244,876	1,381,573	1,385,091	1,453,918	1,470,252	1,388,692	1,454,651
Other special instruction	155,851	219,842	162,444	132,368	159,760	194,991	166,687	166,533	177,386	185,953
School sponsored/other instructional	80,669	68,694	55,895	56,854	57,613	24,862	59,721	67,482	68,572	77,764
Support services										
Tuition	612	-	63,395	118,211	85,257	30,882	4,448	1,592	-	42,324
Student and inst. related services	967,719	1,027,427	891,046	983,691	990,736	1,166,522	1,183,047	1,194,228	1,177,542	1,196,982
General administration	295,090	358,043	341,168	322,374	370,692	343,758	322,320	357,609	333,814	329,121
School administration services	207,693	206,764	184,463	210,446	197,959	205,354	200,886	203,726	205,289	206,906
Central services	210,494	206,436	225,023	227,439	239,427	243,308	244,365	255,511	188,551	221,804
Administrative information technology	25,904	26,802	28,407	29,893	32,144	32,521	33,091	-	-	-
Plant operations and maintenance	881,141	867,217	722,341	764,648	953,304	851,615	841,088	841,255	865,005	1,107,644
Pupil transportation	380,376	386,731	358,579	352,494	382,359	356,495	371,651	349,426	380,290	374,288
Employee benefits	1,947,121	2,203,638	2,360,232	2,344,020	2,283,464	2,222,397	2,205,172	2,228,342	2,169,946	2,325,177
On-behalf TPAF pension and social security contribution	617,878	654,806	625,989	788,462	957,627	827,129	969,181	1,085,132	1,241,537	1,377,101
Capital outlay	43,923	11,505	39,840	4,736	40,126	389,952	52,731	29,040	11,599	48,798
Special schools	2,242	5,151	1,672	-	-	-	-	-	-	-
Special revenue funds	180,961	299,913	193,415	182,818	191,499	170,303	184,301	286,843	216,606	199,013
Capital projects fund	-	-	74,057	640,113	1,038	-	310,333	103,941	85,030	-
Debt service										
Principal	265,000	265,000	265,000	269,000	-	-	-	-	-	-
Interest and other charges	45,220	33,958	41,550	22,398	15,049	15,049	15,049	15,049	15,049	15,049
Total expenditures	\$ 10,464,992	\$ 10,935,765	\$ 10,645,917	\$ 11,819,167	\$ 11,417,992	\$ 11,445,327	\$ 11,588,755	\$ 11,547,000	\$ 11,636,956	\$ 11,995,690

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Excess (deficiency) of revenues over (under) expenditures	\$ 185,512	\$ 126,900	\$ 278,722	\$ (264,428)	\$ 916	\$ (24,771)	\$ 326,328	\$ 628,883	\$ 696,437	\$ 538,340
Other financing sources (uses)										
Prior year receivable canceled	-	-	-	(704)	-	-	-	-	-	-
Insurance claim proceeds for flooding damage	-	-	-	-	157,461	-	-	-	-	-
Proceeds from sale of assets	-	-	-	-	-	-	-	-	6,865	-
Transfers in (out)	-	(122,229)	(45,000)	(10,000)	-	-	-	-	-	-
Total other financing sources (uses)	-	(122,229)	(45,000)	(10,704)	157,461	-	-	-	6,865	-
Net change in fund balances	\$ 185,512	\$ 4,671	\$ 233,722	\$ (275,132)	\$ 158,377	\$ (24,771)	\$ 326,328	\$ 628,883	\$ 703,302	\$ 538,340
Debt service as a percentage of non-capital expenditures	3.07%	2.81%	3.00%	2.68%	0.13%	0.14%	0.13%	0.13%	0.13%	0.13%

Source: District Records

NOTE: Non-capital expenditures are total expenditures less capital outlay, capital projects and debt service.

