

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
OF THE
JOHN P. HOLLAND CHARTER SCHOOL
NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

JOHN P. HOLLAND CHARTER SCHOOL
JUNE 30, 2021
TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal	1
Roster of Trustees and Officers.....	6
Consultants and Advisors.....	7

FINANCIAL SECTION

Independent Auditor's Report on General Purpose Financial Statements and Supplementary Schedule of Expenditures of Federal Awards and State Financial Assistance	8
Required Supplementary Information - Part I Management's Discussion and Analysis	11

Basic Financial Statements:

A. School-wide Financial Statements

A-1 Statement of Net Position	22
A-2 Statement of Activities	23

B. Fund Financial Statements:

Governmental Funds:

B-1 Balance Sheet.....	24
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances.....	25
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	26

Proprietary Funds:

B-4 Statement of Net Position	27
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	28
B-6 Statement of Cash Flows	29

Fiduciary Funds:

B-7 Statement of Fiduciary Net Position – Not Applicable	30
B-8 Statement of Changes in Fiduciary Net Position – Not Applicable	31

Notes to Financial Statements	32
--	-----------

Required Supplementary Information - Part II

C. Budgetary Comparison Schedules:

C-1 Budgetary Comparison Schedule General Fund	67
C-2 Budgetary Comparison Schedule Special Revenue Fund	70

**JOHN P. HOLLAND CHARTER SCHOOL
JUNE 30, 2021
TABLE OF CONTENTS**

Notes to Required Supplementary Information:

C-3 Budget to GAAP Reconciliation.....	72
--	----

Required Supplementary Information - Part III

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68):

L-1 Schedule of the Charter School’s Proportionate Share of the Net Pension Liability-PERS	73
L-2 Schedule of Charter School Contributions - PERS	74
L-3 Schedule of the Charter School Proportionate Share of the Net Pension Liability-TPAF	75
L-4 Notes to Required Supplementary Information Pension Schedules	76
M-1 Schedule of Changes in the Charter School’s Proportionate Share of Total OPEB Liability	77

Other Supplementary Information

E. Special Revenue Fund:

E-1 Combining Schedule of Program Revenues and Expenditures, Special Revenue Fund - Budgetary Basis	78
E-2 Schedule of Preschool Education Aid Expenditures – Budgetary Basis.....	79

G. Proprietary Funds:

Enterprise Fund:

G-1 Combining Statement of Net Position.....	80
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position.....	81
G-3 Combining Statement of Cash Flows.....	82

Fiduciary Funds:

H-1 Combining Statement of Fiduciary Net Position – Not Applicable	83
H-2 Combining Statement of Changes in Fiduciary Net Position – Not Applicable	84
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements – Not Applicable	85
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements – Not Applicable	86
H-5 Unemployment Compensation Insurance Trust Fund – Not Applicable	87

J. Financial Trends:

J-1 Net Position by Component.....	88
J-2 Changes in Net Position	89
J-3 Fund Balances – Governmental Funds	91
J-4 Changes in Fund Balances – Governmental funds.....	92

JOHN P. HOLLAND CHARTER SCHOOL
JUNE 30, 2021
TABLE OF CONTENTS

J. Revenue Capacity:

J-5	General Fund - Other Local Revenue By Source	93
J-6	Assessed Value and Actual Value of Taxable Property – Not Applicable	94
J-7	Direct and Overlapping Properties – Not Applicable	95
J-8	Principal Property Taxpayers – Not Applicable	96

J. Debt Capacity:

J-9	Property Tax Levies and Collections – Not Applicable	97
J-10	Ratios of Outstanding Debt by Type – Not Applicable	98
J-11	Ratios of Net General Bonded Debt Outstanding – Not Applicable	99
J-12	Direct and Overlapping Governmental Activities Debt – Not Applicable	100

J. Demographic and Economic Information:

J-13	Legal Debt Margin Information – Not Applicable	101
J-14	Demographic and Economic Statistics – Not Applicable	102

J. Operating Information:

J-15	Principal Employers – Not Applicable	103
J-16	Full Time Equivalent Charter School Employees by Function/Program	104
J-17	Operating Statistics	105
J-18	School Building Information	106
J-19	General Fund-Schedule of Required Maintenance – Not Applicable	107
J-20	Insurance Schedule	108

J. Charter School Performance Framework Financial Indicators:

J-21	Near Term Indicators	109
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SINGLE AUDIT SECTION K.

K-1	Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	110
K-2	Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with The Uniform Guidance and New Jersey OMB Circular letter 15-08	112
K-3	Schedule of Expenditures of Federal Awards	115
K-4	Schedule of Expenditures of State Financial Assistance	116
K-5	Notes to the Schedule of Awards and Financial Assistance	117
K-6	Schedule of Finding and Questioned Costs Section I – Summary of Auditor’s Results	119
	Section II – Financial Statement Findings	121
	Section III – Federal Awards and State Financial Findings and Questioned Costs	122
K-7	Summary Schedule of Prior Audit Findings.....	123



March 10, 2022

Commissioner
New Jersey Department of Education
100 Riverview Executive Plaza
CN 500
Trenton, NJ 08625

Dear Commissioner:

The Annual Comprehensive Financial Report of the John P. Holland Charter School for the fiscal year ended June 30, 2021, 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 school. To the best of our knowledge and belief, the data presented in this report are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the school. All disclosures necessary to enable the reader to gain an understanding of the school's financial activities have been included.

The Annual Comprehensive Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter and list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report. The statistical section includes audited data from the school's first six fiscal years. The school is required to undergo an annual single audit in conformity with the requirements of 2 CFR 200-Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (U.S. Uniform Guidance), "Audits of State and Local Governments and Non-Profit Organizations," and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditors' reports on internal control 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 John P. Holland Charter School is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board (GASB) as established by National Council on Governmental Accounting (NCGA) Statement No. 3. All funds of the Charter School are included in this report. The overarching mission of the Charter School is to inspire and empower its students, families and staff with opportunities to successfully shape and transform their lives by becoming successful, lifelong learners who possess the critical-thinking, academic, advocacy, and leadership skills required to continuously open new doors in their lives and the lives of others.

The Charter school is open to all Paterson students on a space available basis and does not discriminate in its admission policies or practices on the basis of intellectual or athletic ability, measures of achievement or aptitude, status as a handicapped person, proficiency in the English language, or any other basis that would be illegal if used by a charter-school.

The Charter School has completed its tenth year of service to the children and families of Paterson. By the end of the 2020-2021 school year, the Charter School had a PK-8 student enrollment of 552.

