

# **Comprehensive Annual Financial Report**

**of the**

**Holland Township School District**

**County of Hunterdon**

**Milford, New Jersey**

**For the Fiscal Year Ended June 30, 2019**

**Prepared by**

**Holland Township School District  
Business Office**



## TABLE OF CONTENTS

<b>INTRODUCTORY SECTION</b>	<b>Page</b>
Letter of Transmittal	1-5
Roster of Officials	6
Consultants and Advisors	7
Organizational Chart	8
 <b>FINANCIAL SECTION</b>	
Independent Auditor's Report	8-10
<b>REQUIRED SUPPLEMENTARY INFORMATION – Part I</b>	12
Management's Discussion and Analysis (Unaudited)	12-21
<b>BASIC FINANCIAL STATEMENTS</b>	22
A. District-Wide Financial Statements	23
A-1 Statement of Net Positions	24
A-2 Statement of Activities	25
B. Major Fund Financial Statements	26
Governmental Funds:	
B-1 Balance Sheet	27-28
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	29
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	30
Other Funds	31
Propriety Funds:	
B-4 Statement of Net Position	32
B-5 Statement of Revenues, Expenses, and Changes in Net Position	33
B-6 Statement of Cash Flows	34
Fiduciary Funds:	
B-7 Statements of Fiduciary Net Positions	35
B-8 Statement of Changes in Fiduciary Net Positions	36
 <b>Notes to the Financial Statements</b>	 37-81

## TABLE OF CONTENTS (Continued)

	<b>Page</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION – Part II</b>	<b>82</b>
C. Budgetary Comparison Schedules	83
C-1    General Fund	84-90
C-2    Special Revenue Fund	91
C-3    Budget to GAAP Reconciliation	92
<b>REQUIRED SUPPLEMENTARY INFORMATION – Part III</b>	<b>93</b>
L. Schedules Related to Accounting and Reporting for Pension (GASB 68)	94
L-1    Schedule of the District’s Proportionate Share of the Net Pension Liability - Public Employees Retirement System - Last Ten Years	95
L-2    Schedule of the District’s Contributions - Public Employees Retirement System - Last Ten Years	96
L-3    Schedule of the District’s Proportionate Share of the Net Pension Liability Teachers Pension and Annuity Fund - Last Ten Years	97
L-4    Schedules Related to Accounting and Reporting for Pension Notes to the Required Supplementary Information Part III	98
<b>REQUIRED SUPPLEMENTARY INFORMATION – Part IV</b>	<b>99</b>
M. Schedule Related to Accounting and Reporting for Postemployment Benefits Other than Pensions (GASB 75)	100
M-1    Schedule of Changes in the Total OPEB Liability and Related Ratios – Last Ten Years	101
M-2    Schedules Related to Accounting and Reporting for OPEB (GASB 75) Note to Required Supplementary Information Part IV for the Fiscal Year Ended June 30, 2019	102
<b>OTHER SUPPLEMENTARY INFORMATION</b>	<b>103</b>
D. School Level Schedules	N/A
E. Special Revenue Fund	104
E-1    Combining Schedule of Revenues and Expenditures - Budgetary Basis	105
F. Capital Projects Fund	N/A
G. Proprietary Funds	N/A

## TABLE OF CONTENTS (Continued)

	<b>Page</b>
H. Fiduciary Funds	106
H-1 Combining Statements of Fiduciary Net Positions	107
H-2 Combining Statement of Changes in Fiduciary Net Positions	108
H-3 Schedule of Receipts and Disbursements-Student Activity Agency Fund	109
H-4 Schedule of Receipts and Disbursements-Payroll Agency Funds	110
H-5 Schedule of Receipt and Disbursements-Other Agency Funds	N/A
I. Long-Term Liabilities	N/A

### **STATISTICAL SECTION - UNAUDITED**

#### **Financial Trends**

J-1 Net Position by Component	111
J-2 Changes in Net Position	112-113
J-3 Fund Balances - Governmental Funds	114
J-4 Changes in Fund Balances - Governmental Funds	115
J-5 General Fund Other Local Revenue by Source	116

#### **Revenue Capacity**

J-6 Assessed Value and Actual Value of Taxable Property	117
J-7 Direct and Overlapping Property Tax Rates	118
J-8 Principal Property Taxpayers - Current Year and Ten Years Ago	119
J-9 Property Tax Levies and Collections	120

#### **Debt Capacity**

J-10 Ratios of Outstanding Debt by Type	121
J-11 Ratios of Net Bonded Debt Outstanding	122
J-12 Direct and Overlapping Governmental Activities Debt	123
J-13 Legal Debt Margin Information	124

#### **Demographic and Economic Information**

J-14 Demographic and Economic Statistics	125
J-15 Principal Employers - Current Year and Ten Years Ago	126

#### **Operating Information**

J-16 Full-Time Equivalent District Employees by Function/Program	127
J-17 Operating Statistics	128
J-18 School Building Information	129
J-19 Schedule of Required Maintenance	130
J-20 Insurance Schedule	131

## TABLE OF CONTENTS (Continued)

<b>SINGLE AUDIT SECTION</b>	<b>Page</b>
K-1 Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with Government Auditing Standards	132-133
K-2 Independent Auditor's Report on Compliance with Requirements Applicable to Each Major State Financial Assistance Program and on Internal Control Over Compliance in Accordance with New Jersey OMB Circular 15-08	134-135
K-3 Schedule of Expenditures of Federal Awards, Schedule A	136
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	137
K-5 Notes to the Schedules of Federal Awards and State Financial Assistance	138-139
K-6 Schedule of Findings and Questioned Costs	140-141
K-7 Schedule of Prior Audit Findings	142

**INTRODUCTORY SECTION**

# HOLLAND TOWNSHIP BOARD of EDUCATION



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

908-995-2401  
[www.hollandschool.org](http://www.hollandschool.org)

November 15, 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, 2019, 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 2018-2019 fiscal year with an average daily enrollment of 534.2 students in grades PK through 8. The following details the changes in the student enrollment of the District over the last fifteen years:



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<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2019	534.2	(5.08)
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

## 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 2018-19 school year including:

1. Changed bus scheduling to accommodate "one start time" and same "end of day" for all students. The latter efficiency allowed for improvements in scheduling and increased instructional time for staff in district.
2. Completed several capital projects including: new parking lot, and Kindergarten wing HVAC.
3. Upgraded information dissemination through a new and improved website. Also improved student information and staff evaluation software programs, through migration to new platform.
4. Improved budgeting technology through the "roll out" of requisition software aligned to district accounting software.
5. Hired new auditor and Risk manager for district.

# HOLLAND TOWNSHIP BOARD of EDUCATION



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6. 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.
7. 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.
8. 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.
9. 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.
10. Completed a desk audit of the special education department to assure compliance with federal regulations, student classification and programming efficiencies. Created teacher teams of content and special education teachers to give continuity of persona and instruction to our at risk student population.

#### 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 compiled 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.

714 Milford Warren Glen Road, Milford, NJ 08848

Fax 908-995-2011

# HOLLAND TOWNSHIP BOARD of EDUCATION

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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, 2019.

## 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, 2019, 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 Suplee, Clooney & Company 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

# HOLLAND TOWNSHIP BOARD of EDUCATION



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Mr. Brian McCarthy, School Business Administrator

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on the general purpose financial statements and combined and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single section of this report.

## **11. ACKNOWLEDGEMENTS:**

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

Respectfully submitted,

Stephanie Snyder  
Superintendent

Brian P. McCarthy  
Business Administrator Board Secretary

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

**ROSTER OF OFFICIALS**

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Matthew Davis	Vice President	2019
Laurie Hance		2019
Westley Hackman		2019
Matthew Walker		2019
Joseph Somers		2020
Caitlin Witucki		2020
Lorraine Scheibener	President	2020
Timothy McGuire		2021
James Muller		2021

Other Officials:

Stephanie Snyder, Superintendent

Brian McCarthy, Board Secretary/School Business Administrator

Patti Fischer, Treasurer

**HOLLAND TOWNSHIP SCHOOL DISTRICT  
CONSULTANTS AND ADVISORS**

**Auditor Firm**

Suplee, Clooney & Company

308 East Broad Street

Westfield, NJ 07090

**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

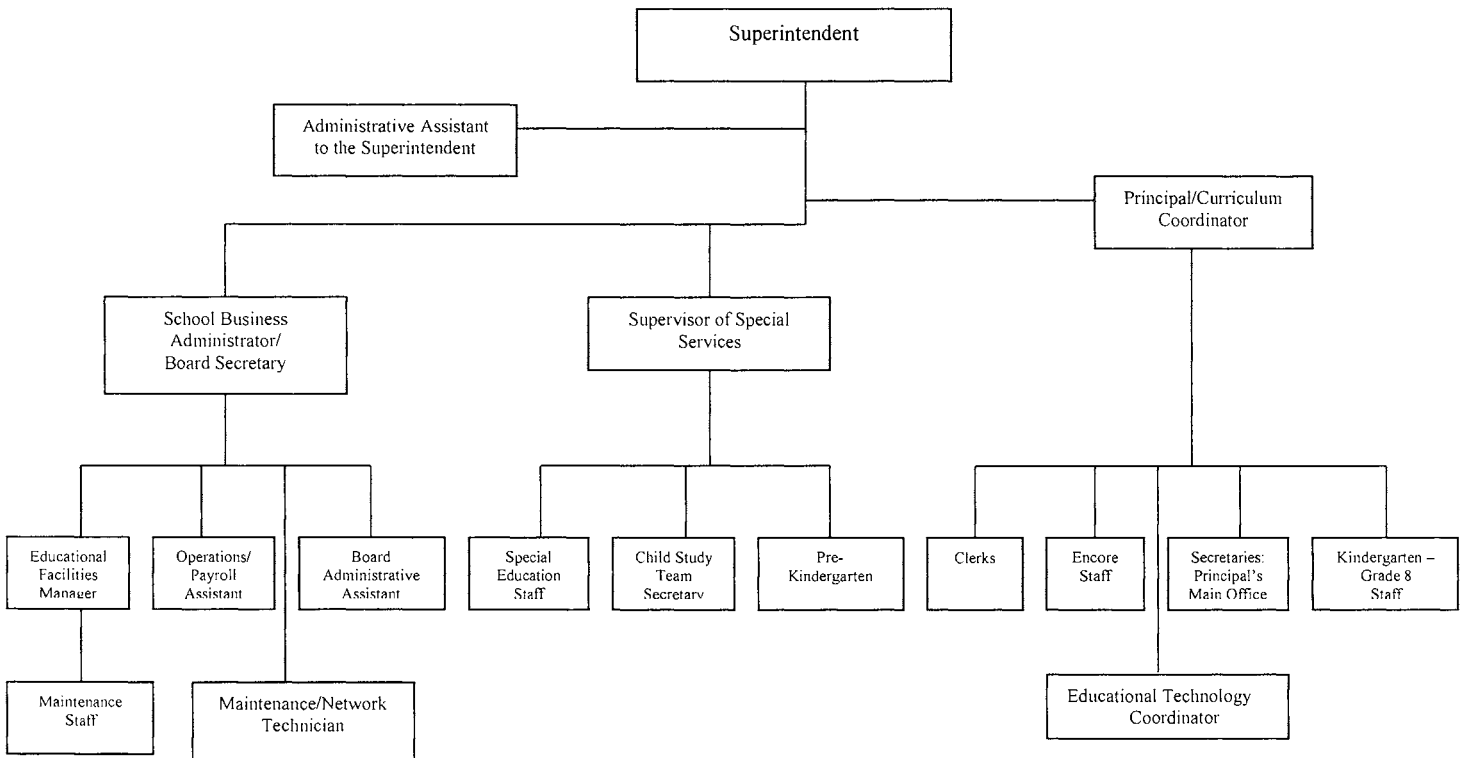
**Official Depository**

Investors Savings Bank

3563 Highway 22 North

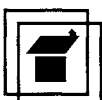
Whitehouse, NJ 08888

## 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



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**FINANCIAL SECTION**



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail [info@scnco.com](mailto:info@scnco.com)

## **INDEPENDENT AUDITOR'S REPORT**

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

### ***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, County of Hunterdon, New Jersey as of and for the year ended June 30, 2019, 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 due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey, issued by the State of New Jersey *OMB Circular 15-08* "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

## **SUPLEE, CLOONEY & COMPANY**

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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***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, County of Hunterdon, New Jersey as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information in Exhibit C-1 through C-3, the schedules related to accounting and reporting for pensions in Exhibit L-1 through L-4 and the schedule related to accounting and reporting for postretirement benefits other than pensions (OPEB) in Exhibit M-1 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.

# SUPLEE, CLOONEY & COMPANY

## *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Holland Township School District's basic financial statements. The accompanying supplementary information schedules such as the introductory section, combining statements and individual fund financial statements, the statistical section and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 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, and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.


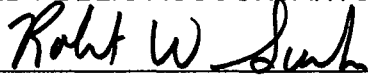
The other information, such as the introductory and statistical sections, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

## ***Prior Period Financial Statements***

The financial statements of the Holland Township School District as of June 30, 2018, were audited by other auditors whose report dated February 21, 2019, expressed an unmodified opinion on those financial statements.

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

In accordance with Government Auditing Standards, we have also issued our report dated November 15, 2019 on our consideration of the Holland Township School 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 effectiveness of the Holland Township School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Holland Township School District's internal control over financial reporting and compliance.

  
CERTIFIED PUBLIC ACCOUNTANTS  
  
PUBLIC SCHOOL ACCOUNTANT NO. 948

November 15, 2019

**REQUIRED SUPPLEMENTARY INFORMATION – Part I**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019  
UNAUDITED**

The Management's Discussion and Analysis of the Holland Township School District (the "District") offers readers of the District's financial statements a narrative overview of the financial activities for the fiscal year ended June 30, 2019. The intent of this discussion is to look at the District's financial performance as a whole; therefore readers should also review the transmittal letter at the front of this report, along with the District's financial statements and notes to the financial statements to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the Required Supplementary Information (RSI) specified in the Governmental Accounting Standards Board's (GASB) Statement Number 34, Basic Financial Statements and Management's Discussion and Analysis of State and Local Governments issued in June 1999. Certain comparative information between the current fiscal year (2018-2019) and the prior fiscal year (2017-2018) is required to be presented in the MD&A.

**Financial Highlights**

- Revenue from governmental activities accounted for \$3,169,944.82 or 95.7 percent of total school district revenue. The other 4.3 percent of revenue was generated by the business type activities.
- The District's net position for governmental activities increased by \$311,962.80.

**Overview of the Financial Statements**

This Comprehensive Annual Financial Report ("CAFR") 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, District-wide Financial Statements and Fund Financial Statements.

- District-wide Financial Statements provide both short-term and long-term information about the District's overall financial status.
- Fund Financial Statements report the District's operations in more detail than the District-wide statements on individual parts of the District, the Governmental Funds, Proprietary Funds and Fiduciary Funds.
- Governmental Funds Statements tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- Proprietary Funds Statements offer short and long-term financial information about the activities the District operates like a business, which include food services.
- Fiduciary Funds Statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019  
UNAUDITED**

The notes to financial statements are also included, which are an integral part of the financial statements. The information in the notes provides detailed data on the District's financial operations.

Required supplementary information further explains and supports the financial statements with a comparison of the District's budget for the year. Exhibit A-1 reflects how the various parts of this annual report are arranged and related to one another.

**District-wide Financial Statements**

The District-wide Financial Statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net positions includes all of the District's assets and liabilities. All current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or disbursed.

The District-wide Financial Statements report the District's net positions and how they have changed. Net positions, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net positions are an indicator of whether its financial position has improved or diminished. The causes of this change may be a result of many factors, some financial and some not. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the District-wide Financial Statements, the District's activities are divided into two categories, governmental and business-type activities.

- Governmental activities - All of the District's programs and services are reported here including, but not limited to regular and special education instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities. Property taxes and state formula aid finance most of these activities.
- Business-type activities - These services are provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. District charges fees to help it cover the costs of certain services it provided. The food service activities (i.e. food, commodities and supplies) are reported as business activities.



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019  
UNAUDITED**

**Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on major funds. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes (i.e. long-term debt) or to show that it is properly using certain restricted revenues (i.e. entitlement grants).