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Interest on investments	\$ 15,192	\$ 7,499	\$ 1,394	\$ 15,035	\$ 7,673	\$ 7,847	\$ 8,938	\$ 10,591	\$ 18,783	\$ 49,963
Tuition	25,344	28,922	54,712	62,013	57,669	50,050	78,595	63,497	44,155	67,831
Canceled										
Prior year accounts payable	1,058	43	-	271	4,250	1,091	-	185	1,295	650
Old outstanding checks	-	-	-	-	-	-	574	-	-	-
Account balances	-	1,440	2,736	3,552	424	375	28	-	-	-
Donations	21,621	2,155	-	-	-	-	-	-	-	-
Prior year refunds	135	767	35	301	178	5,822	5,066	-	29	2,802
Chromebook use rental fee	-	-	-	-	-	-	7,720	7,120	7,086	7,167
Miscellaneous	-	-	-	89	-	-	-	113	428	-
Building use rental income	6,000	6,000	6,000	7,200	7,200	1,200	-	-	-	-
Sale of supplies	-	-	-	-	-	-	-	-	2,376	1,760
Bid specification fees	-	-	880	-	760	-	600	760	-	-
Annual totals	<u>\$ 69,350</u>	<u>\$ 46,826</u>	<u>\$ 65,757</u>	<u>\$ 88,461</u>	<u>\$ 78,154</u>	<u>\$ 66,385</u>	<u>\$ 101,521</u>	<u>\$ 82,266</u>	<u>\$ 74,152</u>	<u>\$ 130,173</u>

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Vacant land	\$ 13,960,200	\$ 13,623,600	\$ 12,898,800	\$ 11,043,000	\$ 10,255,300	\$ 6,480,600	\$ 6,975,500	\$ 7,439,600	\$ 8,046,300	\$ 7,665,900
Residential	646,967,000	646,506,300	646,373,000	646,768,800	643,244,500	525,191,400	524,687,600	526,884,100	527,053,100	524,938,100
Farm regular	73,861,100	75,961,400	75,820,600	74,547,600	75,823,800	65,474,000	65,808,400	64,633,400	62,836,000	64,907,400
Q farm	2,615,500	2,588,800	2,555,100	2,519,600	2,579,300	2,645,310	2,658,190	2,602,380	2,569,630	2,733,430
Commercial	16,150,100	16,302,400	16,202,400	16,745,200	16,745,200	16,026,211	15,119,411	13,883,911	14,136,311	14,447,811
Industrial	14,480,500	14,480,500	14,026,400	13,145,500	13,145,500	11,231,600	11,231,600	11,231,600	10,488,100	10,448,100
Apartment	409,900	409,900	409,900	409,900	409,900	429,300	429,300	429,300	429,300	429,300
Total assessed value	768,444,300	769,872,900	768,286,200	765,179,600	762,203,500	627,478,421	626,910,001	627,104,291	625,558,741	625,570,041
Public utilities (a)	1,952,899	2,066,917	1,938,850	1,948,801	1,671,889	1,531,313	1,504,717	1,464,110	1,506,110	1,136,595
Net valuation taxable	\$ 770,397,199	\$ 771,939,817	\$ 770,225,050	\$ 767,128,401	\$ 763,875,389	\$ 629,009,734	\$ 628,414,718	\$ 628,568,401	\$ 627,064,851	\$ 626,706,636
Estimated actual county equalized value	\$ 830,689,491	\$ 832,100,698	\$ 783,944,071	\$ 746,069,777	\$ 691,448,812	\$ 670,270,971	\$ 660,724,128	\$ 659,360,538	\$ 659,551,604	\$ 668,986,588
Percentage of net valuation to estimated actual equalized value	92.74%	92.77%	98.25%	102.82%	110.47%	93.84%	95.11%	95.33%	95.07%	93.68%
Total direct school tax rate (b)	\$ 1.05	\$ 1.08	\$ 1.09	\$ 1.08	\$ 1.11	\$ 1.37	\$ 1.40	\$ 1.40	\$ 1.42	\$ 1.44