The Charter School's enrollment at October 15, 2020 was 552 students, which is a 12.0% increase above the previous October 15th count. The significant change in enrollment is primarily due to the addition of three 3rd grade classrooms. The following details the changes in enrollment over the last five years:

Fiscal Year	Student Enrollment	Percent Change
2020-2021	552	12.00%
2019-2020	486	15.00%
2018 - 2019	421	20.00%
2017 - 2018	351	74.62%
2016 - 2017	201	1.01%
2015 - 2016	199	0%

- 2) **ENROLLMENT OUTLOOK:** The John P. Holland Charter School is services the students in the City of Paterson in the County of Passaic, within the State of New Jersey. Paterson's population stands at 146, 199 (2010 census) and is 32% African American; 58% Hispanic/Latino and 10% other races. Paterson is known as the "Silk City" for its dominant role in silk production during the latter half of the 19th century. The city is served by the New Jersey Transit Main Line commuter rail service, with the station located in Downtown Paterson. Bus service to locations in Passaic, Bergen, Essex and Hudson counties is provided by New Jersey Transit, making the city a regional transit hub.

The Paterson Public Schools serve students in kindergarten through twelfth grade. Paterson at present has four operating charter schools, one of which is John P. Holland. The district is one of 31 Abbott districts statewide, which are now referred to as "SDA Districts" based on the requirement for the state to provide additional funding for Early Childhood Education for all 3 to the 5 year olds in those districts. The school system has over 30,000 students who speak over 50 different languages. The school system currently has 52 schools with over 6,000 employees.

Paterson boasts numerous locations on the National Register of Historic Places, including museums, schools, public buildings, and churches. Paterson's rich history is best represented though the designation by President Obama in 2009 of the area surrounding the majestic Great Falls as a new national park, the Paterson Great Falls National Historical Park.

In 2020-2021 the City of Paterson continued to experience financial hardships common to urban municipalities in New Jersey including high unemployment, violence and high rates of poverty. However, the new national park holds great promise to serve as a catalyst for significant economic development and tourism, enabling Paterson to dramatically improve both its financial condition and the opportunities it is able to offer its residents and visitors alike.

The Charter School has completed its tenth year of service to the children and families of Paterson. By the end of 2020-2021 school year, the Charter School has a PreK-8 student enrollment of 552, which is a 12% increase above the previous October 15, 2019 count.

- 3) MAJOR ACCOMPLISHMENTS:** The John P. Holland Charter School understands its responsibility to serve all students, including special education students, English Language Learners, students who qualify for free or reduced-price lunch, and other underserved or at-risk populations.

In 2020-2021, the Charter School was able to provide virtual learning for our students from September to April, then do in person instruction from April – June. Our virtual instruction was made possible by equipping all our students with Chrome books and free wifi. In addition once students returned to in person instruction we provided several programs. One included having students that were identified as “At Risk” attend a Homework Program. This was Monday - Friday September through June for an hour and a half. The tutors were teachers and college students. In addition, we also collaborated with Northern Region Educational Services Commission with providing us with retired educators as consultants to work with new teachers as well as veteran teacher twice a week for the entire year (virtually and in person). We also continued to provide our students with an afterschool program that consisted of Mad Science twice a week, Karate twice a week and Game Board Friday. All students were provided an after school snack as well a dinner.

- 4) INTERNAL ACCOUNTING CONTROLS:** Management of the Charter School is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the school are protected from loss, theft or misuse and 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 recognized that: (1) the cost of a control should not exceed the benefits like 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 school also is responsible for ensuring that an adequate 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 the school management.

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

- 5) **BUDGETARY CONTROLS:** In addition to internal accounting controls, the school 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 school and the State of New Jersey. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balances at June 30, 2021.

- 6) **ACCOUNTING SYSTEM AND REPORTS:** The Charter Schools’ accounting records reflect generally accepted accounting principles, as promulgated by the Government Accounting Standards Board (GASB). The accounting system of the school is organized on the basis of funds and account groups. These funds and account groups are explained in “Notes to the Financial Statements,” Note 1.

- 7) **FINANCIAL INFORMATION AT FISCAL YEAR-END:** As demonstrated by the various statements and schedules included in the financial section of report, the school continues to meet its responsibility for sound financial management. The following schedule presents a summary of the General, Special Revenue, Proprietary and Student Activity funds for the fiscal period ended June 30, 2021.

Revenue	Amount	Percent of Total
Local Share	\$ 635,477	6%
State Share	5,404,992	52%
State Aid	2,817,416	27%
Federal Aid	698,901	7%
Misc.	701,759	7%
Proprietary Fund	117,765	1%
Student Activity Fund	<u>18,915</u>	<u>0%</u>
Total	<u>\$10,395,225</u>	<u>100%</u>

The following schedule presents a summary of the General, Special Revenue and Proprietary and Student Activity fund expenditures for the fiscal period ended June 30, 2021.

Expenditures	Amount	Percent of Total
General Fund	\$ 8,414,181	78%
Special Revenue Fund	2,315,261	21%
Proprietary Fund	95,269	1%
Student Activity Fund	<u>23,756</u>	<u>0%</u>
Total	<u>\$10,848,467</u>	<u>100%</u>

- 8) **CASH MANAGEMENT:** The investment policy of the school is guided in large by the state Statute as detailed in “Notes to the Financial Statements,” Note 2. The school had 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 failed banking institutions in New Jersey. The law requires governmental units to deposit funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
- 9) **RISK MANAGEMENT:** The school carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, and hazard and theft insurance on property and Contents.

10) **OTHER INFORMATION:**

Independent Audit – State statutes require an annual audit by an independent Certified Public Accountant or Registered Municipal Accountant. The Accounting firm of Gerald D. Longo, CPA was selected by the Charter School.

In addition to meeting the requirements set forth in the state statutes, the Charter School is required to undergo an annual single audit in conformity with the provisions of the *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the New Jersey OMB's Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid. Information related to this single audit, including the auditor's report on internal control and compliance with applicable *laws and regulations* and findings and recommendations are included in the single audit section of this report.