The District maintains three financial funds:

- **Governmental Funds:** The District's activities reported in governmental funds focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting that 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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the government-wide Statement of Net Position and Statement of Activities) and governmental funds statements is reconciled in the financial statements.
- **Proprietary Funds:** Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide financial statements. The District's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flow.
- **Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others, such as the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

**Financial Analysis of the District as a Whole**

The District's combined net positions have increased from the 2017-2018 fiscal year. The net positions from governmental funds increased \$311,962.80. Net positions from business-type activities decreased \$4,638.34. Table A-1 below reflects the District's net positions as a whole. Table A-2 reflects the changes in net positions from operating results.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019  
UNAUDITED**

**Table A-1  
Condensed Statement of Net Positions**

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	FY 2019	FY 2018 (Restated)	FY 2019	FY 2018	FY 2019	FY 2018 (Restated)	Change
Current and Other Assets	\$3,813,149.38	\$4,950,016.00	\$15,018.95	\$15,223.00	\$3,828,168.33	\$4,965,239.00	-22.90%
Capital Assets	5,977,584.32	6,129,485.00	17,267.16	19,447.00	5,994,851.48	6,148,932.00	-2.51%
Total Assets	9,790,733.70	11,079,501.00	32,286.11	34,670.00	9,823,019.81	11,114,171.00	-11.62%
Deferred Outflows Pension Related	811,565.00	1,021,888.00			811,565.00	1,021,888.00	-20.58%
Total Deferred Outflows	811,565.00	1,021,888.00	-	-	811,565.00	1,021,888.00	-20.58%
Long-Term Liabilities	3,241,437.67	4,006,407.00			3,241,437.67	4,006,407.00	-19.09%
Short-Term Liabilities	445,441.44	1,765,119.00	15,385.61	13,131.00	460,827.05	1,778,250.00	-74.09%
Total Liabilities	3,686,879.11	5,771,526.00	15,385.61	13,131.00	3,702,264.72	5,784,657.00	-36.00%
Deferred Inflows Pension Related	1,137,162.00	863,568.00			1,137,162.00	863,568.00	31.68%
Total Deferred Outflows	1,137,162.00	863,568.00	-	-	1,137,162.00	863,568.00	31.68%
Net Positions:							
Net Investment In Capital Assets	5,977,584.32	6,129,485.00	17,267.16	19,447.00	5,994,851.48	6,148,932.00	-2.51%
Restricted	2,605,489.21	2,365,470.00			2,605,489.21	2,365,470.00	10.15%
Unrestricted (Deficit)	(2,804,815.94)	(3,028,660.00)	(366.66)	2,092.00	(2,805,182.60)	(3,026,568.00)	-7.31%
Total Net Positions	\$5,778,257.59	\$5,466,295.00	\$16,900.50	\$21,539.00	\$5,795,158.09	\$5,487,834.00	5.60%

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019  
UNAUDITED**

**Table A-2  
Changes in Net Positions from Operating Results**

	<u>FY 2019</u>	<u>FY 2018</u>
Revenue:		
Program Revenue:		
Charges for Services	\$103,230.55	\$185,369.00
Operating Grants and Contributions	3,206,564.53	234,004.00
General Revenue:		
Property Taxes	9,025,784.00	8,943,061.00
Federal and State Aid	1,923,566.00	6,925,071.00
Other	<u>207,757.19</u>	<u>63,684.00</u>
Total Revenue	<u>14,466,902.27</u>	<u>16,351,189.00</u>
Expenses/Indirect Allocations:		
Instruction	9,327,137.24	10,551,134.00
Student & Instructional Related Services	1,967,945.92	2,556,621.00
Administrative and Business	1,122,412.93	1,295,141.00
Maintenance & Operations	1,060,315.71	1,394,877.00
Transportation	537,018.38	374,288.00
Other	<u>144,747.63</u>	<u>208,553.00</u>
Total Expenses	<u>14,159,577.81</u>	<u>16,380,614.00</u>
Increase/(Decrease) in Net Positions	<u>\$307,324.46</u>	<u>(\$29,425.00)</u>

**Sources of Revenue for Fiscal Year 2019**

The District's total revenue for the 2018-2019 school year was \$14,466,902.27 as reflected in Table A-3 below. Property taxes accounted for 62.4 percent of the total revenue with the other 37.6 percent consisting of federal & state aid, charges for service, operating grants & contributions, and miscellaneous sources.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019  
UNAUDITED**

**Table A-3  
Sources of Revenue**

<u>Sources of Revenue</u>	<u>FY 2019</u>		<u>FY 2018</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Property Taxes	\$9,025,784.00	62.4%	\$8,943,061.00	54.7%
Federal & State Aid Unrestricted	1,923,566.00	13.3%	6,925,071.00	42.4%
Operating Grants & Contributions	3,206,564.53	22.2%	234,004.00	1.4%
Charges for Services	103,230.55	0.7%	185,369.00	1.1%
Other Sources	207,757.19	1.4%	63,684.00	0.4%
	<u>\$14,466,902.27</u>	<u>100.0%</u>	<u>\$16,351,189.00</u>	<u>100.0%</u>

**Expenses & Indirect Costs Allocated for the Fiscal Year 2019**

The total expenditures for the 2018-2019 fiscal year for all programs and services were \$14,159,577.81. Table A-4 below summarizes these program costs. The District's expenses are predominantly related to instructing, providing services and transporting students, grades kindergarten through eight, which accounts for 83.6 percent of the total District costs. Administrative and business expenses account for the costs of the Office of the Superintendent of Schools, the Business Office, and the Principal's Offices in both school buildings. Maintenance and operations account for the costs of keeping the school buildings and grounds safe, clean and in good operating condition, and includes all the utility costs related to the school facilities. Other costs may include interest on long-term debt when applicable, unallocated depreciation expense and the costs of the business-type activities of the proprietary funds.

**Table A-4  
Expenses & Indirect Costs Allocated**

<u>Expense Category</u>	<u>FY 2019</u>		<u>FY 2018</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Instruction	\$9,327,137.24	65.9%	\$10,551,134.00	64.4%
Student & Instructional Related Services	1,967,945.92	13.9%	2,556,621.00	15.6%
Administrative and Business	1,122,412.93	7.9%	1,295,141.00	7.9%
Maintenance & Operations	1,060,315.71	7.5%	1,394,877.00	8.5%
Transportation	537,018.38	3.8%	374,288.00	2.3%
Other	144,747.63	1.0%	208,553.00	1.3%
	<u>\$14,159,577.81</u>	<u>100.0%</u>	<u>\$16,380,614.00</u>	<u>100.0%</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019  
UNAUDITED**

**Governmental Activities**

Table A-5 presents the net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs) of six major District activities: instruction, student and instructional services, administration and business, maintenance and operations, transportation, and other. The net cost shows the financial burden placed on the District's taxpayers and the state by each of these functions.

**Table A-5  
Net Cost of Governmental Activities**

<u>Function/Program</u>	<u>FY 2019</u>		<u>FY 2018</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Instruction	\$6,559,703.12	60.4%	\$10,433,268.00	65.4%
Student & Instruction Related Services	1,711,721.88	15.8%	2,410,899.00	15.1%
Administrative and Business	1,018,940.80	9.4%	1,295,141.00	8.1%
Maintenance & Operations	1,023,712.74	9.4%	1,384,792.00	8.7%
Transportation	530,806.82	4.9%	374,288.00	2.3%
Other	4,897.37	0.0%	62,853.00	0.4%
	<u>\$10,849,782.73</u>	<u>100.0%</u>	<u>\$15,961,241.00</u>	<u>100.0%</u>

**General Fund Budgeting Highlights**

The District's budget is prepared according to New Jersey Statutes and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting.

Over the course of the year, the Board of Education approved revisions to the general fund budget as needed. These budget amendments were necessary for the following reasons:

- Realign budgeted salary accounts as needed to account for staff transfers to various programs.
- Realigned appropriations in accordance with the prescribed chart of accounts as modified by the comprehensive educational improvement and financing act.
- Transferred from unexpended appropriations to purchase teaching materials and equipment to meet various program needs.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019  
UNAUDITED**

**Capital Assets**

Table A-6 reflects the comparative balances of capital assets net of depreciation. The detail of the changes in capital assets is reflected in Note 3 to the financial statements.

**Table A-6  
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018	
Land	\$347,800.00	\$347,800.00			\$347,800.00	\$347,800.00	0.0%
Construction in Progress	50,195.44	17,500.00			50,195.44	17,500.00	186.8%
Land Improvements	81,926.02	87,211.00			81,926.02	87,211.00	-6.1%
Building & Improvements	5,009,621.60	5,358,477.00			5,009,621.60	5,358,477.00	-6.5%
Furniture & Equipment	488,041.26	318,497.00	\$17,267.54	\$19,446.78	505,308.80	337,943.78	49.5%
<b>Total Assets</b>	<b>\$5,977,584.32</b>	<b>\$6,129,485.00</b>	<b>\$17,267.54</b>	<b>\$19,446.78</b>	<b>\$5,994,851.86</b>	<b>\$6,148,931.78</b>	<b>-2.5%</b>

**Debt Administration**

At June 30, 2019 the District had \$3,241,437.67 of outstanding long-term debt, consisting of net pension liability and compensated absences. The District will continue to pay down its debt, as the obligations are due. Table A-7 reflects the comparison of outstanding debt for the past two fiscal years. More information of the District's long-term debt is presented in Note 4 to the financial statements.

**Table A-7  
Outstanding Long-term Debt**

	Total School Debt		Total Percentage Change
	FY 2019	FY 2018	
Compensated Absences	\$164,027.67	\$441,825.00	-62.87%
Net Pension Liability	3,077,410.00	3,564,582.00	-13.67%
	<b>\$3,241,437.67</b>	<b>\$4,006,407.00</b>	<b>-19.09%</b>

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School 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 information, contact Brian McCarthy, Business Administrator/Board Secretary's office, Holland Township School District, 714 Milford-Warren Glen Road, Milford, New Jersey 08848. Also, please visit our website to learn more about our School District.

## **BASIC FINANCIAL STATEMENTS**

The basic financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2019.

**DISTRICT-WIDE FINANCIAL STATEMENTS**

The statement of net positions 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 POSITIONS  
JUNE 30, 2019

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,544,710.44	\$ 7,982.28	\$ 1,552,692.72
Receivables, net	115,333.22	3,554.33	118,887.55
Due from other funds	20,722.51		20,722.51
Inventory		3,482.34	3,482.34
Restricted assets:			
Restricted cash and cash equivalents	2,132,383.21		2,132,383.21
Capital assets:			
Land	347,800.00		347,800.00
Other capital assets, net	5,629,784.32	17,267.16	5,647,051.48
Total assets	<u>\$ 9,790,733.70</u>	<u>\$ 32,286.11</u>	<u>\$ 9,823,019.81</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Related to pensions	\$ 811,565.00	\$	\$ 811,565.00
Total deferred outflow of resources	<u>\$ 811,565.00</u>	<u>\$</u>	<u>\$ 811,565.00</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 425,816.44	\$ 1,145.74	\$ 426,962.18
Due to other funds		8,743.00	8,743.00
Unearned revenue	19,625.00	5,496.87	25,121.87
Noncurrent liabilities:			
Due beyond one year:			
Compensated absences payable	164,027.67		164,027.67
Net pension liability	3,077,410.00		3,077,410.00
Total liabilities	<u>\$ 3,686,879.11</u>	<u>\$ 15,385.61</u>	<u>\$ 3,702,264.72</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Related to pensions	\$ 1,137,162.00	\$	\$ 1,137,162.00
Total deferred inflow of resources	<u>\$ 1,137,162.00</u>	<u>\$</u>	<u>\$ 1,137,162.00</u>
Net investment in capital assets	\$ 5,977,584.32	\$ 17,267.16	\$ 5,994,851.48
Restricted for:			
Other purposes	2,605,489.21		2,605,489.21
Unrestricted (Deficit)	<u>(2,804,815.94)</u>	<u>(366.66)</u>	<u>(2,805,182.60)</u>
Total net positions	<u>\$ 5,778,257.59</u>	<u>\$ 16,900.50</u>	<u>\$ 5,795,158.09</u>

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



**MAJOR FUND FINANCIAL STATEMENTS**

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

HOLLAND TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019

ASSETS AND OTHER DEBITS:	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Assets:			
Cash and cash equivalents	\$ 3,675,093.65	\$ 2,000.00	\$ 3,677,093.65
Accounts receivable:			
State	115,333.22		115,333.22
Interfunds	<u>20,722.51</u>		<u>20,722.51</u>
Total assets	<u>\$ 3,811,149.38</u>	<u>\$ 2,000.00</u>	<u>\$ 3,813,149.38</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts payable	\$ 264,161.44	\$	\$ 264,161.44
Unearned revenue	<u>17,625.00</u>	<u>2,000.00</u>	<u>19,625.00</u>
Total liabilities	<u>\$ 281,786.44</u>	<u>\$ 2,000.00</u>	<u>\$ 283,786.44</u>
Fund balances:			
Restricted for:			
Capital reserve account	\$ 1,467,633.84	\$	\$ 1,467,633.84
Emergency reserve account	90,096.00		90,096.00
Maintenance reserve account	574,653.37		574,653.37
Excess surplus-current year	250,000.00		250,000.00
Excess surplus designated for subsequent years expenditures	223,106.00		223,106.00
Assigned for:			
Year-end encumbrances	740,847.73		740,847.73
Unassigned	<u>183,026.00</u>		<u>183,026.00</u>
Total fund balances	<u>\$ 3,529,362.94</u>	<u>\$</u>	<u>\$ 3,529,362.94</u>
Total liabilities and fund balances	<u>\$ 3,811,149.38</u>	<u>\$ 2,000.00</u>	<u>\$ 3,813,149.38</u>

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

HOLLAND TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019

Total Fund Balances (Brought Forward)	\$	3,529,362.94
Amounts Reported for Governmental Activities in the Statement of Net Assets (A-1) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Cost of Assets	\$	14,972,360.70
Accumulated Depreciation		<u>(8,994,776.38)</u>
		5,977,584.32
Long term liabilities, including bonds payable, and other related amounts that are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Net Pension Liability	\$	(3,077,410.00)
Compensated absences payable		<u>(164,027.67)</u>
		(3,241,437.67)
Deferred outflows and inflows of resources are applicable to future periods and therefore are not reported in the funds.		
Deferred outflows:		
Pension related		811,565.00
Deferred inflows:		
Pension related		(1,137,162.00)
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.		
Account payable - pension related		<u>(161,655.00)</u>
Net Positions of Governmental Activities	\$	<u><u>5,778,257.59</u></u>

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

HOLLAND TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	GENERAL FUND	SPECIAL REVENUE FUND	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>			
Local sources:			
Local tax levy	\$ 9,025,784.00	\$	\$ 9,025,784.00
Tuition	132,005.56		132,005.56
Miscellaneous revenues	60,164.30	307.89	60,472.19
Interest earned on capital reserve	15,328.30		15,328.30
<b>Total revenues-local sources</b>	<b>\$ 9,233,282.16</b>	<b>\$ 307.89</b>	<b>\$ 9,233,590.05</b>
State sources	\$ 3,471,208.73	\$	\$ 3,471,208.73
Federal sources		226,539.20	226,539.20
<b>Total revenues</b>	<b>\$ 12,704,490.89</b>	<b>\$ 226,847.09</b>	<b>\$ 12,931,337.98</b>
<b>EXPENDITURES:</b>			
Current expense:			
Instruction:			
Regular	\$ 2,889,561.88	\$	\$ 2,889,561.88
Special education	1,480,789.61	78,253.09	1,559,042.70
Other instruction	196,574.35		196,574.35
Support services:			
Tuition	263,747.62		263,747.62
Student and instruction related services	1,258,991.49	148,594.00	1,407,585.49
General administrative services	325,185.97		325,185.97
School administrative services	157,479.03		157,479.03
Central services	221,060.37		221,060.37
Plant operations and maintenance	878,468.33		878,468.33
Student transportation services	474,257.58		474,257.58
Employee benefits	4,071,998.81		4,071,998.81
Capital outlay	297,374.70		297,374.70
<b>Total expenditures</b>	<b>\$ 12,515,489.74</b>	<b>\$ 226,847.09</b>	<b>\$ 12,742,336.83</b>
Excess (deficiency) of revenues over (under) expenditures	\$ 189,001.15	\$	\$ 189,001.15
Net change in fund balances	\$ 189,001.15	\$	\$ 189,001.15
Fund balances, July 1, 2018	\$ 3,340,361.79	\$	\$ 3,340,361.79
Fund balances, June 30, 2019	\$ 3,529,362.94	\$	\$ 3,529,362.94

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

HOLLAND TOWNSHIP SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Total net change in fund balances - governmental funds (from B-2) \$ 189,001.15

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

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

Depreciation expense	\$ (434,226.38)	
Capital outlays-Capitalized (net)	<u>282,325.70</u>	(151,900.68)

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

District pension contributions	155,466.00	
Less: Pension expense	<u>(158,401.00)</u>	(2,935.00)

In the statement of activities, certain expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In 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 (+).