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 equipment's of telephone and messenger system companies

(b) Tax rates are per \$100

* Revalued/Reassessed

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					
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	
2017	1.42	-	1.42	0.65	0.19	0.39	2.65	
2018	1.44	-	1.44	0.60	0.19	0.40	2.63	

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

	2018			2009		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Genon Energy Services	\$ 6,400,100	1	1.02%	\$ -	-	0.00%
Individual Property Owner	3,603,600	2	0.58%	3,268,000	3	0.42%
Georgia Pacific Corporation	2,789,400	3	0.45%	3,300,000	4	0.43%
Oak Hill Golf Club	2,729,000	4	0.44%	5,168,000	2	0.67%
Columbia Gas	1,879,400	5	0.30%	2,206,500	5	0.29%
Spring Mills LLC	1,778,600	6	0.28%	-	-	0.00%
Holland 2MG LLC	1,540,200	7	0.25%	-	-	0.00%
Individual Property Owner	1,468,250	8	0.23%	1,349,500	9	0.18%
KJA Holdings Inc.	1,178,500	9	0.19%	-	-	0.00%
Verizon-NJ	1,136,595	10	0.18%	1,721,884	8	0.22%
Reliant	-	-	0.00%	8,000,000	1	1.04%
Warren Glen Investments	-	-	0.00%	1,900,000	7	0.25%
Fiberville Estates	-	-	0.00%	1,973,700	6	0.26%
Riegel Federated Credit Union	-	-	0.00%	1,226,300	10	0.16%
	<u>\$ 24,503,645</u>		<u>3.91%</u>	<u>\$30,113,884</u>		<u>3.92%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

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

Year Ending June 30,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2009	\$ 7,734,971	\$ 7,734,971	100.00%
2010	8,077,069	8,077,069	100.00%
2011	8,339,693	8,339,693	100.00%
2012	8,416,472	8,416,472	100.00%
2013	8,298,760	8,298,760	100.00%
2014	8,464,735	8,464,735	100.00%
2015	8,634,029	8,634,029	100.00%
2016	8,771,709	8,771,709	100.00%
2017	8,771,709	8,771,709	100.00%
2018	8,943,061	8,943,061	100.00%

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

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

See independent auditors' report.

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				
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	
2017	-	-	-	-	-	-	N/A	N/A	
2018	-	-	-	-	-	-	N/A	N/A	

NOTES: (1) The District had no bonded debt as of June 30, 2018 and the previous six 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.

N/A Not Available

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		
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
2017	-	-	-	N/A	N/A
2018	-	-	-	N/A	N/A

NOTES: (1) The District had no bonded debt as of June 30, 2018 and the previous six fiscal years.

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

N/A Not Available

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2017

	Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Overlapping Debt
Governmental Unit			
Debt repaid with property taxes			
Municipality	\$ 250,000	100%	\$ 250,000
Regional High School	1,065,000	28.36%	302,011
County general obligation debt	85,249,037	3.11%	2,650,138
Subtotal, overlapping debt			3,202,149
School district direct debt			-
Total direct and overlapping debt			\$ 3,202,149

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

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

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

See independent auditors' report.

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

Legal Debt Margin Calculation for Fiscal Year 2018

	Equalized Valuation Basis	
	2017	\$ 667,718,554
	2016	661,223,419
	2015	657,620,897
		<u>\$ 1,986,562,870</u>
Average equalized valuation of taxable property		<u>\$ 662,187,623</u>
Debt limit (3.0% of average equalization value)		\$ 19,865,629
Total net debt applicable to limit		<u>-</u>
Legal debt margin		<u>\$ 19,865,629</u>

	Fiscal Year				
	2014	2015	2016	2017	2018
Debt limit	\$ 21,138,304	\$ 20,264,280	\$ 19,915,786	\$ 19,786,380	\$ 19,865,629
Total net debt applicable	-	-	-	-	-
Legal debt margin	<u>\$ 21,138,304</u>	<u>\$ 20,264,280</u>	<u>\$ 19,915,786</u>	<u>\$ 19,786,380</u>	<u>\$ 19,865,629</u>