Respectfully submitted,



Dr. Brian Falkowski
School Business Administrator

JOHN P. HOLLAND CHARTER SCHOOL

**ROSTER OF TRUSTEES
JUNE 30, 2021**

<u>BOARD OF TRUSTEES</u>	<u>TERM EXPIRES</u>
Aiesha Betty	2024
Arlene Marocco	2022
Kaci Wright, President	2024
Leah Fabian	2023
Leslie Rosen	2024
Lynann Deagone	2024

Dr. Brian Falkowski, School Business Administrator / Board Secretary

CONSULTANTS AND ADVISORS
June 30, 2021

AUDIT FIRM

Gerald D. Longo, CPA
62 Old Queens Blvd.
Manalapan, NJ 07726-3648

ATTORNEYS

Riker Danzig Scherer Hyland Perretti, LLP
Attorneys at Law
One Speedwell Avenue
Morristown, NJ 07962-1961

OFFICIAL DEPOSITORY

Valley National Bank
490 Chamberlain Avenue
Paterson, NJ 07522-1009

FINANCIAL SECTION

GERALD D. LONGO
CERTIFIED PUBLIC ACCOUNTANT
62 OLD QUEENS BLVD.
MANALAPAN, NEW JERSEY 07726-3648

TELEPHONE
732 446-4768

FAX
732 792-0868

Independent Auditor's Report

The Honorable Chairman and
Members of the Board of Trustees
John P. Holland Charter School
County of Passaic
Paterson, New Jersey

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Trustees of the John P. Holland Charter School, County of Passaic, State of New Jersey, as of and for the fiscal year and ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the John P. Holland Charter School 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of

the entity's internal control. Accordingly, I 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Emphasis of Matter

I draw your attention to Note 2 to the financial statements, which discloses adoption of Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, which enhances the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. My opinion is not modified with respect to this matter.

Opinion

In my 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 John P. Holland Charter School as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity 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, which follows this report, the pension and post-employment benefits schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School basic financial statements, The accompanying supplementary information such as the combining and individual fund financial statements and the schedules of expenditures of federal and state awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform

Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; and New Jersey's OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules such as the combining and individual fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying 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, I do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated March 10, 2022 on my consideration of the John P. Holland Charter School's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the John P. Holland Charter School's internal control over financial reporting and compliance.

Licensed Public School Accountant No. 20CS00206400



Gerald D. Longo
Certified Public Accountant
March 10, 2022

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JOHN P. HOLLAND CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

This section of John P. Holland Charter School annual financial report presents its discussion and analysis of the Board's financial performance during the fiscal year that ended on June 30, 2021. Please read it in conjunction with the transmittal letter at the front of this report and the Board's financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights school wide for the 2020-21 fiscal year include the following:

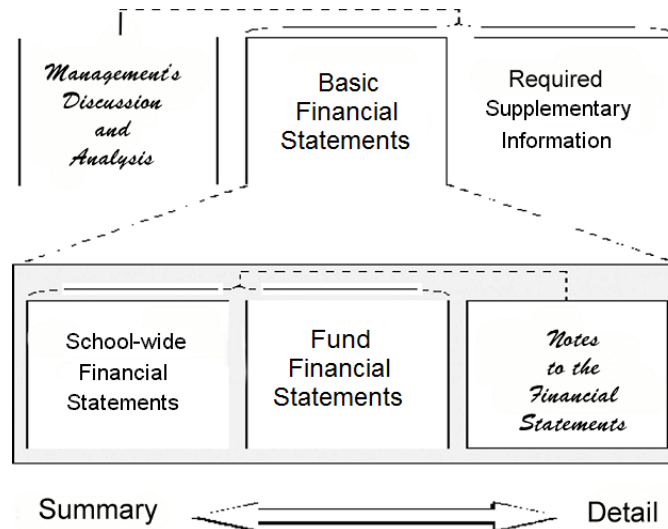
- Total School Wide Net Position (Deficit) is (\$282,425).
- The School Wide Unrestricted Unassigned Fund balances at June 30, 2021 is \$969,200.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information that includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the John P. Holland Charter School.

**JOHN P. HOLLAND CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

Figure A-1. Required Components of the Board's Annual Financial Report



- The first two statements are school-wide financial statements that provide both short-term and long-term information about the John P. Holland Charter School overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the John P. Holland Charter School, reporting the John P. Holland Charter School operation in more detail than the school-wide statements.
- The 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 Food Service activities the John P. Holland Charter School operates like businesses.

**JOHN P. HOLLAND CHARTER SCHOOL
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

The financial statements also include notes that explain some of the information in the statements and provide data that are more detailed. Figure A-1 summarizes the major features of the John P. Holland Charter School financial statements, including the portion of the John P. Holland Charter School activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2 - Major Features of the School-wide and Financial Statements

	<u>School-wide Statements</u>	<u>Fund Financial Statements</u>	
		Governmental Funds	Proprietary Funds
Scope	Entire school (except fiduciary funds)	The activities of the John P. Holland Charter School that are for the school operations and not proprietary or fiduciary, such as teachers' salaries, special education and building maintenance, food service, and community education	Activities the John P. Holland Charter School operates similar to private businesses: Internal service fund
Required financial statements	Statement of net position	Balance sheet	Statement of net position
	Statement of activities	Statement of revenue expenditures and changes in fund balances	Statement of revenue, expenses, and changes in fund net position
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Statement of cash flows Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon there after; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid

JOHN P. HOLLAND CHARTER SCHOOL
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

School-wide Statements

The school-wide statements report information about the John P. Holland Charter School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the John P. Holland Charter School assets and liabilities. All of the current year’s revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two school-wide statements report the John P. Holland Charter School net position and how they have changed. Net position – the difference between the John P. Holland Charter School assets and liabilities – are one way to measure the John P. Holland Charter School financial health or position.

In the school-wide financial statements, the John P. Holland Charter School activities are shown in two categories:

- *Governmental activities*- Most of the John P. Holland Charter School basic services are included here, such as regular and special education, transportation, administration, food services, and community education. Property taxes and state aid finance most of these activities.
- *Business-type activities*- The John P. Holland Charter School Food Service Fund and the after school program are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the John P. Holland Charter School funds – focusing on its most significant or “major” funds – not the John P. Holland Charter School as a whole.

Funds are accounting devices the John P. Holland Charter School uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law.

John P. Holland Charter School uses other funds, established in accordance with the State of New Jersey Uniform Chart, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal funds).

**JOHN P. HOLLAND CHARTER SCHOOL
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

The John P. Holland Charter School has two kinds of funds:

- **Governmental funds-** Most of the John P. Holland Charter School basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the John P. Holland Charter School programs. Because this information does not encompass the additional long-term focus of the school-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- **Proprietary funds-** Services for which the John P. Holland Charter School charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the school-wide statements.

FINANCIAL ANALYSIS OF THE JOHN P. HOLLAND CHARTER SCHOOL AS A WHOLE

Net position. The John P. Holland Charter School, School Wide Net Position (Deficit) is (\$282,425) as of June 30, 2021. (See Table A-1).

Governmental	(\$370,133)
Enterprise Fund	<u>87,708</u>
Total	<u><u>(\$282,425)</u></u>

The Statement of Net Position (Deficit) of (\$282,425) reflects total capital assets of \$869,839 at June 30, 2021 net of assumed depreciation of \$232,506 from inception, resulting in a Total Net Asset amount of \$667,333.