277,797.33

Change in net assets of governmental activities \$ 311,962.80

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

OTHER FUNDS



EXHIBIT "B-4"

HOLLAND TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS - ENTERPRISE FUNDS  
JUNE 30, 2019

	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u> <u>ENTERPRISE FUND</u> <u>FOOD</u> <u>SERVICE</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 7,982.28
Accounts receivable:	
State	77.49
Federal	1,185.36
Other	2,291.48
Inventories	<u>3,482.34</u>
Total current assets	<u>\$ 15,018.95</u>
Noncurrent assets:	
Furniture, machinery & equipment	\$ 44,988.00
Less accumulated depreciation	<u>(27,720.84)</u>
Total noncurrent assets	<u>\$ 17,267.16</u>
Total assets	<u><u>\$ 32,286.11</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts Payable	\$ 1,145.74
Interfunds Payable	8,743.00
Unearned revenue	<u>5,496.87</u>
Total current liabilities	<u>\$ 15,385.61</u>
Total liabilities	<u>\$ 15,385.61</u>
<b>NET POSITION</b>	
Net investment in capital assets	\$ 17,267.16
Unrestricted (Deficit)	<u>(366.66)</u>
Total net position	<u><u>\$ 16,900.50</u></u>

EXHIBIT "B-5"

HOLLAND TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS - ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

		<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u> <u>ENTERPRISE FUND</u> <u>FOOD</u> <u>SERVICE</u>
<b>OPERATING REVENUES:</b>		
Charges for services:		
Daily sales	\$	70,874.55
Daily sales-non reimbursable		<u>32,356.00</u>
Total operating revenues	\$	<u>103,230.55</u>
<b>OPERATING EXPENSES:</b>		
Cost of sales-reimbursable	\$	55,811.16
Cost of sales-non reimbursable		10,080.00
Salaries		52,490.77
Employee benefits		12,953.36
Other purchased services		8,500.00
Miscellaneous		2,733.10
Depreciation		<u>2,179.24</u>
Total operating expenses	\$	<u>144,747.63</u>
Operating income (loss)	\$	<u>(41,517.08)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
State sources		
State school lunch program	\$	1,408.12
Federal sources		
National school lunch program		22,126.85
National food distribution commodities		13,084.74
Interest and investment revenue		<u>259.03</u>
Total nonoperating revenues (expenses)	\$	<u>36,878.74</u>
Change in net position	\$	(4,638.34)
Total net position - July 1		<u>21,538.84</u>
Total net position - June 30	\$	<u><u>16,900.50</u></u>

## EXHIBIT "B-6"

HOLLAND TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS - ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

		<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND FOOD SERVICE</u>
Cash flows from operating activities:		
Receipts from customers	\$	103,590.87
Payments to employees		(52,490.77)
Payments to employee benefits		(12,953.36)
Payment to suppliers		<u>(86,362.37)</u>
Net cash provided (used for) by operating activities	\$	<u>(48,215.63)</u>
Cash flows from noncapital financing activities:		
State sources	\$	1,446.38
Federal sources		<u>36,065.29</u>
Net cash provided by (used for) noncapital financing activities	\$	<u>37,511.67</u>
Cash flows from investing activities:		
Interest on investments	\$	<u>259.03</u>
Net cash provided by (used for) investing activities	\$	<u>259.03</u>
Net increase (decrease) in cash and cash equivalents	\$	(10,444.93)
Cash and cash equivalents- July 1		<u>18,427.21</u>
Cash and cash equivalents- June 30	\$	<u><u>7,982.28</u></u>
Operating income (loss)	\$	(41,517.08)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:		
Depreciation		2,179.24
Change in assets and liabilities:		
(Increase) Decrease in inventory		97.66
(Increase) Decrease in accounts receivable		(2,291.48)
Increase (Decrease) in accounts payable		(7,044.29)
Increase (Decrease) in unearned revenue		<u>360.32</u>
Net cash provided (used) by operating activities	\$	<u><u>(48,215.63)</u></u>

HOLLAND TOWNSHIP SCHOOL DISTRICT  
STATEMENTS OF FIDUCIARY NET POSITIONS  
JUNE 30, 2019

	<u>AGENCY FUNDS</u>		<u>STATE</u>
	<u>STUDENT</u> <u>ACTIVITY</u>	<u>PAYROLL</u>	<u>UNEMPLOYMENT</u> <u>COMPENSATION</u> <u>TRUST</u>
ASSETS:			
Cash and cash equivalents	\$ <u>54,144.23</u>	\$ <u>21,202.08</u>	\$ <u>66,571.49</u>
Total assets	\$ <u>54,144.23</u>	\$ <u>21,202.08</u>	\$ <u>66,571.49</u>
LIABILITIES:			
Payroll deductions payable	\$	\$ 9,222.57	\$
Interfunds payable		11,979.51	
Due to student groups	<u>54,144.23</u>		
Total liabilities	\$ <u>54,144.23</u>	\$ <u>21,202.08</u>	\$
NET POSITIONS:			
Held in trust for state unemployment	\$	\$	\$ <u>66,571.49</u>
Total net positions	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>66,571.49</u></u>

HOLLAND TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITIONS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>STATE UNEMPLOYMENT COMPENSATION TRUST</u>
ADDITIONS:	
Contributions:	
Employee deductions	\$ 10,174.49
Total contributions	<u>\$ 10,174.49</u>
Investment earnings:	
Interest	\$ 885.59
Net investment earnings	<u>\$ 885.59</u>
Total additions	<u>\$ 11,060.08</u>
DEDUCTIONS:	
Unemployment claims	\$ 18,498.59
Total deductions	<u>\$ 18,498.59</u>
Change in net positions	<u>\$ (7,438.51)</u>
Net positions - July 1	<u>\$ 74,010.00</u>
Net positions - June 30	<u><u>\$ 66,571.49</u></u>

**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Reporting Entity**

The Holland Township School District is a Type II District located in Hunterdon County, New Jersey. The District is an instrumentality of the State of New Jersey, established to function as an educational institution. The District is governed by a nine member board elected to three-year terms and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The primary criterion for including activities within the District's reporting entity are set forth in Statement No. 39 of the Governmental Accounting Standards Board entitled "*Determining Whether Certain Organizations are Component Units*" (GASB 39) as codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

Organizations that are legally separate, tax-exempt entities and that meet *all* of the following criteria should be discreetly presented as component units. These criteria are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources of the organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include one elementary school. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation**

The District's basic financial statements consist of District-wide statements, including a Statement of Net Positions and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

District-Wide Statements: The Statement of Net Position and the Statement of Activities display information about the District as a whole. 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 generally between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Net Position presents the financial condition of the governmental and business-type activity of the District at fiscal year end. The Statement of Activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as generally revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements: During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Governmental Fund Types**

**General Fund** - The general fund is the general operating fund of the District. It 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.

**Special Revenue Fund** – The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

**Capital Projects Fund** - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (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, funds appropriated from the General Fund, and from aid provided by the State to offset the cost of approved capital projects.

**Debt Service Fund** – Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.



**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Proprietary Fund**

**Enterprise Fund** - The enterprise fund accounts for all revenues and expenses pertaining to cafeteria operations. The food service 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.

**Fiduciary Fund Types -**

**Agency Funds** - The agency funds are used to account for assets held by the district on behalf of others and are custodial in nature. The agency funds included in this category are as follows:

**Unemployment Compensation Insurance Trust Fund** - A trust fund used to account for assets to finance the costs of unemployment benefits. Since the Board has adopted the direct reimbursement method, the District is under obligation to appropriate sufficient funds out of its general fund and hold them in trust for this purpose.

**Payroll and Student Activities Funds (Agency)** - These are agency funds used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

**Basis of Accounting - Measurement Focus**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting - Measurement Focus (Continued)**

The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transactions can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Account Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

**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. In accordance with P.L. 2011, c. 202, which became effective January 17, 2012, the District elected to move the School Board election to the date of the November general election thereby eliminating the vote on the annual base budget unless required by the mandated State budget CAP. 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. 6A:23-2.2(f)1. Expenditures may not legally exceed budgeted appropriations at the line item level. All budget amendments and transfers must be approved by School Board resolution. Budget amendments during the year ended June 30, 2019 totaled net \$61,558.00, representing prior unbudgeted state aids and other allowable approved modifications. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets/Budgetary Control (Continued)**

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated 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 records.

**Encumbrance Accounting**

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 assigned 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 and capital projects 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.

**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Interfunds**

Interfund receivables and payables arise from transactions between particular funds and are considered short term in duration. The interfund transactions are recorded by all funds affected in the period in which the transactions are executed and are part of the district's available expendable resources.

**Inventories and Prepaid Expenses**

Inventories of materials and supplies held for consumption in the governmental funds are recorded as expenditures at the time of purchase and year end balances are not reported in the financial statements.

Inventories of food and/or supplies in the food service fund are recorded at cost on a first-in, first-out basis or, in the case of Food Distribution Commodities, at stated value which approximates market.

Prepaid expenses which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure in the year of purchase.

**Capital Assets**

The District has an established formal system of accounting for its capital assets. Capital Assets used for governmental purposes, which include land, buildings and improvements, and furniture and equipment, are only reported in the district-wide financial statements. The District generally defines capital assets as assets with an initial cost of \$2,000.00 or more and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their acquisition values on the date received. 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. In fiscal year 2016, the District implemented GASB 72. The objective of this is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurement. These improvements are based in part on the concepts and definitions established in Concepts Statement No. 6, Measurement of Elements of Financial Statements, and other relevant literature. Capital assets are depreciated in the district-wide statements using the straight-line method over the following estimated useful lives:

<b><u>Asset Class</u></b>	<b><u>Estimated Useful Lives</u></b>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office & Computer Equipment	5-10
Instructional Equipment	10
Ground Equipment	15

**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Compensated Absences**

The District accounts for compensated absences (e.g., unused sick days) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of sick days in accordance with the District's employment contract and 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 District's agreements with the various employees unions.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick days that are expected to become eligible for payment upon retirement. The District estimates its accrued compensated absences liability based on the accumulated sick days at the balance sheet date by those employees who are currently eligible to receive retirement payments.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

**Fund Equity**

Fund balance restrictions are used to indicate that portion of the fund balance that is not available for expenditures or is legally segregated for a specific future use. Designations of portions of the fund balances are established to indicate tentative plans for financial utilization in a future period. The unassigned fund balances represent the amount available for future budgetary operations.

Unassigned net position represent the remains of the District's equity in the cumulative earnings of the food service fund.

**Unearned Revenue**

Unearned revenue in the special revenue and capital projects funds represents funds which have been received but not yet earned. A corresponding accounts receivable has also been established for any open encumbrances at year end which is an allowable under generally accepted accounting principles.

**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

**Net Position**

GASB 63 provides guidance for reporting net position in the statement of financial position and related disclosures. Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. 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. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

**Fund Balance Reserves**

Under GASB 54, in the fund financial statements, governmental funds report the following classifications of fund balance:

*Non-Spendable* – includes amounts that cannot be spend 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. The District reports the Capital Reserve, Emergency Reserve, Maintenance Reserve, Tuition Reserve, and Excess Surplus as Restricted Fund Balance.

**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balance Reserves (Continued)**

*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 amount 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. The District reports Year End Encumbrances and amounts Designated for Subsequent Year's Expenditures as Assigned Fund Balance.

*Unassigned* – is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

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

**Revenues Exchange and Non-Exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenues Exchange and Non-Exchange Transactions (Continued)**

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from property taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

**Proprietary Funds Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District enterprise funds are charges to customers for sales of food service. Operating expenses for enterprise funds include the cost of sales and services, administrative expense and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Allocation of Indirect Expenses**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of the program. Depreciation expense, where practicable, is specifically identified by function in the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately in the Statement of Activities.



**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Extraordinary and Special Items**

Extraordinary items are transactions or events that are unusual in nature and infrequent of occurrence. Special items are transactions or events that are within control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

**Management Estimates**

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

**Accounting and Financial Reporting for Pensions**

In the District-Wide Financial Statements for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's proportionate share of the New Jersey Public Employees Retirement System ("PERS") and the Teachers' Pension and Annuity Fund ("TPAF") and the additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they were reported by PERS and TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the Governmental Fund Financial Statements the year end Net pension liability is not required to be reflected. Pension related revenues and expenditures are reflected based on amounts that are normally expected to be liquidated with available financial resources for required pension contributions. Expenditures for PERS are recognized based upon billings made by the State of New Jersey due April 1<sup>st</sup> of each fiscal year. TPAF contributions are paid on the District's behalf by the State of New Jersey. The Governmental Fund Financial Statements reflects both a revenue and expenses for this pension contribution.

**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial 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 only two items that qualify for reporting in this category, deferred amounts from refunding debt and deferred amounts related to pensions.

In addition to liabilities, the statement of financial 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies in this category: deferred amounts related to pension.

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS**

The Board considers petty cash, change funds, cash in banks, certificates of deposits, deposits in the New Jersey Cash Management Fund, deposits in the governmental money market fund, deposits in the New Jersey Asset and Rebate Management Program and short term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at cost, which approximates market.

**Deposits**

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a Banking Institution that is a member of the Federal Reserve System, and has capital funds of not less than \$25,000,000.00. Under (GUDPA), 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 the deposits to the governmental unit.

**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Deposits (Continued)**

The Holland Township School District had the following cash and cash equivalents at June 30, 2019:

	<b><u>Cash in</u></b>	<b><u>Reconciling</u></b>	<b><u>Reported</u></b>
	<b><u>Bank</u></b>	<b><u>Items</u></b>	<b><u>Total</u></b>
General Fund	\$ 4,079,445.70	\$ (\$404,352.05)	\$ 3,675,093.65
Special Revenue Fund	2,000.00		2,000.00
Enterprise Fund	7,982.28		7,982.28
Fiduciary Fund	161,880.68	(19,962.85)	141,917.83
	<u>\$ 4,251,308.66</u>	<u>(\$424,314.90)</u>	<u>\$ 3,826,993.76</u>

**Custodial Credit Risk – Deposits** – Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2019, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank, \$250,000.00 was covered by Federal Depository Insurance and \$4,001,308.66 was covered under the provisions of NJGUDPA.

**Investments**

The purchase of investments by the Board is strictly limited by the express authority of the N.J.S.A. 18A:20-37 Education, Administration of School Districts. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. These funds are also required to be rated by a nationally recognized statistical rating organization.

**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by School Districts;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
  - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
  - b. the custody of collateral is transferred to a third party;
  - c. the maturity of the agreement is not more than 30 days;
  - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
  - e. a master repurchase agreement providing for the custody and security of collateral is executed.

**Holland Township School District**  
**Notes to the Financial Statements**  
June 30, 2019

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

At June 30, 2019, the District had no outstanding investments.

Based upon the limitation set forth by New Jersey Statutes 18A:20-37 and its existing investment practices, the District is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risks for its deposits and investments.

**NOTE 3: CHANGE IN CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Subtractions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 347,800.00	\$	\$	\$ 347,800.00
Construction in progress	<u>17,500.00</u>	<u>32,695.44</u>	<u></u>	<u>50,195.44</u>
Total capital assets that are not depreciated	<u>\$ 365,300.00</u>	<u>\$ 32,695.44</u>	<u>\$</u>	<u>\$ 397,995.44</u>
Capital assets being depreciated:				
Land improvements	\$ 105,711.00	\$	\$	\$ 105,711.00
Building and building improvements	13,566,910.00			13,566,910.00
Vehicles	21,988.00			21,988.00
Machinery and equipment	<u>630,126.00</u>	<u>249,630.26</u>	<u></u>	<u>879,756.26</u>
Total capital assets being depreciated	<u>\$ 14,324,735.00</u>	<u>\$ 249,630.26</u>	<u>\$</u>	<u>\$ 14,574,365.26</u>
Total gross assets	<u>\$ 14,690,035.00</u>	<u>\$ 282,325.70</u>	<u>\$</u>	<u>\$ 14,972,360.70</u>
Less: accumulated depreciation for:				
Land improvements	\$ (18,500.00)	\$ (5,284.98)	\$	\$ (23,784.98)
Building and building improvements	(8,208,433.00)	(348,855.40)		(8,557,288.40)
Vehicles	(21,988.00)			(21,988.00)
Machinery and equipment	<u>(311,629.00)</u>	<u>(80,086.00)</u>	<u></u>	<u>(391,715.00)</u>
	<u>\$ (8,560,550.00)</u>	<u>\$ (434,226.38)</u>	<u>\$</u>	<u>\$ (8,994,776.38)</u>
Governmental activities capital assets, net	<u>\$ 6,129,485.00</u>	<u>\$ (151,900.68)</u>	<u>\$</u>	<u>\$ 5,977,584.32</u>
Business type activities:				
Machinery and equipment	\$ 44,988.38	\$	\$	\$ 44,988.38
Less: accumulated depreciation	<u>(25,541.60)</u>	<u>(2,179.24)</u>	<u></u>	<u>(27,720.84)</u>
Proprietary fund capital assets, net	<u>\$ 19,446.78</u>	<u>\$ (2,179.24)</u>	<u>\$</u>	<u>\$ 17,267.54</u>

**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 4: LONG-TERM LIABILITIES**

Bonds are issued by the District pursuant to the provisions of Title 18A, Education, of the New Jersey Statutes and are required to be approved by the voters of the municipality through referendum. The proceeds of bonds are recorded in the Capital Projects Fund and are restricted to the use for which they were approved in the bond referendum. All bonds are retired in annual installments within the statutory period of usefulness.

School Bonds issued by the District are entitled to and benefit from the provision of the New Jersey School Board Reserve Act P.L. 1980 c.72. Basically, funds are held by the State of New Jersey within its State Fund for the Support of Free Public Schools as a school bond reserve pledged by law to secure payment of principal and interest due on such bonds in the event of the inability of the issuer to make payments.

At June 30, 2019, the District had no bonds or notes authorized but not issued.

The following is a summary of changes in liabilities that effect other long-term obligations for the year ended June 30, 2019.

	Balance <u>6/30/18</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/19</u>	Due Within <u>One Year</u>
Compensated Absences	\$441,825.00		\$277,797.33	\$164,027.67	
Net Pension Liability	<u>3,564,582.00</u>		<u>487,172.00</u>	<u>3,077,410.00</u>	
	<u>\$4,006,407.00</u>	<u>\$ - 0 -</u>	<u>\$764,969.33</u>	<u>\$3,241,437.67</u>	<u>\$ - 0 -</u>

**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 4: LONG-TERM LIABILITIES (CONTINUED)**

Under New Jersey Statutes, the District may incur debt in an amount not to exceed 3% of the averaged equalized valuation basis of real property. For the fiscal year ended June 30, 2019, the District borrowing capacity under N.J.S. 18A:24-19 would be as follows:

<u>Year</u>	<u>Equalized Valuation of Real Property</u>
2018	\$677,537,140.00
2017	667,718,554.00
2016	<u>661,223,419.00</u>
Average equalized valuation of property	<u>\$2,006,479,113.00</u>
School borrowing margin (3% of above)	<u>\$20,064,791.13</u>
Net bonded school debt and authorized but not issued as of June 30, 2019	<u>\$ - 0 -</u>
School borrowing power available	<u>\$20,064,791.13</u>

**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 5: PENSION PLANS**

**Description of Plans** - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

**Teachers' Pension and Annuity Fund (TPAF)** - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund 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 District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**Public Employees' Retirement System (PERS)** - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provision of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**Defined Contribution Retirement Program (DCRP)** - The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.



**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 5: PENSION PLANS (CONTINUED)**

**Significant Legislation**

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

**Pension Plan Design Changes**

Effective June 28, 2011, P.L. 2011, c. 78, new members of TPAF and PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

**Funding Changes**

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30 year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2018 for PFRS), the UAAL will be amortized over a closed 30 year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20 year period.

**COLA Suspension**

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

**Vesting and Benefit Provisions** The vesting and benefit provisions of PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after ten years of service, except for post-retirement healthcare benefits that vest after 25 years of service.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 5: PENSION PLANS (CONTINUED)**

**Contribution Requirements** The contribution policy is set by N.J.S.A. 43:15A and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Effective June 28, 2011, P.L. 2011, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for TPAF and PERS.

Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of TPAF (*i.e.* the State of New Jersey makes the employer contribution on behalf of public school districts).

<u>Three-Year Trend Information for PERS</u>			
<u>Year</u> <u>June 30,</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2019	\$153,390.00	100.00%	\$153,390.00
2018	148,396.00	100.00%	148,396.00
2017	134,942.00	100.00%	134,942.00

During the fiscal years ended June 30, 2019, 2018, and 2017, the State of New Jersey contributed \$854,819.00, \$651,856.00, and \$499,504.00, respectively, excluding post-retirement medical and long-term disability insurance, to the TPAF pension system on behalf of the District.

In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$301,087.73 during the year ended June 30, 2019 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 68.

**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**

**Public Employees Retirement System (PERS)**

At June 30, 2019, the District reported a liability of \$3,077,410.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the District's proportion was 0.0156297000 percent, which was an increase of 0.0003168717 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$158,401.00 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2018 measurement date.

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$58,687	\$15,868
Changes of assumptions	507,106	983,992
Net difference between projected and actual earnings on pension plan investments		28,866
Changes in proportion and differences between District contributions and proportionate share of contributions	84,117	108,436
District contributions subsequent to the measurement date	<u>161,655</u>	<u>                    </u>
	<u>\$811,565</u>	<u>\$1,137,162</u>

The \$811,565.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2019, the plan measurement date is June 30, 2018) will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**

**Public Employees Retirement System (PERS) (Continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	Amount
<u>June 30</u>	
2019	\$16,495
2020	(34,436)
2021	(216,916)
2022	(188,674)
2023	<u>(63,721)</u>
	<u>(\$487,252)</u>

**Actuarial Assumptions**

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. These actuarial valuations used the following assumptions:

Inflation	2.25 Percent
Salary Increases (based on age)	
Through 2026	1.65-4.15 Percent
Thereafter	2.65-5.15 Percent
Investment Rate of Return	7.00 Percent

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 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 Conduent modified 2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Public Employees Retirement System (PERS) (Continued)**

**Actuarial Assumptions (Continued)**

The actuarial assumptions used in the July 1, 2017 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.

**Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018 and 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.

**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Public Employees Retirement System (PERS) (Continued)**

**Actuarial Assumptions (Continued)**

**Long-Term Rate of Return (Continued)**

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Fund	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 Market Equity	11.50%	9.00%
Emerging Market 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 5.66% and 5.00% as of June 30, 2018 and June 30, 2017 respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30, 2018 and June 30, 2017 and a municipal bond rate of 3.87% and 3.58% for June 30, 2018 and June 30, 2017 respectively based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions.

**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Public Employees Retirement System (PERS) (Continued)**

**Actuarial Assumptions (Continued)**

**Discount Rate (Continued)**

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 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 net pension liability as of June 30, 2018, 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-percentage point lower or 1-percentage-point higher than the current rate:

	1% Decrease <u>4.66%</u>	At Current Discount Rate <u>5.66%</u>	1% Increase <u>6.66%</u>
District's proportionate share of the net pension liability	\$3,869,489	\$3,077,410	\$2,412,907

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

**Holland Township School District**  
**Notes to the Financial Statements**  
June 30, 2019

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Teachers Pensions and Annuity Fund (TPAF)**

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 nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2019 was as follows:

Net Pension Liability:	
Districts proportionate share	-0-
State's proportionate share	
associated with the District	<u>\$27,492,761</u>
	<u><u>\$27,492,761</u></u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 which was rolled forward to June 30, 2018. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2018, the proportion of the TPAF net pension liability associated with the District was .0203731763% which was a decrease of .0011927172 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized on-behalf pension expense and revenue of \$1,602,732.00 in the government-wide financial statements for contributions provided by the State. This pension expense and revenue was based on the pension plans June 30, 2018 measurement date.



**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Teachers Pensions and Annuity Fund (TPAF) (Continued)**

**Actuarial Assumptions**

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary increases:	
2011-2026	1.55 - 4.55%
Thereafter	2.00 - 5.45%
Investment rate of return	7.00%

**Mortality Rate**

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Disability mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience 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% and 7.00% at June 30, 2018 and June 30, 2017 respectively) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Teachers Pensions and Annuity Fund (TPAF) (Continued)**

**Actuarial Assumptions (Continued)**

**Long-Term Expected Rate of Return (Continued)**

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, 2018 are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Fund	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 Market Equity	11.50%	9.00%
Emerging Market Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Teachers Pensions and Annuity Fund (TPAF) (Continued)**

**Actuarial Assumptions (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 4.86% and 4.25% as of June 30, 2018 and 2017, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.00, and a municipal bond rate of 3.87% and 3.58% as of June 30, 2018 and 2017, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 50% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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 Net Pension Liability to Changes in the Discount Rate**

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Teachers Public and Annuity Fund (TPAF). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>

**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75**

**Plan Description and Benefits Provided**

The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan, which is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**Employees Covered by Benefit Terms**

The State Health Benefit Local Education Retired Employees Plan Membership covered by the benefit terms consisted of the following:

Active Plan Members	217,131
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	145,050
Inactive Plan Members or Beneficiaries	
Not Yet Receiving Benefits	<u>- 0 -</u>
Total Plan Members	<u>362,181</u>

**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

**Total Non-Employer OPEB Liability**

The portion of the total Non-Employer OPEB Liability that was associated with the District at June 30, 2019 was as follows:

Total OPEB Liability:	
District's Proportionate Share	\$-0-
State's Proportionate Share associated with the District	<u>23,501,823</u>
	<u><u>23,501,823</u></u>

The total Non-Employer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018.

The total Non-Employer OPEB Liability was determined separately based on actual data of the District.

For the year ended June 30, 2019, the District recognized on-behalf post-employment expense and revenue of \$1,035,287.00 in the government-wide financial statements for contributions provided by the State. This expense and revenue was based on the plans June 30, 2018 measurement date.

At June 30, 2018, the District's proportion was 0.0509681163 percent, which was an increase of 0.0006055667 percent from its proportion measured as of June 30, 2017.

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS, TPAF/ABP and PFRS participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Consequently, the District did not recognize any portion of the collective Non-Employer OPEB liability on the Statement of Net Position.

**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

**Actuarial Assumptions and Other Imputes**

The total Non-Employer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. 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 2.5 percent

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases			
Through 2026	1.55-4.55%	2.15-4.15% Based on Age	2.10-8.98% Based of Age
Thereafter	2.00-5.45%	3.15-5.15% Based on Age	3.10-9.98 Based of Age

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female fully generational mortality projections from the central year using the MP-2017 scale. Post-Retirement mortality rates were based on the RP-2006 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-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015, July 1, 2011 - June 30, 2014, and July 1, 2010 - June 30, 2013 for TPAF, PFRS and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participant in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

**Health Care Trend Assumptions**

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.8% 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 8.0% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Pan 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, 2018 and 2017 was 3.87% and 3.58%, respectively. 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.

**Changes in the Total Non-Employer OPEB Liability**

Shown below are details regarding The Total OPEB non-employer Liability associated with the District for the measurement period from June 30, 2017 to June 30, 2018.

Balance at 6/30/17		\$27,014,392
Changes for the year:		
Service cost	\$925,079.00	
Interest	989,468.00	
Differences between expected		
and actual experience	(2,123,454.00)	
Changes in assumptions or		
other inputs	(2,696,952.00)	
Membership Contributions	21,720.00	
Benefit payments - Net	(628,430.00)	
Net changes		(3,512,569)
Balance at 6/30/18		\$23,501,823

**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

**Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate**

The following presents the total Non-Employer OPEB liability associated with the District as of June 30, 2018, 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 -percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2018		
	1.00% <u>Decrease (2.87%)</u>	At Discount <u>Rate (3.87)</u>	1.00% <u>Increase (4.87%)</u>
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	\$27,783,939	\$23,501,823	\$20,097,983

**Sensitivity of the Total Non-Employer OPEB Liability to Changes in Healthcare Trends**

The following presents the total Non-Employer OPEB liability associated with the District as of June 30, 2018, calculated using the healthcare trend rate as disclosed above as well as what the total Non-Employer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2018		
	1.00% <u>Decrease</u>	Healthcare Cost <u>Trend Rate</u>	1.00% <u>Increase</u>
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	\$19,425,626	\$23,501,823	\$28,892,750



**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Non-Employer OPEB Liability**

At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's Non-Employer OPEB Liability associated with the District from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$2,281,377.00	
Changes of assumptions	5,268,054.00	
Net difference between projected and actual earnings on OPEB plan investments		
Changes in proportion	<u>14,329.00</u>	<u>325,045.00</u>
	<u>\$7,563,760.00</u>	<u>\$325,045.00</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's Non-Employer OPEB associated with the District will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2019	(\$868,137)
2020	(\$868,137)
2021	(\$868,137)
2022	(\$868,137)
2023	(\$868,137)
Total	
Thereafter	<u>(\$2,898,031)</u>
	<u>(\$7,238,715)</u>

**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Non-Employer OPEB Liability (Continued)**

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 in the financial statements.

**State Health Benefit Local Education Retired Employee Plan Information**

The New Jersey Division of Pension and Benefits issues publicly available reports on the OPEB plan. Those reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295 or on their website at <http://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>

**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 8: LITIGATION**

The Board attorney's letter advises that there is no litigation, pending litigation, claims, contingent liabilities, unasserted claims or assessments or statutory violations which involve the Board of Education and which might materially affect the Board's financial position.

**NOTE 9: CONTINGENCIES**

The Board receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2018-2019 fiscal year were subject to the U.S. OMB Uniform Guidance and New Jersey OMB Circular 15-08 which mandates that grant revenues and expenditures be audited in conjunction with the Board's annual audit. Findings and questioned costs, if any, relative to federal awards and state financial assistance programs will be discussed in the Single Audit Section, Schedule of Findings and Questioned Costs. In addition, all grants and cost reimbursements are subject to financial and compliance audits by the grantors. Further, the School Child Nutrition Program is a recipient of federal reimbursements and is subject to certain related federal regulations. These federal reimbursements are subject to subsequent audit and interpretation by the New Jersey Department of Education. The Board management does not believe such an audit would result in material amounts of disallowed costs.

**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 10: 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. The District maintains commercial coverage covering each of those risks of loss. The administration believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**Property and Liability Insurance** - The District maintains insurance coverage covering each of those risks of loss. The administration believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded the insurance coverage in any of the past three fiscal years.

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

<u>Fiscal Year</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018-19	\$ 885.59	\$ 10,174.49	\$ 18,498.59	\$ 66,571.49
2017-18	759.00	11,203.00	2,853.00	74,010.00
2016-17	335.00	11,277.00	25,227.00	64,901.00

**NOTE 11: FUND BALANCE APPROPRIATED**

**General Fund** - Of the \$3,529,362.94 in General Fund Balance at June 30, 2019, \$740,847.73 has been assigned for encumbrances; \$1,467,633.84 has been restricted in the Capital Reserve Account; \$90,096.00 has been restricted in the Emergency Reserve Account; \$574,653.37 has been restricted in the Maintenance Reserve Account, \$250,000.00 has been restricted as excess surplus; \$223,106.00 has been restricted as excess surplus - subsequent years' expenditures; and \$183,026.00 is unassigned.

**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 12: CALCULATION OF EXCESS SURPLUS - BUDGETARY BASIS**

In accordance with N.J.S.A.18A:7F-7, as amended by P.L. 2004, c73 (S1701), the Restricted Fund Balance Excess Surplus is a required calculation pursuant to the New Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restricted General 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 resulting from the year ended June 30, 2019 is \$250,000.00.

General Fund Expenditures Fiscal Year Ended June 30, 2019	\$12,515,489.74
Less:	
On-Behalf TPAF Pension and Social Security Reimbursement	1,544,452.73
Adjusted General Fund Expenditures	\$10,971,037.01
Excess Surplus Percentage	2.00%
2% of Adjusted 2017-18 General Fund Expenditures	\$219,420.74
Greater of line above for \$250,000.00	\$250,000.00
Add: Allowable Adjustments	100,325.00
Maximum Unreserved/Undesignated Fund Balance	\$350,325.00
Total Unassigned/Unrestricted Fund Balance	600,325.00
Excess Surplus	\$250,000.00

**NOTE 13: CAPITAL RESERVE ACCOUNT**

A capital reserve account was originally established by the Holland Township School District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. The balance remaining in the reserve as of June 30, 2019 is \$1,467,633.84.

**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 13: CAPITAL RESERVE ACCOUNT (CONTINUED)**

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, 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. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the year ending June 30, 2019 fiscal year is as follows:

Beginning balance, July 1, 2018		\$1,702,305.54
Increased by:		
Interest earnings	\$15,328.30	
Board approved transfers	<u>250,000.00</u>	
		<u>265,328.30</u>
		1,967,633.84
Decreased by:		
Appropriated in Budget		<u>\$500,000.00</u>
Ending balance, June 30, 2019		<u><u>\$1,467,633.84</u></u>

**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 14: EMERGENCY RESERVE ACCOUNT**

An emergency reserve was established by the District for the accumulation of funds for use as emergency expenditures in subsequent fiscal years. The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget. The emergency reserve account is used to fund unanticipated general fund current expense costs and may be established to supplement the reserve in the district's annual budget or through a transfer by board resolution at year end of any unanticipated revenue and unexpended line item appropriation amounts in accordance with N.J.S.A. 18A:7F-41.

The activity of the emergency reserve for the year ending June 30, 2019 is as follows:

Balance June 30, 2018	\$100,000.00
Decreased by:	
Appropriated in Budget	<u>9,904.00</u>
Balance June 30, 2019	<u><u>\$90,096.00</u></u>

**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 15: MAINTENANCE RESERVE ACCOUNT**

A maintenance reserve was established through a board resolution by the Holland Township School District for the accumulation of funds for the required maintenance of a facility in accordance with N.J.S.A. 18A:7G-9 as amended by P.L. 2004, c. 73 (S1701). N.J.S.A. 18A:7G-31(c), 18A:7G-13 and N.J.A.C. 6A:23A-14.2 permits districts, by board resolution, to transfer undesignated general fund balance to the maintenance reserve account if approved in the district's original budget certified for taxes or if the district received voter approval by a separate proposal at budget time or by special question at one of the four special elections authorized pursuant to N.J.S.A.19:60-2. N.J.S.A. 18A:7F-41(a), 18A:7F-41(b) and N.J.A.C.6A:23A-14.3 permit a district board of education to transfer by board resolution (prior to June 30) any unanticipated revenue or unexpended line-item appropriation amounts to the maintenance reserve for withdrawal in subsequent school years.

The activity of the maintenance reserve for the year ending June 30, 2019 is as follows:

Balance, July 1, 2018	\$563,164.42
Add: Board resolution	<u>11,488.95</u>
Balance, June 30, 2019	<u><u>\$574,653.37</u></u>

**NOTE 16: INVENTORY**

Inventory in the Food Service Fund at June 30, 2019 consisted of the following:

Food, Commodities and Supplies     \$3,482.34

**NOTE 17: DEFERRED COMPENSATION**

The District offers its employees a choice of the deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans 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. Since the District does not have any property or rights to the plan assets and no fiduciary relationship exists between the District and the deferred compensation plan, the plan assets are not included in the District's financial statements as of June 30, 2019.



**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 18: COMPENSATED ABSENCES**

The District accounts for compensated absences (e.g. unused vacation and sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the 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 vested compensated absences of the governmental fund types are recorded in the district - wide statement of net position. As of June 30, 2019, a liability existed for compensated absences for governmental fund-types in the district-wide Statement of Net Position of \$164,027.67.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2019 no liability existed for compensated absences in the proprietary funds.

For additional descriptive information see Note 1, Summary of Significant Accounting Policies.

**NOTE 19: SUBSEQUENT EVENTS**

The District has evaluated subsequent events occurring after the financial statement date through November 15, 2019 which is the date the financial statements were available to be issued. Based upon this evaluation, the District has determined that there are no subsequent events needed to be disclosed.

**NOTE 20: RESTRICTED ASSETS**

The funds set aside for the capital reserve, maintenance reserve, and emergency reserve are classified as restricted assets (cash and cash equivalents) as they are restricted for use for future requirements.