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

	Fiscal Year				
	2009	2010	2011	2012	2013
Debt limit	\$ 25,414,836	\$ 25,386,205	\$ 24,687,055	\$ 23,590,605	\$ 22,231,980
Total net debt applicable	799,000	534,000	269,000	-	-
Legal debt margin	<u>\$ 24,615,836</u>	<u>\$ 24,852,205</u>	<u>\$ 24,418,055</u>	<u>\$ 23,590,605</u>	<u>\$ 22,231,980</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)
2009	5,268	\$ 376,809,504	\$ 71,528	8.2%
2010	5,314	378,627,814	71,251	8.4%
2011	5,282	384,598,266	72,813	8.2%
2012	5,252	397,313,800	75,650	8.4%
2013	5,238	394,861,392	75,384	7.6%
2014	5,220	408,731,220	78,301	5.3%
2015	5,197	419,008,125	80,625	4.6%
2016	5,160	423,682,440	82,109	4.2%
2017	5,151	N/A	N/A	3.5%
2018	N/A	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

N/A Not Available

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

2018

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

2009

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 Ten Fiscal Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Function/Program										
Instruction										
Regular	46.5	47.0	45.9	44.9	44.9	43.9	43.9	46.7	45.2	38.8
Special education	30.2	31.5	28.7	28.2	28.7	29.4	31.1	26.2	25.2	31.9
Support services										
Student and instruction related services	16.5	15.5	14.7	13.8	15.6	15.3	15.2	16.4	16.5	14.1
General administration	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administration services	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Central services	3.5	3.5	3.5	3.4	3.4	3.4	3.4	3.4	3.4	3.0
Plant operations and maintenance	6.0	6.0	6.5	6.8	5.8	5.8	5.8	5.8	5.8	6.7
Total	<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>	<u>101.1</u>	<u>99.5</u>

Source: District Personnel Records

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
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	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%	64	1:9.50	602.2	576.9	-3.23%	95.80%
2015	592	11,210,642	18,937	3.43%	65.5	1:9.05	585.2	559.4	-2.82%	95.59%
2016	559	11,398,970	20,392	7.68%	65.8	1:8.50	556.8	534.1	-4.85%	95.92%
2017	551	11,525,278	20,917	2.58%	67.8	1:8.13	548.2	524.8	-1.54%	95.73%
2018	568	11,931,843	21,007	0.43%	68.4	1:8.30	563.8	538.3	2.84%	95.49%

Source: District Records

- (a) Operating expenditures equal total expenditures less debt service, capital projects 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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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	672	659	655	647	618	603	587	549	541	568

Number of Schools at June 30, 2018
Elementary & Middle = 1

Source: District Facilities Office and District Records

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 Expenditures by School Facility
Last Ten Fiscal Years

Undistributed Expenditures - Required Maintenance for School Facilities

<u>Fiscal Year Ending</u>	<u>Holland Township School</u>	<u>Total</u>
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
2017	189,414	189,414
2018	374,948	374,948
	<hr/>	<hr/>
Total school facilities	<u>\$ 1,544,439</u>	<u>\$ 1,544,439</u>

Note: 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, 2018
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - School Alliance Insurance Fund		
Insurance Group		
Property - Building Blanket and Contents (Fund Limit)	\$ 500,000,000	\$ 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.

SINGLE AUDIT SECTION



**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 and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, 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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 21, 2019.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency as finding number 2018-001.

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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. The finding is described in the accompanying Schedule of Findings and Questioned Costs as finding number 2018-001.