**JOHN P. HOLLAND CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

The John P. Holland Charter School financial position is the product of these factors:

- Special Revenue Fund Revenues were \$2,334,176
- Special Revenue Fund - Expenditures were \$2,339,017
- General Fund Revenues were \$7,943,284
- General Fund Expenditures were \$8,414,181

**Table A-1
JOHN P. HOLLAND CHARTER SCHOOL
Statement of Net Position (Deficit) - School Wide
As of June 30, 2021**

	Total
Current and Other Assets	\$1,199,980
Deferred Pension Outflows	1,145,767
Capital Assets, Net	637,333
Net Assets and Deferred Pension Outflows	\$2,983,080
Current and Other Liabilities	\$191,937
Net Pension Liability - Noncurrent	1,929,935
Compensated Absences - Non Current	205,235
Deferred Pension Inflows	938,398
Total Liabilities and Deferred Pension Inflows	\$3,265,505
Net Position:	
Invested In Capital Assets, Net	\$432,098
Restricted - Student Activity Reserve (Note 2U)	13,843
Restricted - School Escrow	25,000
Unrestricted (Deficit)	(753,366)
Total Net Position (Deficit)	(\$282,425)
Total Liabilities, Deferred Inflows and Net (Deficit)	\$2,983,080
Fund Balance June 30, 2021 - B-1	\$920,335
Fund Balance June 30, 2021 - Proprietary Fund	87,708
Cost of capital assets, net less Compensated Absences	432,098
Net position before pension adjustments	1,440,141
Less Pension adjustments net (Note 14)	(1,722,566)
Total Net Position (Deficit) - June 30, 2021	(\$282,425)

**JOHN P. HOLLAND CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

**Table A-2
JOHN P. HOLLAND CHARTER SCHOOL
Changes in Net Position (Deficit) - School Wide
For the Fiscal Year Ended June 30, 2021**

Revenues	<u>Total</u>	<u>%</u>
Program revenues		
Charges for services		
Operating grants and contributions		
General revenues		
Local Share	\$ 635,477	6%
Federal and State Aid-Unrestricted	5,404,992	52%
State Aid Restricted	2,817,416	27%
Federal Aid-Restricted	698,901	7%
Student Activity	18,915	-
Other	701,759	7%
Proprietary Fund	117,765	1%
Total revenues	<u>\$ 10,395,225</u>	<u>100%</u>
Expenses		
Regular Instruction	\$ 5,039,022	47%
General Administrative	2,026,424	19%
School Administrative	2,210,491	20%
On-behalf TPAF Social Security / Pension / Medical	830,420	8%
Student Activity	23,756	-
Capital Outlay	623,085	5%
Proprietary Fund	95,269	1%
Total expenses	<u>\$ 10,848,467</u>	<u>100%</u>
Excess (Deficiency) of Revenues over Expenditures	\$ (453,242)	
Net position before pension adjustments	1,442,601	
Student Activity Reserve (Note 2U)	18,684	
Cost of capital assets net less Compensated Absences	432,098	
Net position before pension adjustments	<u>1,440,141</u>	
Less: pension adjustments net (Note 14)	<u>(1,722,566)</u>	
Total Net Position (Deficit) - June 30, 2021	<u><u>\$ (282,425)</u></u>	

**JOHN P. HOLLAND CHARTER SCHOOL
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

**Table A-3 (See Exhibit A-2)
JOHN P. HOLLAND CHARTER SCHOOL
Total Cost and Net Cost of Services - School Wide
For the Fiscal Year Ended June 30, 2021**

<u>Functions/Programs</u>	<u>Source</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
School Wide Activities			
Instruction			
Regular	B-2	\$ 5,039,022	\$ 5,039,022
Support Services			
General Administrative Services	B-2	2,026,424	2,026,424
School Administrative Services	B-2	2,210,491	2,210,491
On-behalf TPAF Social Security / Pension/ Medical	B-2	830,420	830,420
Proprietary Fund	G-2	95,269	95,269
Student Activity	B-2	23,756	23,756
Capital Outlay	B-2	623,085	623,085
Total School Wide Activities		<u>\$ 10,848,467</u>	<u>\$ 10,848,467</u>

FINANCIAL ANALYSIS OF THE JOHN P. HOLLAND CHARTER SCHOOL FUNDS

The financial performance of the John P. Holland Charter School as a whole is reflected in its governmental total activities Exhibit A-2. As the John P. Holland Charter School completed the year, it reported a combined School Wide unassigned fund balance of \$969,200.

Revenues for the John P. Holland Charter School General, Special Revenue, Proprietary and Student Activity Funds were \$10,395,225 while total expenditures were \$10,848,467.

GENERAL FUND

The General Fund includes the primary operations of the John P. Holland Charter School in providing educational services to students from Pre-K to grade 8.

**JOHN P. HOLLAND CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

The following schedule presents a summary of School Wide Revenues.

**Table A-4 (See Exhibit B-2)
JOHN P. HOLLAND CHARTER SCHOOL
Changes in Revenues - School Wide
For the Fiscal Years Ended June 30**

Revenues	Year Ended 06/30/2021	Year Ended 06/30/2020	Amount of Increase (Decrease)
Local Sources:			
Local Share	\$ 1,341,332	\$ 94,407	\$ 1,246,925
Total Local Sources	1,341,332	94,407	1,246,925
Intergovernmental			
Student Activity	18,915		18,915
State Sources	\$ 8,336,077	\$ 7,644,187	\$ 691,890
Federal Sources	698,901	650,331	48,570
Total Intergovernmental Sources	\$ 9,053,893	\$ 8,294,518	\$ 759,375
Total Revenue - School Wide	\$ 10,395,225	\$ 8,388,925	\$ 2,006,300

The following schedule presents a summary of School Wide Expenditures.

**Table A-5 (See Exhibit B-2)
JOHN P. HOLLAND CHARTER SCHOOL
Changes in Expenditures - School Wide**

Expenditures	Year Ended 06/30/2021	Year Ended 06/30/2020	Amount of Increase (Decrease)
Current:			
Regular Instruction	\$ 5,039,022	\$ 3,505,703	1,533,319
General Administrative Services and School Administration	4,236,915	3,377,730	859,185
On-behalf TPAF Social Security/ Pension / Medical	830,420	615,577	214,843
Student Activity	23,756		23,756
Capital outlay	623,085	-	623,085
Proprietary Fund	95,269	258,655	(163,386)
Total Expenditures School Wide	\$ 10,848,467	\$ 7,757,665	\$ 3,090,802

**JOHN P. HOLLAND CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

UNRESERVED-UNDESIGNATED FUND BALANCE AS A PERCENTAGE OF EXPENDITURES

The following table shows the School Wide unassigned-undesignated fund balance.