**Holland Township School District**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 21: PRIOR PERIOD ADJUSTMENTS**

Net Position at June 30, 2018 has been adjusted to properly reflect GASB 68 pension entries as reflected below:

	<u>Governmental Activities</u>
Net Position 6/30/18	\$5,608,151.79
Adjustments:	
GASB 68 Pension Adjustment	<u>(141,857.00)</u>
Net Position 6/30/18 (As Restated)	<u><u>\$5,466,294.79</u></u>

**REQUIRED SUPPLEMENTARY INFORMATION – Part II**

**BUDGETARY COMPARISON SCHEDULES**

HOLLAND TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2019

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 9,025,784.00	\$	\$ 9,025,784.00	\$ 9,025,784.00	\$ 14,400.16
Tuition From Individuals	70,000.00		70,000.00	84,400.16	47,605.40
Tuition From Other LEA's				47,605.40	35,164.30
Unrestricted miscellaneous	25,000.00		25,000.00	60,164.30	(1,000.00)
Interest Earned on Emergency Reserve Funds	1,000.00		1,000.00		(1,000.00)
Interest Earned on Maintenance Reserve Funds	1,000.00		1,000.00		(1,000.00)
Interest Earned on Capital Reserve Funds	3,000.00		3,000.00		12,328.30
Total revenues-local sources	\$ 9,125,784.00	\$	\$ 9,125,784.00	\$ 9,233,282.16	\$ 107,498.16
State sources:					
School choice aid	\$ 104,144.00	\$	\$ 104,144.00	\$ 104,144.00	\$
Categorical transportation aid	89,430.00		89,430.00	36,300.00	(53,130.00)
Categorical special education aid	373,356.00		373,356.00	373,356.00	
Equalization aid	1,291,479.00		1,291,479.00	1,291,479.00	
Categorical security aid	9,453.00		9,453.00	9,453.00	
Extraordinary aid				97,135.00	97,135.00
Other state aids				3,190.00	3,190.00
On-behalf TPAF pension contribution (non-budgeted)				854,819.00	854,819.00
On-behalf TPAF post-retirement medical (non-budgeted)				387,745.00	387,745.00
On-behalf TPAF long-term disability insurance (non-budgeted)				801.00	801.00
Reimbursed TPAF social security cont. (non-budgeted)				301,087.73	301,087.73
Total - state sources	\$ 1,867,862.00	\$	\$ 1,867,862.00	\$ 3,459,509.73	\$ 1,591,647.73
Total revenues	\$ 10,993,646.00	\$	\$ 10,993,646.00	\$ 12,692,791.89	\$ 1,699,145.89
<b>CURRENT EXPENSE:</b>					
Instruction - regular programs:					
Salaries of teachers:					
Preschool	\$ 57,296.00	\$ 1,357.07	\$ 58,653.07	\$ 58,653.07	\$
Kindergarten	250,423.00	1,335.60	251,758.60	251,758.60	
Grades 1-5	1,237,277.00	19,061.87	1,256,338.87	1,256,338.37	0.50
Grades 6-8	1,111,455.00	3,439.41	1,114,894.41	1,114,894.41	
Regular programs - home instruction:					
Salaries of teachers	2,000.00	617.41	2,617.41	2,617.41	
Other Purchased Services (400-500 series)	500.00	(454.61)	45.39		45.39
Regular programs - undistributed instruction:					
Purchased professional - educational services	1,000.00		1,000.00	204.29	795.71
Purchased technical services	17,200.00	3,565.79	20,765.79	20,462.32	303.47
Other purchased services (400-500 series)	53,475.00	3,027.87	56,502.87	45,527.87	10,975.00
General supplies	197,809.27	(21,773.36)	176,035.89	137,103.54	38,932.35
Textbooks	44,816.77	(43,216.77)	1,600.00	1,600.00	
Other objects	2,500.00		2,500.00	402.00	2,098.00
Total regular programs	\$ 2,975,752.04	\$ (33,039.74)	\$ 2,942,712.30	\$ 2,889,561.88	\$ 53,150.42

HOLLAND TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2019

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Learning and/or language disabilities:					
Salaries of teachers	\$ 59,719.00	\$ (494.00)	\$ 59,225.00	\$ 58,737.00	\$ 488.00
Other salaries for instruction	33,954.00	494.00	34,448.00	34,448.00	
General supplies	1,500.00		1,500.00	94.06	1,405.94
Total learning and/or language disabilities	\$ 95,173.00	\$	\$ 95,173.00	\$ 93,279.06	\$ 1,893.94
Multiple disabilities:					
Salaries of Teachers	\$ 118,656.00	\$ (51,334.40)	\$ 67,321.60	\$ 64,635.44	\$ 2,686.16
Other Salaries for Instruction	99,812.00	(5,873.00)	93,939.00	67,586.00	26,353.00
General supplies	1,500.00	2,216.33	3,716.33	1,498.38	2,217.95
Total multiple disabilities	\$ 219,968.00	\$ (54,991.07)	\$ 164,976.93	\$ 133,719.82	\$ 31,257.11
Resource room:					
Salaries of teachers	\$ 712,661.00	\$ 73,863.98	\$ 786,524.98	\$ 779,809.05	\$ 6,715.93
Other salaries for instruction	341,048.00	(84,263.24)	256,784.76	250,229.92	6,554.84
Purchased Technical Services	1,850.00	(729.10)	1,120.90		1,120.90
General supplies	5,000.00	12,642.01	17,642.01	17,642.01	
Total resource room	\$ 1,060,559.00	\$ 1,513.65	\$ 1,062,072.65	\$ 1,047,680.98	\$ 14,391.67
Preschool disabilities-part-time					
Salaries of teachers	\$ 28,963.00	\$ 31,691.72	\$ 60,654.72	\$ 60,408.07	\$ 246.65
Other salaries for instruction	96,258.00	39,399.00	135,657.00	135,657.00	
General Supplies	10,462.70	114.19	10,576.89	10,044.68	532.21
Total preschool disabilities - part-time	\$ 135,683.70	\$ 71,204.91	\$ 206,888.61	\$ 206,109.75	\$ 778.86
Total special education	\$ 1,511,383.70	\$ 17,727.49	\$ 1,529,111.19	\$ 1,480,789.61	\$ 48,321.58
Basic skills/remedial:					
Salaries of teachers	\$ 175,024.00	\$ (42,110.00)	\$ 132,914.00	\$ 124,103.62	\$ 8,810.38
Other purchased services	3,000.00		3,000.00	1,646.87	1,353.13
General supplies	178,024.00	(42,110.00)	135,914.00	125,750.49	10,163.51
Total basic skills/remedial	\$ 356,048.00	\$ (84,220.00)	\$ 271,828.00	\$ 251,500.98	\$ 20,327.02
School sponsored cocurricular activities:					
Salaries	\$ 44,012.00	\$	\$ 44,012.00	\$ 41,276.21	\$ 2,735.79
Supplies and materials	800.00		800.00	320.66	479.34
Other objects	1,200.00		1,200.00		1,200.00
Total school sponsored cocurricular activities	\$ 46,012.00	\$	\$ 46,012.00	\$ 41,596.87	\$ 4,415.13
School sponsored athletics:					
Salaries	\$ 28,565.00	\$	\$ 28,565.00	\$ 22,786.00	\$ 5,779.00
Purchased services	10,000.00		10,000.00	6,255.99	3,744.01
Supplies and materials	1,000.00		1,000.00		1,000.00
Other objects	300.00		300.00	185.00	115.00
Total school sponsored athletics	\$ 39,865.00	\$	\$ 39,865.00	\$ 29,226.99	\$ 10,638.01

HOLLAND TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2019

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Total other instructional programs	\$ 283,901.00	\$ (42,110.00)	\$ 221,791.00	\$ 196,574.35	\$ 25,216.65
Total - instruction	\$ 4,751,036.74	\$ (57,422.25)	\$ 4,693,614.49	\$ 4,566,925.84	\$ 126,688.65
Undistributed expenditures:					
Instruction:					
Tuition to other LEA's within the state-special	\$ 44,500.00	\$ 95,697.20	\$ 140,197.20	\$ 140,197.20	\$
Tuition to priv. school for the disabled within the state		123,770.40	123,770.40	123,550.42	219.98
Total undistributed expenditures - instruction	\$ 44,500.00	\$ 219,467.60	\$ 263,967.60	\$ 263,747.62	\$ 219.98
Attendance and social work:					
Salaries	\$ 27,591.00	\$ (2,390.97)	\$ 25,200.03	\$ 24,998.73	\$ 201.30
Total attendance and social work	\$ 27,591.00	\$ (2,390.97)	\$ 25,200.03	\$ 24,998.73	\$ 201.30
Health services:					
Salaries	\$ 88,158.00	\$ 1,093.12	\$ 89,251.12	\$ 89,251.12	\$
Purchased professional and technical services	1,000.00	2,700.00	3,700.00	3,700.00	
Other purchased services (400-500 series)	900.00	(599.08)	300.92	261.63	39.29
Supplies and materials	4,962.70	(603.07)	4,159.63	4,071.63	88.00
Total health services	\$ 95,020.70	\$ 2,390.97	\$ 97,411.67	\$ 97,284.38	\$ 127.29
Other support services - student related services:					
Salaries	\$ 180,158.00	\$ (4.48)	\$ 180,153.51	\$ 178,620.49	\$ 1,533.02
Purchased professional - educational services	85,000.00	22,135.48	107,135.48	107,135.48	
Supplies and materials	2,500.00	(809.26)	1,690.74	1,471.37	219.37
Other objects	800.00		800.00	800.00	
Total other support services - students related services	\$ 268,458.00	\$ 21,321.73	\$ 289,779.73	\$ 287,227.34	\$ 2,552.39
Other support services - student extra service:					
Purchased professional - education services	\$ 195,460.00	\$ (125,510.48)	\$ 69,949.52	\$ 39,924.40	\$ 30,025.12
Total other support services - student extra service	\$ 195,460.00	\$ (125,510.48)	\$ 69,949.52	\$ 39,924.40	\$ 30,025.12
Other support services - students - regular:					
Salaries of other professional staff	\$ 100,506.00	\$ 738.00	\$ 101,244.00	\$ 101,244.00	\$
Other purchased services (400-500 series)	500.00	159.00	659.00	450.00	209.00
Supplies and materials	3,097.53	682.87	3,780.40	3,580.97	199.43
Total other support services - students - regular	\$ 104,103.53	\$ 1,579.87	\$ 105,683.40	\$ 105,274.97	\$ 408.43
Other support services - students - special services:					
Salaries of other professional staff	\$ 336,716.00	\$ 24,646.71	\$ 361,362.71	\$ 343,333.12	\$ 18,029.59
Salaries of other professional and clerical assistants	35,288.00	(975.13)	34,312.87	34,003.12	309.75
Purchased professional - educational services	9,450.00	(92.71)	9,357.29	9,357.29	
Other purchased services	1,000.00	1,073.88	2,073.88	1,956.87	117.01
Misc pur services (400-500 series)	3,500.00	(783.35)	2,716.65	2,400.00	316.65
Supplies and materials	5,000.00	3,273.93	8,273.93	7,607.43	666.50
Other objects	1,400.00		1,400.00	1,055.00	345.00
Total other support services - students - special services	\$ 392,354.00	\$ 27,143.33	\$ 419,497.33	\$ 399,712.83	\$ 19,784.50

HOLLAND TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2019

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Improvement of instructional services:					
Salaries of other professional staff	\$ 15,000.00	\$ (600.00)	\$ 14,400.00	\$ 13,710.04	\$ 689.96
Other purchased prof. and tech. services	5,500.00	1,550.00	7,050.00	6,375.00	675.00
Other purchased services	1,000.00	(950.00)	50.00	50.00	50.00
Supplies and materials	500.00		500.00	500.00	500.00
Total improvement of instructional services	\$ 22,000.00	\$	\$ 22,000.00	\$ 20,085.04	\$ 1,914.96
Educational media services/school library:					
Salaries	\$ 107,473.00	\$ 1,577.08	\$ 109,050.08	\$ 109,050.08	\$
Salaries of technology coordinators	131,134.00	960.44	132,094.44	132,094.44	
Other purchased services (400-500 series)	5,700.00	52.53	5,752.53	5,752.53	
Supplies and materials	7,520.32	443.86	7,964.18	7,847.93	116.25
Total educational media services/school library	\$ 251,827.32	\$ 3,033.91	\$ 254,861.23	\$ 254,744.98	\$ 116.25
Instructional staff training services:					
Salaries of supervisors of instruction	\$ 18,000.00	\$ 3,476.00	\$ 21,476.00	\$ 21,476.00	\$
Purchased professional - educational services	8,000.00	161.34	8,161.34	8,161.34	161.34
Other purchased services (400-500 series)	26,000.00	262.82	26,262.82	26,262.82	
Total instructional staff training services	\$ 52,000.00	\$ 3,900.16	\$ 55,900.16	\$ 55,900.16	\$ 161.34
Support services general administration:					
Salaries	\$ 201,865.00	\$ 2,072.98	\$ 203,937.98	\$ 201,439.85	\$ 2,498.13
Legal services	25,000.00	(187.50)	24,812.50	18,930.44	5,882.06
Audit fees	20,000.00	(273.73)	19,726.27	19,350.00	376.27
Purchased technical services	9,390.00	4,273.07	13,663.07	13,663.07	
Communications/telephone	45,000.00	(14,085.55)	30,914.45	28,649.25	2,265.20
BOE other purchased services	3,600.00	1,072.00	4,672.00	4,087.22	584.78
Other purchased services	25,400.00	5,005.52	30,405.52	30,209.95	195.57
General supplies	2,000.00	(164.01)	1,835.99	1,835.99	
Miscellaneous expenditures	7,000.00	20.20	7,020.20	7,020.20	
Total support services general administration	\$ 339,255.00	\$ (2,267.02)	\$ 336,987.98	\$ 325,185.97	\$ 11,802.01
Support services school administration:					
Salaries of principals/asst. principals	\$ 127,439.00	\$ (27,601.35)	\$ 99,837.65	\$ 79,550.99	\$ 20,286.66
Salaries of secretarial and clerical assistants	53,138.00	3,164.31	56,302.31	53,932.31	2,370.00
Vacation payout		19,782.04	19,782.04	19,782.04	
Other purchased services	1,000.00		1,000.00	675.00	325.00
Supplies and materials	4,000.00	(571.89)	3,428.11	1,910.80	1,517.31
Other objects	1,200.00	571.89	1,771.89	1,627.89	144.00
Total support services school administration	\$ 186,777.00	\$ (4,655.00)	\$ 182,122.00	\$ 157,479.03	\$ 24,642.97



HOLLAND TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2019

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Central services:					
Salaries	\$ 183,049.00	\$ 8,618.35	\$ 191,667.35	\$ 191,667.35	\$
Purchased technical services	25,000.00	4,620.00	29,620.00	23,505.20	6,114.80
Misc. purchased services	2,300.00	(197.30)	2,102.70	1,836.52	266.18
Supplies and materials	1,957.00	119.30	2,076.30	2,076.30	
Miscellaneous expenditures	2,000.00		2,000.00	1,975.00	25.00
Total central services:	\$ 214,306.00	\$ 13,160.35	\$ 227,466.35	\$ 221,060.37	\$ 6,405.98
Central services and admin info technology	\$ 214,306.00	\$ 13,160.35	\$ 227,466.35	\$ 221,060.37	\$ 6,405.98
Required maintenance for school facilities:					
Cleaning, repair and maintenance services	\$ 323,550.00	\$ (8,734.10)	\$ 314,815.90	\$ 167,264.70	\$ 147,551.20
General supplies	5,000.00	18,166.23	23,166.23	641.36	22,524.87
Total required maintenance for school facilities	\$ 328,550.00	\$ 9,432.13	\$ 337,982.13	\$ 167,906.06	\$ 170,076.07
Other operation and maint. of plant :					
Salaries	\$ 369,885.00	\$ (25,824.46)	\$ 344,060.54	\$ 335,215.45	\$ 8,845.09
Salaries of non-instructional aides	21,950.00		21,950.00	21,115.40	834.60
Cleaning, repair and maint. services	26,300.00	(21,799.91)	4,500.09	2,417.00	2,083.09
Other purchased property services	37,300.00	69.48	37,369.48	35,270.17	2,099.31
Insurance	60,000.00	(5,195.00)	54,805.00	54,805.00	
Miscellaneous purchased services	500.00	60.20	560.20	490.83	69.37
General supplies	21,306.51	7,428.57	28,735.08	28,124.03	611.05
Energy (natural gas)	60,000.00	13,768.32	73,768.32	56,180.38	17,587.94
Energy (electricity)	130,000.00	(2,925.00)	127,075.00	113,747.13	13,327.87
Other objects	700.00		700.00	385.00	315.00
Total other operation and maint. of plant	\$ 727,941.51	\$ (34,417.80)	\$ 693,523.71	\$ 647,750.39	\$ 45,773.32
Care and upkeep of grounds:					
Cleaning, repair, and maintenance services	\$ 7,250.00	\$ (1,723.69)	\$ 5,526.31	\$ 4,865.46	\$ 860.85
General supplies	8,125.15	(4,793.32)	3,331.83	3,021.84	309.99
Total care and upkeep of grounds	\$ 15,375.15	\$ (6,517.01)	\$ 8,858.14	\$ 7,887.30	\$ 1,170.84
Security:					
Cleaning, repair, and maintenance services	\$ 10,000.00	\$ 38,518.41	\$ 48,518.41	\$ 41,651.31	\$ 6,867.10
General supplies	3,000.00	10,473.27	13,473.27	13,473.27	
Total security	\$ 13,000.00	\$ 48,991.68	\$ 61,991.68	\$ 55,124.58	\$ 6,867.10
Operation and maintenance of plant services	\$ 1,084,866.66	\$ 17,489.00	\$ 1,102,355.66	\$ 878,468.33	\$ 223,887.33