Holland Township School District's Response to Findings

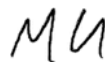
Holland Township School District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



BKC, CPAs, PC



Michael A. Holk, CPA, PSA

February 21, 2019
Flemington, New Jersey



**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the
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 State Program

We have audited the Holland Township School District's, (the District), compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 *State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2018. The District's major state 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 state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08. Those standards, and the 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 state 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 state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

The 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 New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.



BKC, CPAs, PC



Michael A. Holk, CPA, PSA

February 21, 2019
Flemington, New Jersey

HOLLAND TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards - Schedule A
For the Fiscal Year Ended June 30, 2018

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance 06/30/17	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2018		
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Education passed through State Department of Education															
Special revenue fund															
ESSA title I A	84.010A	S010A160030	ESSA-2220-18	\$ 17,258	7/1/2017	6/30/2018	\$ -	\$ -	\$ 17,258	\$ 17,258	\$ -	\$ -	\$ -	\$ -	\$ -
ESSA title II A	84.367A	S367A160029	ESSA-2220-18	7,256	7/1/2017	6/30/2018	-	-	7,256	7,256	-	-	-	-	-
ESSA title IV	84.424	S424A170031	ESSA-2220-18	10,000	7/1/2017	6/30/2018	-	-	10,000	10,000	-	-	-	-	-
Small, rural school achievement program	84.358A	S358B150030	S358A18-8433	45,364	7/1/2017	6/30/2018	-	-	-	37,364	-	-	(37,364)	-	-
IDEA basic	84.027	H027A160100	IDEA-2220-18	128,054	7/1/2017	6/30/2018	-	-	103,120	128,054	-	-	(24,934)	-	-
IDEA preschool	84.173	H173A160114	IDEA-2220-18	5,149	7/1/2017	6/30/2018	-	-	5,149	5,149	-	-	-	-	-
Total special revenue fund							<u>-</u>	<u>-</u>	<u>142,783</u>	<u>205,081</u>	<u>-</u>	<u>-</u>	<u>(62,298)</u>	<u>-</u>	<u>-</u>
U.S. Department of Agriculture passed through State Department of Agriculture															
enterprise fund															
Child nutrition center															
National school lunch program non-cash assistance (commodities)	10.555	171NJ304N1099	N/A	12,442	10/01/16	09/30/17	1,502	-	-	1,502	-	-	-	-	-
National school lunch program non-cash assistance (commodities)	10.555	181NJ304N1099	N/A	11,846	10/01/17	09/30/18	-	-	11,846	9,802	-	-	-	2,044	-
National school lunch program cash assistance	10.555	171NJ304N1099	N/A	23,362	10/01/16	09/30/17	(1,553)	-	1,553	-	-	-	-	-	-
National school lunch program cash assistance	10.555	181NJ304N1099	N/A	25,834	10/01/17	09/30/18	-	-	23,990	25,834	-	-	(1,844)	-	-
Total enterprise fund							<u>(51)</u>	<u>-</u>	<u>37,389</u>	<u>37,138</u>	<u>-</u>	<u>-</u>	<u>(1,844)</u>	<u>2,044</u>	<u>-</u>
Total federal financial assistance							<u>\$ (51)</u>	<u>\$ -</u>	<u>\$ 180,172</u>	<u>\$ 242,219</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (64,142)</u>	<u>\$ 2,044</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, 2018