**Table A-6
JOHN P. HOLLAND CHARTER SCHOOL
Unassigned Fund Balances - School Wide
For the Fiscal Years Ended June 30**

	<u>2021</u>	<u>2020</u>
Unassigned Undesignated		
Fund Balance	969,200	1,352,389
Expenditures	10,848,467	7,757,665
Percentage	8.9%	17.4%

The John P. Holland Charter School values its fund balances as a vehicle for addressing unbudgeted and emergent needs that occur during school year. The amount of unassigned fund balance to support the subsequent years budget is \$969,200 for the 2021-22 school year.

CAPITAL ASSETS

**Table A-7
JOHN P. HOLLAND CHARTER SCHOOL
Capital Assets - School Wide
For the Fiscal Year Ended June 30, 2021**

Leasehold Improvements	\$43,438
Equipment	826,401
Total - Capital Assets	<u>\$869,839</u>
Less: Accumulated Depreciation	(232,506)
Total - Net Capital Assets	<u><u>\$637,333</u></u>

**JOHN P. HOLLAND CHARTER SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

FACTORS BEARING ON THE SCHOOL'S FUTURE

While many factors influence the Charter School's future, the availability of State funding and the economy will have the most impact on educational and fiscal decisions in the future.

These and many other factors were considered by the Charter School's administration during the process of developing the fiscal year 2021-22 budget. The primary factors were the Charter School's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs. These indicators were considered when adopting the budget for fiscal year 2021-2022.

CONTACTING THE JOHN P. HOLLAND CHARTER SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the John P. Holland Charter School finances and to demonstrate the John P. Holland Charter School accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, 5 Garret Mountain Plaza, Woodland Park, New Jersey, 07501.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the John P. Holland Charter School operations. These financial statements present the financial position and operating results of all funds as of June 30, 2021.

SCHOOL-WIDE FINANCIAL STATEMENTS

JOHN P. HOLLAND CHARTER SCHOOL
Statement of Net Position (Deficit)
As of June 30, 2021

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents - Unrestricted	\$ 777,287	\$ 62,443	\$ 839,730
Receivables	98,081	11,265	109,346
Security Deposits - Rental	160,360		160,360
Interfund	37,701	14,000	51,701
Cash and Cash Equivalents - Restricted	38,843		38,843
Capital assets, net	637,333	-	637,333
Total Assets	<u>1,749,605</u>	<u>87,708</u>	<u>1,837,313</u>
Deferred outflows of resources			
Pension deferred outflows	1,145,767		1,145,767
Total assets and deferred outflows of resources	<u>\$ 2,895,372</u>	<u>\$ 87,708</u>	<u>\$ 2,983,080</u>
LIABILITIES			
Due to State	\$ 68,981		\$ 68,981
Deferred revenue	122,956		122,956
Compensated Absences - Long Term	205,235		205,235
Net pension liability - Noncurrent	1,929,935		1,929,935
Total Liabilities	<u>2,327,107</u>	<u>-</u>	<u>2,327,107</u>
Deferred inflows of resources			
Pension deferred inflows	938,398	-	938,398
NET POSITION (Deficit)			
Invested in capital assets, net of Comp Absences	432,098	-	432,098
Restricted - Student Activity Reserve (Note 2U)	13,843		13,843
Restricted - Charter School Escrow Reserve	25,000		25,000
Unrestricted (Deficit) (Note 14)	(841,074)	87,708	(753,366)
Total Net Position (Deficit)	<u>(370,133)</u>	<u>87,708</u>	<u>(282,425)</u>
Total Liabilities, Deferred Inflows and Net Position (Deficit)	<u>\$ 2,895,372</u>	<u>\$ 87,708</u>	<u>\$ 2,983,080</u>
Fund Balance June 30, 2021 - B-1	\$ 1,008,043		
Cost of capital assets net, less Compensated Absences	432,098		
Net position before pension adjustments	1,440,141		
Less: pension adjustments net (Note 14)	(1,722,566)		
Total net position (Deficit) - June 30, 2021	<u>\$ (282,425)</u>		

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

JOHN P. HOLLAND CHARTER SCHOOL
Statement of Activities
For the Fiscal Year Ended June 30, 2021

Functions/Programs	Program Revenues			Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ (5,039,022)		\$ (1,885,797)		\$ (3,153,225)		\$ (3,153,225)
Support services:							
General administration	(2,026,424)		(429,464)		(1,596,960)		\$ (1,596,960)
School administrative services/ operations plant serv.	(2,210,491)				(2,210,491)		(2,210,491)
On - behalf TPAF Social Security	(830,420)				(830,420)		(830,420)
Capital Outlay	(623,085)		-		(623,085)		(623,085)
Student Activity	(23,756)				(23,756)		(23,756)
Total governmental activities	<u>(10,753,198)</u>		<u>(2,315,261)</u>		<u>(8,437,937)</u>		<u>(8,437,937)</u>
Business-type activities:							
Food Service and After School Program	(95,269)	(95,269)				(95,269)	(95,269)
Total business-type activities	<u>(95,269)</u>	<u>(95,269)</u>				<u>(95,269)</u>	<u>(95,269)</u>
Total primary government	<u>(10,848,467)</u>	<u>\$ (95,269)</u>	<u>\$ (2,315,261)</u>		<u>\$ (8,437,937)</u>	<u>\$ (95,269)</u>	<u>\$ (8,533,206)</u>
General revenues:							
Local Share				635,477			635,477
State Share				5,404,992	4,163		5,409,155
State and Federal Aid				1,682,450	109,506		1,791,956
Miscellaneous Income				220,365	4,096		224,461
Student Activity				18,915			18,915
Increase in net Capital Outlay				432,098			432,098
Total general revenues, special items,				<u>8,394,297</u>	<u>117,765</u>		<u>8,512,062</u>
Change in Net Position				(43,640)	22,496		(21,144)
(Decrease) in Pension - Note 14				(263,012)	0		(263,012)
Net Position (Deficit) - July 1, 2020 (as originally stated)				\$ (82,165)	\$ 65,212		\$ (16,953)
Prior Period Adjustment -Implementation of GASB 84				\$18,684	\$0		\$18,684
Net Position (Deficit) as adjusted				<u>\$ (24,776)</u>	<u>\$ -</u>		<u>\$ (24,776)</u>
Net Position (Deficit) - June 30, 2021				<u>\$ (370,133)</u>	<u>\$ 87,708</u>		<u>\$ (301,109)</u>