HOLLAND TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2019

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Student transportation services:					
Salaries for pupil transportation (between home and school) - regular	\$ 32,000.00	\$	\$ 32,000.00	\$ 29,414.98	\$ 2,585.02
Contracted services - aid in lieu of payments - charter sch	9,000.00	3,350.00	12,350.00	12,322.44	27.56
Contracted services - aid in lieu of payments - choice sch	2,000.00	1,000.00	3,000.00	3,000.00	
Contracted services (bet. Home & amp; sch) - joint agreements	275,000.00	3,906.00	278,906.00	278,906.00	
Contracted services (special ed. students) - joint agreements	64,250.00	96,450.28	160,700.28	150,614.16	10,086.12
Total student transportation services	\$ 382,250.00	\$ 104,706.28	\$ 486,956.28	\$ 474,257.58	\$ 12,698.70
Unallocated benefits - employee benefits:					
Social security contributions	\$ 160,000.00	(9,495.12)	\$ 150,504.88	\$ 148,429.60	\$ 2,075.28
Other retirement contributions - PERS	145,000.00	11,097.00	156,097.00	156,097.00	
Other retirement contributions - regular	5,500.00	913.21	6,413.21	6,413.21	
Workmen's compensation	98,000.00	2,139.00	100,139.00	100,139.00	
Health benefits	2,390,000.00	(267,072.53)	2,122,927.47	2,034,158.83	88,768.64
Tuition reimbursements	53,250.00	(6,070.23)	47,179.77	14,482.38	32,697.39
Other employee benefits	3,100.00	2,009.44	5,109.44	5,049.44	60.00
Unused sick payment to terminated/retired staff	22,000.00	41,334.57	63,334.57	62,776.62	557.95
Total unallocated benefits - employee benefits:	\$ 2,876,850.00	\$ (225,144.66)	\$ 2,651,705.34	\$ 2,527,546.08	\$ 124,159.26
On-behalf TPAF pension contribution (non-budgeted)	\$	\$	\$	\$ 854,819.00	\$ (854,819.00)
On-behalf TPAF post-retirement medical (non-budgeted)	\$	\$	\$	\$ 387,745.00	\$ (387,745.00)
On-behalf TPAF long-term disability insurance (non-budgeted)	\$	\$	\$	\$ 801.00	\$ (801.00)
Reimbursed TPAF social security cont. (non-budgeted)	\$	\$	\$	\$ 301,087.73	\$ (301,087.73)
	\$	\$	\$	\$ 1,544,452.73	\$ (1,544,452.73)
Total Undistributed Expenditures	\$ 6,511,619.21	\$ 54,225.07	\$ 6,565,844.28	\$ 7,651,189.20	\$ (1,085,344.92)
TOTAL EXPENDITURES - CURRENT EXPENSE	\$ 11,262,655.95	\$ (3,197.18)	\$ 11,259,458.77	\$ 12,218,115.04	\$ (958,656.27)
Interest earned on maintenance reserve	\$ 1,000.00	\$	\$ 1,000.00	\$	\$ 1,000.00
Interest earned on current expense emergency reserve	\$ 1,000.00	\$	\$ 1,000.00	\$	\$ 1,000.00
CAPITAL OUTLAY:	\$ 2,000.00	\$	\$ 2,000.00	\$	\$ 2,000.00
Equipment:					
Undistributed expend:	\$ 207,776.20	\$	\$ 207,776.20	\$ 207,776.20	\$
Undistributed expenditures - instruction	31,950.06		31,950.06	31,950.06	
Care and upkeep of grounds	9,904.00		9,904.00	9,904.00	
Security	249,630.26		249,630.26	249,630.26	
Total equipment	\$ 249,630.26	\$	\$ 249,630.26	\$ 249,630.26	\$

HOLLAND TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2019

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Facilities acquisition and construction services:					
Architecture/engineering services	\$ 30,000.00	\$ 6,955.74	\$ 36,955.74	\$ 30,704.00	\$ 6,251.74
Construction services	500,000.00	57,799.44	557,799.44	1,991.44	555,808.00
Assessment for debt service on SDA funding	15,049.00		15,049.00	15,049.00	
Total facilities acquis. and const. services	\$ 545,049.00	\$ 64,755.18	\$ 609,804.18	\$ 47,744.44	\$ 562,059.74
Increase in capital reserve	\$ 8,272.00	\$	\$ 8,272.00	\$	\$ 8,272.00
Interest deposit to capital reserve	\$ 3,000.00	\$	\$ 3,000.00	\$	\$ 3,000.00
TOTAL CAPITAL OUTLAY	\$ 805,951.26	\$ 64,755.18	\$ 870,706.44	\$ 297,374.70	\$ 573,331.74
GENERAL FUND GRAND TOTAL	\$ 12,070,607.21	\$ 61,558.00	\$ 12,132,165.21	\$ 12,515,489.74	\$ (383,324.53)
Excess (deficiency) of revenues Over (under) expenditures	\$ (1,076,961.21)	\$ (61,558.00)	\$ (1,138,519.21)	\$ 177,302.15	\$ 1,315,821.36
Excess (deficiency) of revenues and other financing sources Over (under) expenditures and other financing sources (uses)	\$ (1,076,961.21)	\$ (61,558.00)	\$ (1,138,519.21)	\$ 177,302.15	\$ 1,315,821.36
Fund balance, July 1				\$ 3,519,359.79	
Fund balance, June 30				\$ 3,696,661.94	
Recapitulation:					
Reserve for encumbrances				\$ 740,847.73	
Capital reserve				1,467,633.84	
Maintenance reserve				574,653.37	
Emergency reserve				90,096.00	
Excess surplus - current year				250,000.00	
Excess surplus - prior year				223,106.00	
Unassigned Fund Balance				350,325.00	
Reconciliation to Government Fund Statements				\$ 3,696,661.94	
Last State aid payments not recognized on GAAP basis				\$ (167,299.00)	
Fund Balance per Governmental Funds (GAAP)				\$ 3,529,362.94	

EXHIBIT "C-2"

HOLLAND TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR FISCAL YEAR ENDED JUNE 30, 2019

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS/ AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
<b>REVENUES:</b>					
Federal sources	\$ 126,536.00	\$ 100,003.20	\$ 226,539.20	\$ 226,539.20	\$
Other sources		<u>2,307.89</u>	<u>2,307.89</u>	<u>307.89</u>	<u>(2,000.00)</u>
Total revenues	<u>\$ 126,536.00</u>	<u>\$ 102,311.09</u>	<u>\$ 228,847.09</u>	<u>\$ 226,847.09</u>	<u>\$ (2,000.00)</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries	\$ 10,786.00	\$ 5,368.00	\$ 16,154.00	\$ 16,154.00	\$
General supplies	4,120.00	59,671.20	63,791.20	61,791.20	2,000.00
Other objects		<u>307.89</u>	<u>307.89</u>	<u>307.89</u>	
Total instruction	<u>\$ 14,906.00</u>	<u>\$ 65,347.09</u>	<u>\$ 80,253.09</u>	<u>\$ 78,253.09</u>	<u>\$ 2,000.00</u>
Support services:					
Purchased professional & technical services	\$ 102,443.00	\$ 44,915.00	\$ 147,358.00	\$ 147,358.00	\$
Personal services - employee benefits	3,020.00	(1,784.00)	1,236.00	1,236.00	
Other purchased services	<u>6,167.00</u>	<u>(6,167.00)</u>			
Total support services	<u>\$ 111,630.00</u>	<u>\$ 36,964.00</u>	<u>\$ 148,594.00</u>	<u>\$ 148,594.00</u>	<u>\$</u>
Total expenditures	<u>\$ 126,536.00</u>	<u>\$ 102,311.09</u>	<u>\$ 228,847.09</u>	<u>\$ 226,847.09</u>	<u>\$ 2,000.00</u>

HOLLAND TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
BUDGET TO GAAP RECONCILIATION  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	GENERAL FUND	SPECIAL REVENUE FUND
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 12,692,791.89	\$ 226,847.09
Difference - budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and related revenue is recognized.		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	178,998.00	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(167,299.00)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	\$ 12,704,490.89	\$ 226,847.09
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules	\$ 12,515,489.74	\$ 226,847.09
Difference - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial purposes		
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	\$ 12,515,489.74	\$ 226,847.09

**REQUIRED SUPPLEMENTARY INFORMATION – Part III**

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

Holland Township School District  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Public Employees Retirement System  
Last Ten Years

Measurement Date Year Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered-Employee Payroll	District's Proportion Share of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2013	0.0159851712%	\$ 3,055,084	\$ 1,104,212.00	276.68%	48.72%
2014	0.0156535975%	2,930,782	1,087,100.00	269.60%	52.08%
2015	0.0160914135%	3,612,200	1,057,159.00	341.69%	47.92%
2016	0.0158023702%	4,680,209	1,100,236.00	425.38%	40.14%
2017	0.0153128283%	3,564,582	1,127,084.00	316.27%	48.10%
2018	0.0156297000%	3,077,410	1,053,331.00	292.16%	53.60%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.



Holland Township School District  
Schedule of the District's Contributions  
Public Employees Retirement System  
Last Ten Years

Fiscal Year Ending <u>June 30,</u>	Contractually Required <u>Contribution</u>	Contributions in Relation to the Contractually Required <u>Contributions</u>	Contribution Deficiency ( <u>Excess</u> )	District's Covered- Employee <u>Payroll</u>	Contributions as a Percentage of Covered- Employee <u>Payroll</u>
2014	\$ 120,445	\$ 120,445	\$ -0-	\$ 1,104,212.00	10.91%
2015	129,046	129,046	-0-	1,087,100.00	11.87%
2016	138,343	138,343	-0-	1,057,159.00	13.09%
2017	140,386	140,386	-0-	1,100,236.00	12.76%
2018	141,857	141,857	-0-	1,127,084.00	12.59%
2019	161,655	161,655	-0-	1,053,331.00	15.35%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

Holland Township School District  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Teachers Pension and Annuity Fund  
Last Ten Years

Measurement Date Year Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered-Employee Payroll	District's Proportion Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2013	0.0454497611%	\$ -0-	\$ 4,467,572.00	-0-	33.76%
2014	0.0452702764%	-0-	4,361,284.00	-0-	33.64%
2015	0.0462665679%	-0-	4,499,102.00	-0-	28.71%
2016	0.0434123737%	-0-	4,559,875.00	-0-	22.33%
2017	0.0444081991%	-0-	4,479,051.00	-0-	25.41%
2018	0.0432154819%	-0-	4,302,821.00	-0-	26.49%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

Holland Township School District  
Schedules Related To Accounting And Reporting For Pension  
Notes to the Required Supplementary Information Part III  
For The Fiscal Year Ended June 30, 2019

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms: None

Change in assumptions: The following assumptions were used in calculating the net pension liability in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount <u>Rate</u>	Long-Term Expected Rate of <u>Return</u>	Actuarial Experience <u>Study Period</u>
2018	5.66%	7.00%	07/01/11-06/30/14
2017	5.00%	7.00%	07/01/11-06/30/14
2016	3.98%	7.65%	07/01/11-06/30/14
2015	4.90%	7.90%	07/01/08-06/30/11
2014	5.39%	7.90%	07/01/08-06/30/11
2013	5.55%	7.90%	07/01/08-06/30/11

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms: None

Change in assumptions: The following assumptions were used in calculating the net pension liability in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount <u>Rate</u>	Long-Term Expected Rate of <u>Return</u>	Actuarial Experience <u>Study Period</u>
2018	4.86%	7.00%	07/01/12-06/30/15
2017	4.25%	7.00%	07/01/12-06/30/15
2016	3.22%	7.65%	07/01/12-06/30/15
2015	4.13%	7.90%	07/01/09-06/30/12
2014	4.68%	7.90%	07/01/09-06/30/12
2013	4.95%	7.90%	07/01/09-06/30/12

**REQUIRED SUPPLEMENTARY INFORMATION - PART IV**

**SCHEDULE RELATED TO ACCOUNTING AND REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (GASB 75)**

HOLLAND TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN THE DISTRICT'S  
TOTAL OPEB LIABILITY AND RELATED RATIOS  
LAST TEN YEARS

	Fiscal Year Ended June 30,	
	<u>2018</u>	<u>2017</u>
Balance at 6/30	\$27,014,392	\$29,146,100
Changes for the year:		
Service cost	925,079	1,109,212
Interest	989,468	853,749
Changes of benefit terms		
Differences between expected and actual experience	(2,123,454)	
Changes in assumptions or other inputs	(2,696,952)	(3,491,998)
Membership Contributions	21,720	23,040
Benefit payments - Net	(628,430)	(625,711)
Net changes	<u>(3,512,569)</u>	<u>(2,131,708)</u>
Balance at 6/30	<u>\$23,501,823</u>	<u>\$27,014,392</u>
Covered Employee Payroll	5,356,152	5,606,135
Total OPEB Liability as a percentage of Covered Employee Payroll	438.78%	481.87%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

HOLLAND TOWNSHIP SCHOOL DISTRICT  
SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR OPEB (GASB 75)  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION PART IV  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Change in benefit terms:      None

Change in assumptions:      The discount rate changed from 3.58% to 3.87% as of  
June 30, 2018.

**OTHER SUPPLEMENTARY INFORMATION**



**SPECIAL REVENUE FUND DETAIL STATEMENTS**

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

HOLLAND TOWNSHIP SCHOOL DISTRICT  
 SPECIAL REVENUE FUND  
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
 BUDGETARY BASIS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	IDEA BASIC	IDEA PRESCHOOL	TITLE I A	TITLE I/A	TITLE I/A	TITLE I/A	RURAL EDUC. ACHIEVEMENT	LOCAL/ OTHER	TOTAL
<b>REVENUES:</b>									
Federal sources	\$ 130,761.00	\$ 5,282.00	\$ 17,390.00	\$ 17,390.00	\$ 16,597.00	\$ 16,597.00	\$ 56,509.20	\$ 307.89	\$ 226,539.20
Other sources									307.89
<b>Total revenues</b>	<b>\$ 130,761.00</b>	<b>\$ 5,282.00</b>	<b>\$ 17,390.00</b>	<b>\$ 17,390.00</b>	<b>\$ 16,597.00</b>	<b>\$ 16,597.00</b>	<b>\$ 56,509.20</b>	<b>\$ 307.89</b>	<b>\$ 226,847.09</b>
<b>EXPENDITURES:</b>									
Instruction:									
Salaries of teachers	\$	\$	\$ 16,154.00	\$	\$	\$	\$	\$	\$ 16,154.00
General supplies		5,282.00					56,509.20		61,791.20
Other objects								307.89	307.89
<b>Total instruction</b>	<b>\$</b>	<b>\$ 5,282.00</b>	<b>\$ 16,154.00</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 56,509.20</b>	<b>\$ 307.89</b>	<b>\$ 78,253.09</b>
Support services:									
Personal services - employee benefits	\$	\$	\$ 1,236.00	\$	\$ 16,597.00	\$	\$	\$	\$ 1,236.00
Purchased professional & technical services									147,358.00
<b>Total support services</b>	<b>\$ 130,761.00</b>	<b>\$</b>	<b>\$ 1,236.00</b>	<b>\$</b>	<b>\$ 16,597.00</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 148,594.00</b>
<b>Total expenditures</b>	<b>\$ 130,761.00</b>	<b>\$ 5,282.00</b>	<b>\$ 17,390.00</b>	<b>\$ 17,390.00</b>	<b>\$ 16,597.00</b>	<b>\$ 16,597.00</b>	<b>\$ 56,509.20</b>	<b>\$ 307.89</b>	<b>\$ 226,847.09</b>

## FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary funds are used to account for assets when a school district is functioning either as a trustee or as an agent for another party.

### **Unemployment Compensation**

#### **Insurance Trust Fund:**

This trust fund is used to account for board contributions which are utilized to pay unemployment compensation claims as they arise.

#### **Student Activity Fund:**

This agency fund is used to account for student funds held at the schools.

#### **Payroll Agency Fund:**

This agency fund is used to account for the payroll transactions of the school district including childcare and medical flexible spending.

HOLLAND TOWNSHIP SCHOOL DISTRICT  
 COMBINING STATEMENTS OF FIDUCIARY NET POSITIONS  
 JUNE 30, 2019

	AGENCY FUNDS		TRUST FUNDS	
	STUDENT ACTIVITY	PAYROLL	STATE UNEMPLOYMENT	TOTAL TRUST
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 54,144.23	\$ 21,202.08	\$ 66,571.49	\$ 66,571.49
Total assets	\$ 54,144.23	\$ 21,202.08	\$ 66,571.49	\$ 66,571.49
<b>LIABILITIES:</b>				
Payroll deductions and withholdings	\$	\$ 9,222.57	\$	\$
Interfunds payable		11,979.51		
Due to student groups	54,144.23			
Total liabilities	\$ 54,144.23	\$ 21,202.08	\$	\$
<b>NET POSITIONS:</b>				
Held in trust for state unemployment	\$	\$	\$ 66,571.49	\$ 66,571.49
Total net positions	\$ -0-	\$ -0-	\$ 66,571.49	\$ 66,571.49

HOLLAND TOWNSHIP SCHOOL DISTRICT  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITIONS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

	STATE UNEMPLOYMENT COMPENSATION TRUST	
	2019	2018
ADDITIONS:		
Contributions:		
Employee deductions	\$ 10,174.49	\$ 11,203.00
Total contributions	\$ 10,174.49	\$ 11,203.00
Investment earnings:		
Interest	\$ 885.59	\$ 759.00
Net investment earnings	\$ 885.59	\$ 759.00
Total additions	\$ 11,060.08	\$ 11,962.00
DEDUCTIONS:		
Unemployment claims	\$ 18,498.59	\$ 2,853.00
Total deductions	\$ 18,498.59	\$ 2,853.00
Change in net positions	\$ (7,438.51)	\$ 9,109.00
Net positions beginning of year	\$ 74,010.00	\$ 64,901.00
Net positions end of year	\$ 66,571.49	\$ 74,010.00

HOLLAND TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>BALANCE</u> <u>JUNE 30, 2018</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2019</u>
ASSETS:				
Cash and cash equivalents	\$ <u>44,535.00</u>	\$ <u>101,037.62</u>	\$ <u>91,428.39</u>	\$ <u>54,144.23</u>
Total assets	\$ <u><u>44,535.00</u></u>	\$ <u><u>101,037.62</u></u>	\$ <u><u>91,428.39</u></u>	\$ <u><u>54,144.23</u></u>
LIABILITIES:				
Due student groups	\$ <u>44,535.00</u>	\$ <u>101,037.62</u>	\$ <u>91,428.39</u>	\$ <u>54,144.23</u>
Total liabilities	\$ <u><u>44,535.00</u></u>	\$ <u><u>101,037.62</u></u>	\$ <u><u>91,428.39</u></u>	\$ <u><u>54,144.23</u></u>