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2017					Balance June 30, 2018			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor	Cash Received	Budgetary Expenditure	Adjustments	Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General fund														
Special education categorical aid	18-495-034-5120-089	\$ 373,356	07/01/17	06/30/18	\$ -	\$ -	\$ 336,631	\$ 373,356	\$ -	\$ -	\$ -	\$ -	\$ 36,725	\$ 373,356
Equalization aid	18-495-034-5120-078	1,291,479	07/01/17	06/30/18	-	-	1,164,443	1,291,479	-	-	-	-	127,036	1,291,479
Security aid	18-495-034-5120-084	9,453	07/01/17	06/30/18	-	-	8,523	9,453	-	-	-	-	930	9,453
Transportation aid	18-495-034-5120-014	53,541	07/01/17	06/30/18	-	-	48,274	53,541	-	-	-	-	5,267	53,541
School choice aid	18-495-034-5120-068	75,327	07/01/17	06/30/18	-	-	67,918	75,327	-	-	-	-	7,409	75,327
Per pupil growth aid	18-495-034-5120-097	5,710	07/01/17	06/30/18	-	-	5,148	5,710	-	-	-	-	562	5,710
PARCC readiness aid	18-495-034-5120-098	5,710	07/01/17	06/30/18	-	-	5,148	5,710	-	-	-	-	562	5,710
Professional learning community aid	18-495-034-5120-101	5,160	07/01/17	06/30/18	-	-	4,653	5,160	-	-	-	-	507	5,160
Lead testing for schools aid	18-495-034-5120-104	2,026	07/01/17	06/30/18	-	-	2,026	2,026	-	-	-	-	-	2,026
Extraordinary aid	17-495-034-5120-044	201,070	07/01/16	06/30/17	(201,070)	-	201,070	-	-	-	-	-	-	201,070
Extraordinary aid	18-495-034-5120-044	61,558	07/01/17	06/30/18	-	-	-	61,558	-	(61,558)	-	-	-	61,558
Non-public transportation aid	17-495-034-5120-014	1,306	07/01/16	06/30/17	(1,306)	-	1,306	-	-	-	-	-	-	1,306
Non-public transportation aid	18-495-034-5120-014	2,039	07/01/17	06/30/18	-	-	-	2,039	-	(2,039)	-	-	-	2,039
On behalf TPAF pension contribution - post retirement medical	18-495-034-5094-001	421,020	07/01/17	06/30/18	-	-	421,020	421,020	-	-	-	-	-	421,020
On behalf TPAF pension contribution - teacher's pension & annuity fund	18-495-034-5094-002	636,412	07/01/17	06/30/18	-	-	636,412	636,412	-	-	-	-	-	636,412
On behalf TPAF pension contribution - non-contributory insurance	18-495-034-5094-004	15,444	07/01/17	06/30/18	-	-	15,444	15,444	-	-	-	-	-	15,444
On behalf TPAF pension contribution - long-term disability insurance	18-495-034-5094-004	1,056	07/01/17	06/30/18	-	-	1,056	1,056	-	-	-	-	-	1,056
Reimbursed TPAF social security contribution	18-495-034-5094-003	324,601	07/01/16	06/30/17	(15,679)	-	15,679	-	-	-	-	-	-	324,601
Reimbursed TPAF social security contribution	18-495-034-5094-003	303,169	07/01/17	06/30/18	-	-	303,169	303,169	-	-	-	-	-	303,169
Total general fund					(218,055)	-	3,237,920	3,262,460	-	(63,597)	-	-	178,998	3,789,437
NJ School Development Authority														
Capital projects fund														
1972 Wing partial brick repositioning	2220-060-14-1003	32,364	07/01/14	06/30/18	(32,624)	-	32,624	-	-	-	-	-	-	32,624
Total capital projects fund					(32,624)	-	32,624	-	-	-	-	-	-	32,624
State Department of Agriculture														
Enterprise fund														
State school lunch program	17-100-010-3350-023	1,256	07/01/16	06/30/17	(86)	-	86	-	-	-	-	-	-	1,256
State school lunch program	18-100-010-3350-023	1,628	07/01/17	06/30/18	-	-	1,513	1,628	-	(115)	-	-	-	1,628
Total enterprise fund					(86)	-	1,599	1,628	-	(115)	-	-	-	2,884
Total state financial assistance					\$ (250,765)	\$ -	\$ 3,272,143	\$ 3,264,088	\$ -	\$ (63,712)	\$ -	\$ -	\$ 178,998	\$ 3,824,945
Less: On behalf TPAF pension system contributions								(1,073,932)						
Total for state financial assistance - major program determination								\$ 2,190,156						

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2018

Note 1 - General

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance present the activity of all federal awards and state financial assistance programs of the Holland Township School District. The District is defined in Note 1 (A) to the District's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

Note 2 - Basis of accounting

The accompanying Schedules of Expenditures of Federal Awards and State 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 District's basic financial statements.