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

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

JOHN P. HOLLAND CHARTER SCHOOL
Balance Sheet
Governmental Funds
As of June 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents - Unrestricted	\$ 686,012	\$ 91,275	\$ 777,287
Interfund	37,701		37,701
Receivables	66,400	31,681	98,081
Security Deposit - Rental	160,360	-	160,360
Cash and Cash Equivalents - Restricted	25,000	13,843	38,843
Total assets	<u>\$ 975,473</u>	<u>\$ 136,799</u>	<u>\$ 1,112,272</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Deferred Revenue	\$	\$ 122,956	\$ 122,956
Due to Districts	68,981	-	68,981
Total liabilities	<u>68,981</u>	<u>122,956</u>	<u>191,937</u>
Fund Balances:			
Restricted - Charter School Escrow Reserve	25,000		25,000
Restricted - Student Activity Reserve		13,843	13,843
Unassigned	881,492		881,492
Total Fund balances	<u>906,492</u>	<u>-</u>	<u>920,335</u>
Total liabilities and fund balances	<u>\$ 975,473</u>	<u>\$ 122,956</u>	<u>\$ 1,112,272</u>

Amounts reported for governmental activities in the statement of net position (A-1) are different because:

Governmental Fund Balance June 30, 2021	\$ 920,335
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$ 869,839 and the accumulated depreciation \$ (232,506)	637,333
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Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 2)	<u>(205,235)</u>
Net Position before pension adjustments - June 30, 2021	1,352,433
Deferred pension liability - June 30, 2021	(1,929,935)
Pension Deferred - Inflows (Note 14)	(938,398)
Pension Deferred - Outflows (Note 14)	1,145,767
Net Position (Deficit) of governmental activities - June 30, 2021	<u>\$ (370,133)</u>

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

JOHN P. HOLLAND CHARTER SCHOOL
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Local sources:			
Local Share	\$ 635,477	\$ -	\$ 635,477
State Share	5,404,992	-	5,404,992
Student Activity		18,915	18,915
Miscellaneous	220,365	-	220,365
Total - Local Sources	<u>6,260,834</u>	<u>18,915</u>	<u>6,279,749</u>
State Sources	1,682,450	1,134,966	2,817,416
Federal Sources		1,180,295	1,180,295
Total Revenues	<u>\$7,943,284</u>	<u>\$ 2,334,176</u>	<u>\$ 10,277,460</u>
EXPENDITURES			
Current:			
Regular instruction	\$ 3,153,225	\$ 1,885,797	\$ 5,039,022
Support services- General Administrative	1,596,960	429,464	2,026,424
Support Services- School Admin/ operations plant serv	2,210,491		2,210,491
On-behalf TPAF Social Security, Pension and Medical	830,420		830,420
Capital outlay	623,085		623,085
Student Activity		23,756	23,756
Total expenditures	<u>8,414,181</u>	<u>2,339,017</u>	<u>10,753,198</u>
Excess (Deficiency) of revenues over expenditures	<u>(470,897)</u>	<u>(4,841)</u>	<u>(475,738)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-		-
Transfers out	-		-
Total other financing sources and uses	<u>-</u>		<u>-</u>
Net change in fund balances - (Decrease)	<u>(470,897)</u>	<u>(4,841)</u>	<u>(475,738)</u>
Fund balance - July 1, 2020, as originally stated	\$ 1,377,389	\$ -	\$ 1,377,389
Restatement of Fund Balance due to Implementation of GASB 84 (Note 2U)	-	18,684	18,684
Fund Balance July 1, 2020 as restated	<u>\$ 1,377,389</u>	<u>\$ 18,684</u>	<u>\$ 1,396,073</u>
Fund balance - June 30, 2021	<u>\$ 906,492</u>	<u>\$ 13,843</u>	<u>\$ 920,335</u>

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

JOHN P. HOLLAND CHARTER SCHOOL
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, 2021

Total net change in fund balances - governmental funds (from B-2) (Decrease) \$ (475,738)

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 capital outlays exceeded depreciation in the period.

	Depreciation expense	\$ (29,618)	\$ 432,098
	Capital outlays	<u>461,706</u>	

Total Net Change Before Change in Pensions (Decrease) \$ (43,640)

Pension contributions are reported in governmental funds as expenditures; however, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.

Change in net position of governmental activities (A-2) (Decrease) \$ (43,640)

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

PROPRIETARY FUNDS

Exhibit B-4

JOHN P. HOLLAND CHARTER SCHOOL
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2021

	Proprietary Fund FOOD SERVICE
	Activities Enterprise
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$62,443
Interfund	14,000
Intergovernmental Receivable	
Federal	10,795
State	470
Total Current Assets	87,708
Total Assets	\$87,708
LIABILITIES	
Total Current Liabilities	
Net Position	
Unrestricted	87,708
Invested in capital assets - net	
Total Net Position	\$87,708

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

JOHN P. HOLLAND CHARTER SCHOOL
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2021

	Proprietary Fund Business-Type FOOD SERVICE Enterprise
OPERATING REVENUES	
Local Sources	
Daily Sales - Reimbursable Programs	
Self Pay Revenue	\$4,096
Total Operating Revenues	39,153
 OPERATING EXPENSES	
Supplies, Materials & Other	(\$95,269)
Total Operating Expenses	(95,269)
 Income (Loss) From Operations	(91,173)
 Nonoperating Revenues	
State Sources	
State Sources	4,163
Federal Sources	
School Breakfast Program	42,226
National School Lunch Program	67,280
Total Nonoperating Revenues	113,669
Increase in Net Position	22,496
 Total Net Position - July 1, 2020	65,212
 Total Net Position - June 30, 2021	\$87,708

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

Exhibit B-6

JOHN P. HOLLAND CHARTER SCHOOL
Statements of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2021

	Proprietary Fund Business-Type Activities
Cash flows from operating activities	\$4,096
Cash Payments supplies, material and other	(95,269)
Net Cash (Used) by Operating Activities	(91,173)
Cash Flows from Noncapital Financing Activities	
Subsidy Transferred from General Fund	
Cash Received from State and Federal Subsidy Reimbursements	109,520
Net Cash Provided by Noncapital Financing Activities	109,520
Cash Flows from Investing Activities	
Net Cash Provided by Investing Activities	
Net Increase in Cash and Cash Equivalents	18,347
Cash and Cash Equivalents, Beginning of Year	44,096
Cash and Cash Equivalents, End of Year	\$62,443
Reconcilliation of Operating Income to Net Cash Used by Operating Activities	
Operating Income	\$22,496
Adjustments to Reconcile Operating Income to Subsidy Transferred From General Fund	
Net Cash Provided by Operating Activities	
(Increase) Decrease in Accounts Receivable	(4,149)
Change in Assets and Liabilities	0
Total Adjustment	(4,149)
Net Cash Provided by (used in) Operating Activities	\$18,347

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

FIDUCIARY FUNDS

Exhibit B-7

**JOHN P. HOLLAND CHARTER SCHOOL
Statement of Fiduciary Net Position
Fiduciary Funds
As of June 30, 2021**

NOT APPLICABLE

Exhibit B-8

**JOHN P. HOLLAND CHARTER SCHOOL
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2021**

NOT APPLICABLE

NOTES TO THE BASIC FINANICAL STATEMENTS

JOHN P. HOLLAND CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

1. DESCRIPTION OF THE CHARTER SCHOOL AND REPORTING ENTITY

John P. Holland Charter School ("Charter School") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board of Trustees (the 'Board') consists of appointed officials and are responsible for the fiscal control of the Charter School. A director is appointed by the Board and is the administrative control of the Charter School.