HOLLAND TOWNSHIP SCHOOL DISTRICT  
PAYROLL FUNDS  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>BALANCE</u> <u>JUNE 30, 2018</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2019</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 72,863.95	\$ 6,933,545.31	\$ 6,985,207.18	\$ 21,202.08
Total assets	<u>\$ 72,863.95</u>	<u>\$ 6,933,545.31</u>	<u>\$ 6,985,207.18</u>	<u>\$ 21,202.08</u>
<b>LIABILITIES:</b>				
Net payroll	\$	\$ 4,083,527.76	\$ 4,083,527.76	\$
Interfunds payable	7,272.00	12,139.37	7,431.86	11,979.51
Deductions and withholdings	58,701.72	2,826,531.84	2,885,233.56	
Flexible spending	<u>6,890.23</u>	<u>11,346.34</u>	<u>9,014.00</u>	<u>9,222.57</u>
Total liabilities	<u>\$ 72,863.95</u>	<u>\$ 6,933,545.31</u>	<u>\$ 6,985,207.18</u>	<u>\$ 21,202.08</u>

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**STATISTICAL SECTION**  
**(UNAUDITED)**

HOLLAND TOWNSHIP SCHOOL DISTRICT  
STATISTICAL SECTION

<u>Contents</u>	<u>Page</u>
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 information to help the reader assess the district's most significant local revenue source, the property tax.	J-6 to J-9
Debt Capacity:	
These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	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  
UNAUDITED

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Governmental activities</b>										
Net investment in capital assets	\$ 5,977,584.32	\$ 6,129,485.00	\$ 6,482,904.00	\$ 6,753,652.00	\$ 6,965,223.00	\$ 6,954,466.00	\$ 6,908,474.00	\$ 7,204,223.00	\$ 6,623,346.00	\$ 6,577,926.00
Restricted	2,605,489.21	2,365,470.00	1,970,360.00	1,572,378.00	884,835.00	592,271.00	324,810.00	466,440.00	551,704.00	460,293.00
Unrestricted (Deficit)	(2,804,815.94)	(2,886,803.00)	(2,819,825.00)	(2,817,896.00)	(2,692,410.00)	(2,731,750.00)	467,520.00	172,516.00	388,857.00	184,477.00
Total governmental activities net position	\$ 5,778,257.59	\$ 5,608,152.00	\$ 5,633,439.00	\$ 5,508,134.00	\$ 5,157,648.00	\$ 4,814,987.00	\$ 7,700,804.00	\$ 7,843,179.00	\$ 7,563,907.00	\$ 7,222,696.00
<b>Business-type activities</b>										
Net investment in capital assets	\$ 17,267.16	\$ 19,447.00	\$ 21,315.00	\$ 14,148.00	\$ 15,713.00	\$ 15,756.00	\$ 17,362.00	\$ 18,969.00	\$ 5,308.00	\$ 3,554.00
Unrestricted	(366.66)	2,092.00	4,362.00	16,988.00	20,685.00	26,238.00	29,726.00	23,937.00	37,632.00	39,372.00
Total business-type activities net position	\$ 16,900.50	\$ 21,539.00	\$ 25,677.00	\$ 31,136.00	\$ 36,398.00	\$ 41,994.00	\$ 47,088.00	\$ 42,906.00	\$ 42,940.00	\$ 42,926.00
<b>District-wide</b>										
Net investment in capital assets	\$ 5,994,851.48	\$ 6,148,932.00	\$ 6,504,219.00	\$ 6,767,800.00	\$ 6,980,936.00	\$ 6,970,222.00	\$ 6,925,836.00	\$ 7,223,192.00	\$ 6,628,654.00	\$ 6,581,480.00
Restricted	2,605,489.21	2,365,470.00	1,970,360.00	1,572,378.00	884,835.00	592,271.00	324,810.00	466,440.00	551,704.00	460,293.00
Unrestricted (Deficit)	(2,805,182.60)	(2,884,711.00)	(2,815,463.00)	(2,800,908.00)	(2,671,725.00)	(2,705,512.00)	497,246.00	196,453.00	426,489.00	223,849.00
Total district net position	\$ 5,795,158.09	\$ 5,629,691.00	\$ 5,659,116.00	\$ 5,539,270.00	\$ 5,194,046.00	\$ 4,856,981.00	\$ 7,747,892.00	\$ 7,886,085.00	\$ 7,606,847.00	\$ 7,265,622.00

Source: CAFR Schedule A-1



HOLLAND TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET ASSETS  
UNAUDITED

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 9,025,784.00	\$ 8,943,061.00	\$ 8,771,709.00	\$ 8,771,709.00	\$ 8,634,029.00	\$ 8,464,735.00	\$ 8,298,760.00	\$ 8,136,039.00	\$ 8,051,999.00	\$ 7,833,653.00
Taxes levied for debt service	1,923,566.00	6,925,071.00	5,807,579.00	4,781,170.00	4,180,397.00	2,719,133.00	2,850,495.00	280,433.00	287,694.00	243,416.00
Federal & State aid not restricted		49,963.00	18,783.00	10,591.00	8,938.00	7,847.00	7,673.00	2,626,291.00	2,296,151.00	2,638,857.00
Investment earnings		207,498.16	12,379.00	1,752.00	298.00	7,220.00	5,812.00	15,035.00	1,394.00	7,499.00
Miscellaneous income								4,191.00	2,771.00	4,405.00
Operating transfers out								(10,000.00)	(45,000.00)	(122,229.00)
Special item - insurance proceeds for flood damage							157,461.00	(704.00)		
Special item - prior year account receivable canceled								(1,204.00)	(822.00)	(708.00)
Special item - gain (loss) on disposal of capital assets								(1,204.00)		
Total governmental activities	\$ 11,156,848.16	\$ 15,930,474.00	\$ 14,606,688.00	\$ 13,563,768.00	\$ 12,827,966.00	\$ 11,198,935.00	\$ 11,320,001.00	\$ 11,050,081.00	\$ 10,594,187.00	\$ 10,604,893.00
Business-type activities:										
Investment earning	\$ 259.03	\$ 260.00	\$ 131.00	\$ 104.00	\$ 103.00	\$ 129.00	\$	\$ 268.00	\$	\$ 135.00
Miscellaneous income		1,082.00				10.00				
Special item - loss on disposal of capital assets					(581.00)					
Operating transfers in										
Total business-type activities	\$ 259.03	\$ 1,342.00	\$ 131.00	\$ 104.00	\$ (478.00)	\$ 139.00	\$	\$ 268.00	\$	\$ 2,229.00
Total district-wide	\$ 11,157,107.19	\$ 15,931,816.00	\$ 14,606,819.00	\$ 13,563,872.00	\$ 12,827,488.00	\$ 11,199,074.00	\$ 11,320,001.00	\$ 11,050,349.00	\$ 10,594,187.00	\$ 10,607,257.00
<b>CHANGE IN NET POSITION</b>										
Governmental activities	\$ 311,962.80	\$ (25,287.00)	\$ 125,305.00	\$ 350,486.00	\$ 342,661.00	\$ 48,822.00	\$ (142,375.00)	\$ 279,272.00	\$ 341,211.00	\$ (117,898.00)
Business-type activities	(4,638.34)	(4,138.00)	(5,459.00)	(5,262.00)	(5,596.00)	(5,213.00)	4,301.00	(34.00)	14.00	6,611.00
Total district	\$ 307,324.46	\$ (29,425.00)	\$ 119,846.00	\$ 345,224.00	\$ 337,065.00	\$ 43,609.00	\$ (138,074.00)	\$ 279,238.00	\$ 341,225.00	\$ (111,287.00)

Source: CAFR Schedule A-2

HOLLAND TOWNSHIP SCHOOL DISTRICT  
 FUND BALANCES - GOVERNMENTAL FUNDS  
 UNAUDITED

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Fund										
Restricted	\$ 2,605,489.21	\$ 2,693,860.00	\$ 2,085,256.00	\$ 1,678,050.00	\$ 1,013,280.00	\$ 807,428.00	\$ 534,918.00	\$ 658,061.00	\$ 298,362.00	\$ 585,457.00
Committed		367,057.00	312,602.00	57,122.00	134,126.00	93,184.00	380,243.00	98,874.00	270,771.00	84,879.00
Assigned	740,847.73	144,846.00						366.00	60,000.00	
Unassigned	183,026.00	134,599.00	274,055.00	177,724.00	193,236.00	242,897.00	253,119.00	250,424.00	294,856.00	380,976.00
Total general fund	\$ 3,529,362.94	\$ 3,340,362.00	\$ 2,671,913.00	\$ 1,912,896.00	\$ 1,340,642.00	\$ 1,143,509.00	\$ 1,168,280.00	\$ 1,007,725.00	\$ 923,989.00	\$ 1,051,312.00
All Other Governmental Funds										
Restricted, reported in	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Capital projects fund			130,109.00	185,824.00	129,195.00			2,178.00	361,046.00	
Assigned, reported in										
Debt service fund										1.00
Total all other governmental funds	\$ 0.00	\$ 0.00	\$ 130,109.00	\$ 185,824.00	\$ 129,195.00	\$ 0.00	\$ 0.00	\$ 2,178.00	\$ 361,046.00	\$ 1.00

Source: CAFR Schedule B-1



HOLLAND TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30,</u>		<u>Interest Earned</u>		<u>Tuition</u>		<u>Other</u>		<u>Total</u>
2019	\$	62,272.53	\$	132,005.56	\$	13,527.96	\$	207,806.05
2018		49,963.00		67,831.00		12,379.00		130,173.00
2017		18,783.00		88,648.00		74,934.00		182,365.00
2016		10,591.00		64,637.00		8,178.00		83,406.00
2015		8,938.00		85,958.00		13,988.00		108,884.00
2014		7,847.00		127,087.00		8,488.00		143,422.00
2013		7,673.00		132,494.00		12,812.00		152,979.00
2012		15,035.00		165,825.00		11,413.00		192,273.00
2011		1,394.00		185,525.00		9,651.00		196,570.00
2010		7,499.00		124,727.00		10,405.00		142,631.00

Source: District Records



HOLLAND TOWNSHIP SCHOOL DISTRICT  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
 UNAUDITED

Fiscal Year Ended June 30,	Vacant Land	Residential	Regular Farm	Q-Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities (a)	Net Valuation Taxable	Est. Actual (County Equalized Value)	Total Direct School Tax Rate (b)
2019	\$ 7,302,800	\$ 524,979,900	\$ 64,915,900	\$ 2,736,830	\$ 14,458,811	\$ 10,448,100	\$ 429,300	\$ 624,771,641	\$ 1,124,474	\$ 625,696,115	\$ 677,890,301	1.471
2018	7,665,900	524,938,100	64,907,400	2,733,430	14,447,811	10,448,100	429,300	625,570,041	1,136,595	626,706,636	668,986,588	1.440
2017	8,046,300	527,053,100	62,836,000	2,569,630	14,136,311	10,488,100	429,300	625,558,741	1,506,110	627,064,851	659,551,604	1.420
2016	7,439,600	526,884,100	64,633,400	2,602,380	13,883,911	11,231,600	429,300	627,104,281	1,464,110	628,568,401	659,360,538	1.400
2015	6,975,500	524,687,600	65,808,400	2,658,190	15,119,411	11,231,600	429,300	626,910,001	1,504,717	628,414,718	660,724,128	1.400
2014	6,480,600	525,191,400	65,474,000	2,645,310	16,026,211	11,231,600	429,300	627,478,421	1,531,313	629,009,734	670,270,971	1.370
2013	10,295,300	643,244,500	75,823,800	2,579,300	16,745,200	13,145,500	409,900	762,203,500	1,671,889	763,875,389	691,448,812	1.110
2012	11,043,000	646,768,800	74,547,600	2,519,600	16,745,200	13,145,500	409,900	765,179,600	1,948,801	767,128,401	746,069,777	1.080
2011	12,898,800	646,373,000	75,820,600	2,555,100	16,202,400	14,028,400	409,900	768,286,200	1,938,850	770,225,050	783,944,071	1.090
2010	13,623,600	646,506,300	75,961,400	2,588,800	16,302,400	14,480,500	409,900	769,872,900	2,066,917	771,939,817	812,100,698	1.080

Source: District records Tax list summary & 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 ordered by the County Board of Taxation  
 (a): Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies  
 (b): Tax rates are per \$100

HOLLAND TOWNSHIP SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
UNAUDITED

Fiscal Year Ended June 30,	Township of Green Brook			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	Total Direct School Tax Rate	Municipality	County	
2019	\$1.471	\$0.000	1.471	\$0.190	\$0.409	\$2.070
2018	1.440	0.000	1.440	0.190	0.400	2.030
2017	1.420	0.000	1.420	0.190	0.390	2.000
2016	1.400	0.000	1.400	0.190	0.390	1.980
2015	1.400	0.000	1.400	0.190	0.390	1.980
2014	1.370	0.000	1.370	0.100	0.390	1.860
2013	1.110	0.000	1.110	n/a	0.330	1.440
2012	1.080	0.000	1.080	n/a	0.340	1.420
2011	1.050	0.040	1.090	n/a	0.350	1.440
2010	1.040	0.040	1.080	n/a	0.370	1.450

Source: District Records and Municipal Tax Collector  
(Rates are per \$100 of assessed value)

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

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

HOLLAND TOWNSHIP SCHOOL DISTRICT  
 PRINCIPAL PROPERTY TAXPAYERS - CURRENT YEAR AND TEN YEARS AGO  
 UNAUDITED

Taxpayer	2019			2010 - Not Available			
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Gilbert Power, LLC	\$ 6,400,100	1	1.02%				0.00%
Rothenberg, Craig & Antonietta	3,603,600	2	0.58%				0.00%
Georgia-Pacific Corp.	2,789,400	3	0.45%				0.00%
Oak Hill Golf Club, Inc	2,729,000	4	0.44%				0.00%
Columbia Gas	1,897,400	5	0.30%				0.00%
Spring Mills LLC	1,778,600	6	0.28%				0.00%
Holland 2MG LLC	1,540,200	7	0.25%				0.00%
Rubin, Gloria	1,516,450	8	0.24%				0.00%
Oliver, John	1,273,300 #	9	0.20%				0.00%
KJA Holdings LLC	1,178,500	10	0.19%				0.00%
Total	\$ 24,706,550		3.95%		\$ 0		0.00%

Source: Municipal Tax Assessor

HOLLAND TOWNSHIP SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy (a)		Collections in Subsequent Years
		Amount	Percentage of Levy	
2019	\$ 9,025,784	\$ 9,025,784	100.00%	-
2018	8,943,061	8,943,061	100.00%	-
2017	8,771,709	8,771,709	100.00%	-
2016	8,771,709	8,771,709	100.00%	-
2015	8,634,029	8,634,029	100.00%	-
2014	8,464,735	8,464,735	100.00%	-
2013	8,298,760	8,298,760	100.00%	-
2012	8,416,472	8,416,472	100.00%	-
2011	8,339,693	8,339,693	100.00%	-
2010	8,077,069	8,077,069	100.00%	-

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

Note: 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 is the amount voted upon or certified prior to the end of the school year.

HOLLAND TOWNSHIP SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
UNAUDITED

Fiscal Year Ended <u>June 30,</u>	<u>Governmental Activities</u>		<u>Total District</u>	<u>Percentage of Personal Income (a)</u>	<u>Per Capita (a)</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>			
2019	\$ 0.00	\$ 0.00	\$ 0.00	N/A	\$ N/A
2018	0.00	0.00	0.00	N/A	N/A
2017	0.00	0.00	0.00	N/A	N/A
2016	0.00	0.00	0.00	N/A	N/A
2015	0.00	0.00	0.00	N/A	N/A
2014	0.00	0.00	0.00	N/A	N/A
2013	0.00	0.00	0.00	N/A	N/A
2012	0.00	0.00	0.00	N/A	N/A
2011	269,000.00	0.00	269,000.00	26.73%	50.62
2010	534,000.00	0.00	534,000.00	13.11%	*

Source: District CAFR Schedules I-1, I-2

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

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

\* - data not available

N/A - not applicable

HOLLAND TOWNSHIP SCHOOL DISTRICT  
RATIOS OF NET BONDED DEBT OUTSTANDING  
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value (a) of Property	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2019	\$ 0.00	\$ 0.00	\$ 0.00	*	0.00
2018	0.00	0.00	0.00	0.00%	0.00
2017	0.00	0.00	0.00	0.00%	0.00
2016	0.00	0.00	0.00	0.00%	0.00
2015	0.00	0.00	0.00	0.00%	0.00
2014	0.00	0.00	0.00	0.00%	0.00
2013	0.00	0.00	0.00	0.00%	0.00
2012	0.00	0.00	0.00	0.00%	0.00
2011	269,000.00	0.00	269,000.00	0.03%	50.62
2010	534,000.00	0.00	534,000.00	0.07%	101.00

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

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

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

\* - data not available

HOLLAND TOWNSHIP SCHOOL DISTRICT  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2018  
UNAUDITED

<u>Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Municipality	-	100.00%	\$0.00
Regional High School	530,000.00	28.45%	150,787.22
County general obligation debt	83,452,933.38	3.16%	2,637,112.69
Subtotal, overlapping debt			<u>2,787,899.92</u>
Township of Holland School District Direct Debt			<u>0.00</u>
Total direct and overlapping debt			<u><u>\$2,787,899.92</u></u>

Source: Municipal Chief Financial Officer, County Treasurer's Office

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 district. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

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

HOLLAND TOWNSHIP SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2018:Equalized Valuation Basis

Calendar Year	Fiscal Year Ending June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
			\$677,537,140.00							
			667,718,554.00							
			661,223,419.00							
			<u>\$2,006,479,113.00</u>							
			\$668,826,371.00							
Average Equalized Valuation of Taxable Property			20,064,791.13							
Debt Limit (3% (a) of average equalization value)			0.00							
Total Net Debt Applicable to Limit			<u>\$20,064,791.13</u>							
Legal Debt Margin										
			\$20,064,791.13	\$19,865,629.00	\$19,786,380.00	\$19,915,786.00	\$20,264,280.00	\$21,138,304.00	\$22,231,980.00	\$23,590,605.00
Debt Limit			\$20,064,791.13	\$19,865,629.00	\$19,786,380.00	\$19,915,786.00	\$20,264,280.00	\$21,138,304.00	\$22,231,980.00	\$23,590,605.00
Total Net Debt Applicable To Limit			0.00							
Legal Debt Margin			<u>\$20,064,791.13</u>	<u>\$19,865,629.00</u>	<u>\$19,786,380.00</u>	<u>\$19,915,786.00</u>	<u>\$20,264,280.00</u>	<u>\$21,138,304.00</u>	<u>\$22,231,980.00</u>	<u>\$23,590,605.00</u>
Total Net Debt Applicable to the Limit as a % of Debt Limit			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
										2.10%

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 N.J.S.A. 18A:24-19 for a K through 8 district; other % limits would be applicable for other district types.