Note 3 - Relationship of financial statements

The basic 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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the 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 \$677 for the general fund and \$11,799 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2018

Note 3 - Relationship of financial statements (continued)

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

	Local	Federal	State	Total
General fund	\$ -	\$ -	\$ 3,261,783	\$ 3,261,783
Special revenue fund	5,731	193,282	-	199,013
Food service fund	-	37,138	1,628	38,766
Total awards and financial assistance	<u>\$ 5,731</u>	<u>\$ 230,420</u>	<u>\$ 3,263,411</u>	<u>\$ 3,499,562</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, 2018. 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, 2018.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs – Section I
For the Fiscal Year Ended June 30, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

1. Were material weakness(es) identified? Yes No
2. Were significant deficiencies identified? Yes None reported

Noncompliance material to basic financial statements noted?

Yes No

Federal Awards

Not Applicable

Internal Control Over Major Programs:

1. Were material weakness(es) identified? Yes No
2. Were significant deficiencies identified? Yes None reported

What was the type of auditor's report issued on compliance for major programs?

Were any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a)?

Yes No

Identification of Major Programs:

CFDA Number(s)	FEIN Number(s)	Name of Federal Program or Cluster
<u>Not Applicable</u>	<u>Not Applicable</u>	<u>Not Applicable</u>

What was the dollar threshold used to distinguish between Type A and Type B programs?

Did the auditee qualify as a low-risk auditee?

Yes No

HOLLAND TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs – Section I
For the Fiscal Year Ended June 30, 2018

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

State Awards

What was the dollar threshold used to distinguish between Type A and Type B programs? \$750,000

Did the auditee qualify as a low-risk auditee? Yes No

Internal Control Over Major Programs:

- 1. Were material weakness(es) identified? Yes No
- 2. Were there significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

What was the type of auditor's report issued on compliance for major programs? Unmodified

Were any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08 as applicable? Yes No

Identification of Major Programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
<i>18-495-034-5120-089</i>	<i>State Aid Public Cluster:</i>
<i>18-495-034-5120-078</i>	<i>Special Education Categorical Aid</i>
<i>18-495-034-5120-084</i>	<i>Equalization Aid</i>
<i>18-495-034-5120-068</i>	<i>Security Aid</i>
<i>18-495-034-5120-097</i>	<i>School Choice Aid</i>
<i>18-495-034-5120-098</i>	<i>Per Pupil Growth Aid</i>
<i>18-495-034-5120-101</i>	<i>PARCC Readiness Aid</i>
<i>18-495-034-5120-101</i>	<i>Professional Learning Community Aid</i>
 <i>18-495-034-5094-003</i>	 <i>Reimbursed Social Security Contribution</i>

HOLLAND TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Sections II and III
For the Fiscal Year Ended June 30, 2018

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

Finding 2018-001

Criteria

The District is responsible for the proper maintenance of the payroll agency records, which is vital to ensure that the reporting is accurate.

Condition

The records of the payroll agency fund were missing several expenditure transactions and the District recorded "balance adjustment" transactions to reconcile the accounting records with the monthly bank reconciliation.

Context

Several expenditures were not posted to the District's payroll agency accounting records. Several balance adjustments were made in the accounting records by the District to reconcile the records to the bank account.

Cause

Unknown

Effect

The District did not report accurate information for the payroll agency account.

Recommendation

The records for the payroll agency fund should be maintained in a complete and accurate manner.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan

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, 2018.

**HOLLAND TOWNSHIP SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2018**

Status of Prior Year Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations including findings. Corrective action had been taken on all prior year findings with the exception of the following, which is repeated in this year's recommendations noted as current year finding "2018-001."