A reporting entity is comprised primary government, component units and other organizations that are included to insure that the financial statements of the Charter School are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Charter School. For the Charter School, this includes general operations, food service and student related activities for the Charter School.

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Charter School. Oversight responsibility includes financial interdependency, section of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the Charter School over which the Board exercises operating control. 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 Charter School is not includable in any other reporting entity on the basis of such criteria.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Charter School is presented to assist in understanding the Charter School's financial statements and notes are a representation of the Charter School's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles in the United States as applied to governmental units and have been consistently applied in the preparation of these financial statements.

The financial statements of the Charter School have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Basis of Presentation

The Charter School's basic financial statements consists of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

JOHN P. HOLLAND CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The statement of net position and the statement of activities display information about the Charter School as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

Government-Wide Statements

The statement of net position presents the financial condition of the governmental activities of the Charter School at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Charter School's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Charter School, with certain limited expectations. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Charter School.

Fund Financial Statements

During the fiscal year, the Charter School segregates transactions related to certain Charter School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance.

Fund financial statements are designed to present financial information of the Charter School at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column.

B. Fund Accounting

The Charter School uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

Government funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Charter School's major governmental funds:

JOHN P. HOLLAND CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

General Fund - The General Fund is the general operating fund of the Charter School. 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 noninstructional equipment that are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the Charter School included 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 that 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 the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service of the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Proprietary Funds

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

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

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net position) is segregated into invested in capital assets net of related debt and unrestricted net position, if

JOHN P. HOLLAND CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

Depreciation of fixed assets used by proprietary funds is charged as an expense against their operations.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the Charter School in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. As of June 30, 2021, there was no Fiduciary Fund due to the adoption of GASB Statement No. 84, Fiduciary Activities.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. ***Basis of accounting*** refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statements of net position and the statement of activities, both governmental and business-like activities are presented using the economic resources measurement focus. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet.

Operating statement of these funds present increases (i.e., revenues and other financing sources), and decreases (i.e. Expenditures and other finances uses) during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

All proprietary funds are accounted for on a flow economic resources measurement focus. With this measurement focus, the accounting adjectives are the determination of operating income, changes in net position (or cost recovery). financial position, and cash flow. All assets and all liabilities, whether current or non-current, associated with their activities are included on the balance sheet. Fund equity (i.e., net total assets) is classified as net position.

JOHN P. HOLLAND CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

In the government wide statement of net position and statements of activities, both governmental and business like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting revenues are recognized when earned and expenses are recognized when the liability, resulting from exchange and exchange like transactions, is incurred (i.e. the exchange takes place).

In the fund financial statements, governmental fund and agency funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determine and "available" means collectible with the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental funds revenues.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the county office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year subject to the limitation of P.L 2004 c73 (S 1701).

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 accounting principles generally accepted in the United States of America (GAAP) with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

JOHN P. HOLLAND CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Exhibit C-3 represents a reconciliation of the General Fund revenues and Special Revenue Fund revenues and expenditures from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in Exhibit B-2.

E. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the county office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year subject to the limitation of P.L 2004 c73 (S 1701).

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 accounting principles generally accepted in the United States of America (GAAP) with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

Exhibit C-3 represents a reconciliation of the General Fund revenues and Special Revenue Fund revenues and expenditures from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in Exhibit B-2.

F. Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as

JOHN P. HOLLAND CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the Charter School has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end. There were \$0 of encumbrances at June 30, 2021. 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.

G. Cash, Cash Equivalents and Investments

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

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

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

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

JOHN P. HOLLAND CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Inventories and Prepaid Expenses

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

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method.

I. Short-Term Interfund Receivables/Payables

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

J. Capital Assets

General Fund capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market value as of the date received. The Charter School maintains a capitalization threshold of \$2,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description of Capital Cost</u>	<u>Estimated Lives (Years)</u>
Leasehold improvements	2 - 10
Equipment	5

K. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Charter School and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences

JOHN P. HOLLAND CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

that relate to future services, or that are contingent on a specific event that is outside the control of the Charter School and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire sick leave and vacation liabilities are reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. The Charter School had a compensated absence liability of \$205,235 at June 30, 2021.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities those, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds. However, the noncurrent portion of compensated absences and mortgage payable that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources.

M. Net Position/Fund Balance

School-Wide Statements

In the school-wide statements, there are three classes of net position:

- Invested in Capital Assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included. Also included in invested in capital assets are amounts the Charter School prepaid in advance of the work performed.
- Restricted Net Position - reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

JOHN P. HOLLAND CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Unrestricted Net Position - any portion of net position not already classified as either net invested in capital assets or net position - restricted is classified as net position – unrestricted, which includes deferred inflows and outflows

Fund Balance and Equity

The Charter School follows GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (“GASB 54”), in establishing fund balance classifications that comprise a hierarchy based primarily on the extent to which government is bound to observe constraints imposed upon the use of resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds' financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

1. Nonspendable – includes amounts that cannot be spent because they either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
2. Restricted – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed – includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority.
4. Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned – includes all spendable amounts not contained in the other classifications.

When both restricted and unrestricted resources are available for use, it is the Charter School’s policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the Charter School first spends committed funds, then assigned funds, and finally, unassigned funds.

N. Unearned/Deferred Revenue

Unearned/Deferred revenue in the special revenue fund represents cash that has been received but not yet earned.

O. Fund Equity

Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

JOHN P. HOLLAND CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

Q. On-Behalf Payments

Revenues and expenditures of the General Fund include payment made by the state of New Jersey for Pension and social security contributions for certified teacher members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the Charter School's annual budget.

R. Deferred Outflows/Inflows

Deferred amounts on net pension liability are reported in the school-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School has one type which arise only under the accrual basis of accounting that qualify for reporting in this category. The item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the school-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

S. Compensated Absences

The Charter School accounts for compensated absences (e.g., unused vacation, 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

JOHN P. HOLLAND CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Charter School employees are granted varying amounts of vacation and sick leave in accordance with the Charter School's personnel policy. The Charter School's policy permits employees to accumulate unused sick and personal days and carry forward the full amount to subsequent years. Upon termination or upon retirement, employees are currently not paid for accrued vacation or unused sick and personal days.