HOLLAND TOWNSHIP SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
UNAUDITED

<u>Year</u>	<u>Population (a)</u>	<u>Personal Income (b)</u>	<u>Per Capita Personal Income (c)</u>	<u>Unemployment Rate (d)</u>
2019	5,106	\$ *	\$ *	*
2018	5,131	*	*	3.40%
2017	5,143	*	86,589	3.50%
2016	5,182	431,043,942	83,181	4.20%
2015	5,207	420,866,189	80,827	4.60%
2014	5,228	410,079,092	78,439	5.30%
2013	5,246	393,030,320	74,920	7.60%
2012	5,279	396,753,803	75,157	8.40%
2011	5,314	382,081,914	71,901	8.20%
2010	*	*	70,018	8.40%

## Source:

(a) Population information provided by the NJ Dept. of Labor and Workforce Development.

(b) Personal income has been estimated based upon the municipal population and per capita personal income presented.

(c) Per capita personal income by municipality estimated based upon the census published by the US Bureau of Economic Analysis.

(d) Unemployment data provided by the NJ Dept. of Labor and Workforce Development.

\* - data not available

HOLLAND TOWNSHIP SCHOOL DISTRICT  
 PRINCIPAL EMPLOYERS - CURRENT YEAR AND TEN YEARS AGO  
UNAUDITED

<u>Employer</u>	2019		2010	
	<u># of Employees</u>	<u>Percentage of Total Employment</u>	<u>Rank (Optional)</u>	<u># of Employees</u>
	0	0.00%		0
				0.00%

Source: Municipal Records

HOLLAND TOWNSHIP SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
UNAUDITED

Function/Program	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Instruction:										
Regular	38.6	38.8	45.2	46.7	43.9	43.9	44.9	44.9	45.9	47.0
Special education	35.2	31.9	25.2	26.2	31.1	29.4	28.7	28.2	28.7	31.5
Support Services:										
Student and instruction related services	12.7	14.1	16.5	16.4	15.2	15.3	15.6	13.8	14.7	15.5
General administrative services	2	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0
School administrative services	3	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Central Services	3	3.0	3.4	3.4	3.4	3.4	3.4	3.4	3.5	3.5
Plant operations and maintenance	4.8	6.7	5.8	5.8	5.8	5.8	5.8	6.8	6.5	6.0
<b>Total</b>	<b>99.3</b>	<b>99.5</b>	<b>101.1</b>	<b>103.5</b>	<b>104.4</b>	<b>102.8</b>	<b>103.4</b>	<b>102.1</b>	<b>104.3</b>	<b>109.5</b>

Source: District Personnel Records

HOLLAND TOWNSHIP SCHOOL DISTRICT  
OPERATING STATISTICS  
 UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	% Change	Teaching Staff (b)	Pupil/Teacher Ratio	Average Daily Enrollment (c)	Average Daily Attendance (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2019	531	\$ 12,444,962.13	\$ 23,436.84	-0.02%	74	7.2	534	508	-0.98%	95.13%
2018	568	11,931,843.00	21,006.77	0.43%	68	8.3	564	538	7.43%	95.48%
2017	551	11,525,278.00	20,917.02	2.58%	68	8.1	548	525	-1.74%	95.73%
2016	559	11,398,970.00	20,391.72	7.68%	66	8.5	557	534	-4.52%	95.92%
2015	592	11,210,642.00	18,936.90	3.43%	66	9.0	585	559	-3.03%	95.59%
2014	603	11,040,326.00	18,309.00	1.04%	64	9.4	602	577	-2.62%	95.80%
2013	627	11,361,779.00	18,120.86	8.56%	65	9.7	622	592	-4.44%	95.20%
2012	652	10,882,920.00	16,691.60	7.57%	64	10.2	649	620	-1.01%	95.53%
2011	659	10,225,470.00	15,516.65	-2.89%	63	10.5	657	626	-0.57%	95.33%
2010	665	10,625,302.00	15,977.90	#DIV/0!	64	10.4	663	630	-----	94.96%

Sources: District records

Note: Enrollment based on annual October district count.

(a) Operating expenditures equal total expenditures per CAFR B-2 less debt service and capital outlay.

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

(c) Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

HOLLAND TOWNSHIP SCHOOL DISTRICT  
 SCHOOL BUILDING INFORMATION  
 UNAUDITED

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>District Buildings</b>										
Holland Township Elementary (1939)	112,840	112,840	112,840	112,840	112,840	112,840	112,840	112,840	112,840	112,840
Square Feet	770	770	770	770	770	770	770	770	770	770
Capacity (students)	568	568	541	549	587	603	618	647	655	659
Enrollment										

Number of Schools at June 30, 2019

Elementary = 1

Middle School = 1

Source: District records

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

HOLLAND TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE  
UNAUDITED

Undistributed expenditures - Required maintenance for school facilities - 11-000-261-XXX

	<u>Total</u>	Holland Township <u>School</u>
2019	\$ 167,906.06	\$ 167,906.06
2018	374,948.00	374,948.00
2017	189,414.00	189,414.00
2016	175,332.00	175,332.00
2015	102,835.00	102,835.00
2014	142,657.00	142,657.00
2013	129,837.00	129,837.00
2012	110,647.00	110,647.00
2011	61,258.00	61,258.00
2010	154,526.00	154,526.00
	<hr/>	<hr/>
Total	\$ <u>1,609,360.06</u>	\$ <u>1,609,360.06</u>

Source: District records

HOLLAND TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
UNAUDITED

Type of Coverage	Coverage	Deductible
School Package Policy - School Alliance Insurance Fund		
Insurance Group		
Property - Building Blanket and Contents (Fund Limit)	\$ 500,000,000.00	\$ 2,500.00
Auto Physical Damage		1,000.00
Comprehensive General Liability	5,000,000.00	
Blanket Employee Dishonesty Bond	500,000.00	1,000.00
Environmental Impairment Liability - School Alliance Insurance Fund Through Illinois Union Insurance Company		
Per Incident	1,000,000.00	10,000.00
School Board Legal Liability - School Alliance Insurance Fund		
Policy Limit	5,000,000.00	5,000.00
Workers Compensation - School Alliance Insurance Fund		
Disease Policy Limit	50,000,000.00	
Public Employees' Faithful Performance - Selective Insurance Company		
Treasurer of School Monies	200,000.00	
School Business Administrator Bond	100,000.00	
Student Accident Insurance - Zurich Insurance		
Policy Limit	1,000,000.00	
Excess Liability - School Alliance Insurance Fund		
Policy Limit	5,000,000.00	

Source: District Records

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**SINGLE AUDIT SECTION**



**SUPLEE, CLOONEY & COMPANY**

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF BASIC 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  
Milford, New Jersey 08848

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and in compliance with 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, each major fund and the aggregate remaining fund information of the Holland Township School District (the "District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 15, 2019.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 Holland Township School District's internal control.

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

## SUPLEE, CLOONEY & COMPANY

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. However, we noted an immaterial instance of noncompliance that we have reported to the Board of Education of the Holland Township School District in a separate Auditor's Management Report on Administrative Findings – Financial and Compliance dated November 15, 2019.

### **Purpose of This Report**

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

  
CERTIFIED PUBLIC ACCOUNTANTS

  
PUBLIC SCHOOL ACCOUNTANT NO. 948

November 15, 2019



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
STATE FINANCIAL ASSISTANCE PROGRAMS AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH THE NEW JERSEY OMB CIRCULAR 15-08**

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

### ***Report on Compliance for Each Major State Program***

We have audited the Holland Township School District's, County of Hunterdon, State of New Jersey compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the Holland Township School District's major state programs for the year ended June 30, 2019. 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 Holland Township School 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 of New Jersey *OMB 15-08*. These standards, New Jersey *OMB 15-08*, requires 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 Holland Township School 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 Holland Township School District's compliance.

**Opinion on Each Major State Program**

In our opinion, the Holland Township School District, County of Hunterdon, State of New Jersey 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, 2019.

**Report on Internal Control Over Compliance**

Management of the Holland Township School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Holland Township School 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 New Jersey OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Holland Township School District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 the State of New Jersey OMB 15-08. Accordingly, this report is not suitable for any other purpose.

  
CERTIFIED PUBLIC ACCOUNTANTS

  
PUBLIC SCHOOL ACCOUNTANT NO. 948

November 15, 2019

HOLLAND TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

FEDERAL CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE AT JUNE 30, 2018 UNEARNED REVENUE (ACCOUNTS RECEIVABLE)	CASH RECEIVED	BUDGETARY EXPENDITURES	BALANCE AT JUNE 30, 2019 UNEARNED REVENUE (ACCOUNTS RECEIVABLE)
Enterprise Fund								
U.S. Department of Agriculture								
Passed-through State Department of Education:								
Child Nutrition Cluster:								
10.555	181NJ304N1099	N/A	7/1/17-6/30/18	\$ 11,846.00	\$ 2,044.00	\$	\$ (2,044.00)	\$
10.555	181NJ304N1099	N/A	7/1/18-6/30/19	13,280.29		13,280.29	(11,040.74)	2,239.55
10.551		N/A	7/1/18-6/30/19	1,664.70		1,573.02	(1,664.70)	(91.68)
10.555	181NJ304N1099	N/A	7/1/18-6/30/19	20,462.15		19,368.47	(20,462.15)	(1,093.68)
Total Child Nutrition Cluster					\$ 2,044.00	\$ 34,221.78	\$ (35,211.59)	\$ 1,054.19
Total U.S. Department of Agriculture					\$ 2,044.00	\$ 34,221.78	\$ (35,211.59)	\$ 1,054.19
Special Revenue Fund								
U.S. Department of Education								
Passed-through State Department of Education:								
Small Rural School Achievement Prog. (REAP)								
84.3358A	S358A183350	N/A	7/1/18-9/30/19	44,710.00		44,710.00	(44,710.00)	\$
84.3358A	S358A183350	N/A	7/1/17-9/30/18	45,364.00		11,799.20	(11,799.20)	
Total Small Rural School Achievement Program					\$	\$ 56,509.20	\$ (56,509.20)	\$
N.C.L.B. Cluster:								
84.010	S010A150030	NCLB222018	7/1/18-6/30/19	17,390.00		17,390.00	(17,390.00)	\$
84.367	S367A150029	NCLB222018	7/1/18-6/30/19	16,597.00		16,597.00	(16,597.00)	
Total N.C.L.B. Cluster					\$	\$ 33,987.00	\$ (33,987.00)	\$
I.D.E.A. Special Education Cluster:								
84.027	S027A150100	IDEA222018	7/1/18-6/30/19	130,761.00		130,761.00	(130,761.00)	\$
84.173	S173A150114	IDEA222018	7/1/18-6/30/19	5,282.00		5,282.00	(5,282.00)	
Total I.D.E.A. Special Education Cluster					\$	\$ 136,043.00	\$ (136,043.00)	\$
Total U.S. Department of Education					\$	\$ 226,539.20	\$ (226,539.20)	\$
Total Federal Financial Assistance					\$ 2,044.00	\$ 260,760.98	\$ (261,750.79)	\$ 1,054.19

See accompanying notes to schedules of financial assistance.

HOLLAND TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT		CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS/ REPAYMENT OF PRIOR YEAR BALANCES	BALANCE AT		MEMO	
				JUNE 30, 2018 DEFERRED REVENUE (ACCTS.REC.)	JUNE 30, 2019 DEFERRED REVENUE (ACCTS.REC.)				BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES		
<b>General Fund:</b>												
State Aid Cluster:												
Special Education Categorical Aid	19-495-034-5120-085	\$ 373,356.00	7/1/18-6/30/19	\$	\$	338,936.55	(373,356.00)	34,419.45	\$	34,419.45	\$	373,356.00
Equalization Aid	19-495-034-5120-078	1,291,479.00	7/1/18-6/30/19			1,172,415.36	(1,291,479.00)	119,060.64		119,060.64		1,291,479.00
Security Aid	19-495-034-5120-084	9,453.00	7/1/18-6/30/19			8,581.53	(9,453.00)	871.47		871.47		9,453.00
School Choice Aid	19-495-034-5120-068	104,144.00	7/1/18-6/30/19			94,543.03	(104,144.00)	9,600.97		9,600.97		104,144.00
				\$	\$	1,614,479.47	(1,778,432.00)	163,952.53	\$	163,952.53	\$	1,778,432.00
<b>Other-General Fund:</b>												
Extraordinary Special Education Costs Aid	19-495-034-5120-473	97,135.00	7/1/18-6/30/19	\$	\$		(97,135.00)			97,135.00		97,135.00
Transportation Aid	19-495-034-5120-014	36,300.00	7/1/18-6/30/19			32,953.53	(36,300.00)	3,346.47		3,446.47		36,300.00
Nonpublic School Transportation Costs Aid	Not Available	3,190.00	7/1/18-6/30/19				(3,190.00)			(3,190.00)		3,190.00
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	301,087.73	7/1/18-6/30/19			286,079.51	(301,087.73)			(15,008.22)		301,087.73
On-behalf TPAF long-term disability insurance	Not Available	801.00	7/1/18-6/30/19				(801.00)					801.00
On-behalf TPAF pension contributions	19-495-034-5094-002	854,819.00	7/1/18-6/30/19			854,819.00	(854,819.00)					854,819.00
On-behalf TPAF post retirement medical	19-495-034-5094-001	387,745.00	7/1/18-6/30/19			387,745.00	(387,745.00)					387,745.00
				\$	\$	1,562,398.04	(1,681,077.73)	3,346.47	\$	(115,333.22)	\$	1,681,077.73
<b>Enterprise Fund:</b>												
National School Lunch Program (State Share)	19-100-010-3360-067	1,408.12	7/1/18-6/30/19	\$	\$	1,330.63	(1,408.12)			(77.49)	\$	1,408.12
				\$	\$	1,330.63	(1,408.12)			(77.49)	\$	1,408.12
				\$	\$	3,178,208.14	(3,460,917.65)	167,299.00	\$	(115,410.71)	\$	3,460,917.65

Total state financial assistance subject to single audit

Less: On-behalf amounts not utilized for determination of major programs:  
 On-behalf TPAF long-term disability insurance 801.00  
 On-behalf TPAF pension contributions 854,819.00  
 On-behalf TPAF post retirement medical (387,745.00)

See accompanying notes to schedules of financial assistance.

**Holland Township School District**  
**Notes to the Schedules of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**Year Ended June 30, 2019**

**NOTE 1: GENERAL**

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

**NOTE 2: BASIS OF ACCOUNTING**

The accompanying schedules of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exceptions of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 of the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

The General fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.



**Holland Township School District**  
**Notes to the Schedules of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**Year Ended June 30, 2019**

**NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$11,699.00 for the general fund fund. See the notes to the required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Federal awards and state financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$3,471,208.73	\$3,471,208.73
Special Revenue Fund	\$226,539.20		226,539.20
Food Service Fund	<u>35,211.59</u>	<u>1,408.12</u>	<u>36,619.71</u>
 Total Awards & Financial Assistance	 <u>\$261,750.79</u>	 <u>\$3,472,616.85</u>	 <u>\$3,734,367.64</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 in the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF pension contributions, post-retirement medical benefits, and long-term disability insurance represents the amount paid by the state on behalf of the district for the year ended June 30, 2019. TPAF Social Security contributions represent the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2019.

**Holland Township School District**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2019**

**Section I – Summary of Auditor's Results**

**Financial Statements**

- |     |  |            |
|-----|--|------------|
| (1) | Type of Auditor's Report Issued:   | Unmodified |
| (2) | Internal Control Over Financial Reporting:   |            |
|     | (a) Material weakness identified?  | No         |
|     | (b) Significant deficiencies identified that are not considered to be material weaknesses? | No         |
| (3) | Noncompliance material to basic financial statements noted?                                | No         |

**Federal Program(s)** – Not Applicable

**State Program(s)**

- |     |   |            |
|-----|---|------------|
| (1) | Internal Control Over Major State Programs:   |            |
|     | (a) Material weakness identified?   | No         |
|     | (b) Significant deficiencies identified that are not considered to be material weaknesses?                | No         |
| (2) | Type of Auditor's Report issued on compliance for major state program(s)?                                 | Unmodified |
| (3) | Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08? | No         |
| (4) | Identification of Major State Program(s):   |            |

<u>Program</u>	<u>Grant Number</u>
State Aid Cluster:	
Equalization Aid	495-034-5120-078
Special Education Categorical Aid	495-034-5120-089
School Choice Aid	495-034-5120-068
Security Aid	495-034-5120-084

**Holland Township School District**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2019**

**Section I – Summary of Auditor’s Results (Continued)**

**State Program(s) (Continued)**

- (5) Program Threshold Determination:
  - Type A State Program Threshold > \$750,000.00
  - Type B State Program Threshold <= \$750,000.00
  
- (6) Auditee qualified as a low-risk auditee under New Jersey OMB Circular 15-08? Yes

**Section II – Financial Statement Audit – Reported Findings Under Government Auditing Standards**

**Internal Control Findings**

None Reported

**Compliance Findings**

None Reported

**Section III – Findings and Questioned Costs Relative to Major Federal and State Programs**

Federal Programs – None Reported

State Programs – None Reported

**Holland Township School District**  
**Schedule of Prior Year Audit Findings**

Not Applicable