As of June 30, 2021, Charter School-wide compensated absences amounted to \$205,235.

T. Fair Value of Financial Instruments

The Charter School follows the accounting and disclosure standards pertaining to GASB No. 72, Fair Value Measurement and Application, for qualifying assets and liabilities. Fair value is defined as the price that the Charter School would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants at the measurement date.

The Charter School uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Charter School. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that are developed using market data, such as publicly available information about actual events or transactions, and which reflect the assumptions that market participants would use when pricing an asset or liability. Unobservable inputs are inputs for which market data are not available and that are developed using the best information available about the assumptions that market participants would use when pricing an asset or liability.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

JOHN P. HOLLAND CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

U. Adoption of New Accounting Standard

During fiscal year 2021, the Charter School adopted GASB Statement No. 84, Fiduciary Activities (GASB 84). GASB 84 enhances the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Specifically, GASB 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. As part of the adoption, the Charter School no longer considers activities in the Unemployment Fund Account, Payroll Agency Fund and Student activities as fiduciary activities applicable under GASB 84. As a result, the Charter School no longer presents a Statement of Fiduciary Net Position, and records payroll deductions and withholdings payable, unemployment activities in the General Fund in the Governmental Fund financial statements. The school did not maintain an unemployment trust fund.

Student activities are recorded in the Special Revenue Fund in the Governmental Fund financial statements. Special Revenue Fund balance as of June 30, 2020, was restated by \$18,684 to meet requirements of the new standard as follows:

Fund Balance, June 30, 2020 as previously stated	\$ 0
Adoption of GASB 84	18,684
Fund Balance, June 30, 2020 as restated	\$18,684

U. Accounting Standard Issued but Not Yet Adopted

The GASB issued Statement No. 87, Leases in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 20, 2020. Management has not yet determined the impact of this statement on the financial statements.

V. Deficit Net Position

The Charter School has a deficit in unrestricted net position of (\$370,133) in governmental activities, which is primarily a result of net position liability and the related deferred inflows and outflows. This deficit does not indicate that the Charter School is in financial difficulties and is a permitted practice under generally accepted accounting principles.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Charter School's deposits might not be recovered. Although the Charter School does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first

JOHN P. HOLLAND CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

\$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Charter School in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, and student activity funds, or funds that may pass to the Charter School relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. As of June 30, 2021, none of the Charter School's bank balances were exposed to custodial risk. The Charter School cash balances were insured for \$250,000 by the FDIC and the remaining balance was subject to the provisions of GUPA.

Investments

The Charter School is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Charter School or bonds or other obligations of the local unit or units within which the Charter School is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2021, the Charter School had no investments.

4 PENSION PLANS

Description of Plans - Substantially all of the employees of the School are covered by either the Public Employee's Retirement System or the Teacher's Pension and Annuity Fund (both of which are contributory defined benefits plans). Both were established by state statute and are administered by the New Jersey Division of Pension and Benefit (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 Retirements System and the Teacher's 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 coverage including post-retirements health care to substantially all full time certified teachers or professional staff of the public school systems in the State.

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

JOHN P. HOLLAND CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

4 **PENSION PLANS (continued)**

State of New Jersey on behalf of the School and the systems 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 Systems (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county municipality, School, or public agency provided the employee is not a member of another state-administered retirement system.

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, 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.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A 43:15a and 43:03B and N.J.S.A. 18A: for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirements benefits for age and service are available at age 55 and are generally determine to be 1/55 of the final average salary for each year of service credit as defined.

Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

The TPAF and PERS provides for specified medical benefits for member who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

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 member's accounts.

JOHN P. HOLLAND CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

4 **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 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, 2019 for PERS), 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.

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. 2001, 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, non-contributory death benefits, and post-retirement medical premiums. Under current statute the School is a non-contributing employer of TPAF (i.e., the State of New Jersey makes the employer contribution on behalf of public school districts and Schools).

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer

JOHN P. HOLLAND CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

4 PENSION PLANS (continued)

contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

The School's contribution to PERS for the year ended June 30, 2021 was \$129,466.

In accordance with N.J.S.A 18A:66-66 the School recorded as revenue for the year ended June 30, 2021 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries in the amount of \$168,339. Also the State paid \$662,081 into the TPAF pension representing on-behalf employer's portion of the TPAF Pension System Contributions, TPAF Post-Retirement Medical Benefits Contributions and TPAF Long Term Disability Insurance Premium Contributions for the School. These amounts have been included in the school wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

5 PENSION PLANS – GASB 68 DISCLOSURES

Teachers' Pension and Annuity Fund (TPAF)

Summary of Significant Accounting Policies

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 Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the 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.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

The employer contributions for the Charter School are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the Charter School (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the Charter School (employer) does 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 Charter School. However, the state's portion of the net pension liability that was associated with the Charter School was \$9,698,784 as measured on June 30, 2020 and \$7,016,671 as measured on June 30, 2019.

JOHN P. HOLLAND CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

5 PENSION PLANS – GASB 68 DISCLOSURES (continued)

For the year ended June 30, 2021, the Charter School recognized pension expense of \$601,868 and revenue of \$601,868 for support provided by the State. The measurement period for the pension expense and revenue reported in the Charter School's financial statements (A-2) at June 30, 2021 is based upon changes in the collective net pension liability with a measurement period of June 30, 2020 through June 30, 2019. Accordingly, the pension expense and the related revenue associated with the support provided by the State are based upon the changes in the collective net pension liability between July 1, 2019 and June 30, 2020.

Although the Charter School does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the Charter School. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Collective deferred outflows of resources	\$9,458,881,999	\$9,932,767,606
Collective deferred inflows of resources	\$14,424,322,612	\$17,539,845,423
Collective net pension liability (Non-employer - State of New Jersey)	\$ 65,848,796,740	\$ 61,519,112,443
State's portion of the net pension liability that was associated with the Charter School	\$9,698,784	\$7,016,671
State's portion of the net pension liability that was associated with the Charter School as a percentage of the collective net pension liability	.014698 %	.011433%

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation (Price):	2.75%
Inflation (Wage):	3.25%
Salary Increases: 2011-2026	1.55 - 4.55% based on years of service
Salary Increases: Thereafter	2.75 - 5.65% based on years of service
Investment Rate of Return:	7%

JOHN P. HOLLAND CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

5 PENSION PLANS – GASB 68 DISCLOSURES (continued)

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Postretirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits and the actuaries. The long term expected rate of return was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF’s target asset allocation as of June 30, 2020, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Risk mitigation strategies	27.00%	7.71%
Cash equivalents	13.50%	8.57%
U.S. Treasuries	5.50%	10.23%
Investment grade credit	13.00%	11.42%
High yield	3.00%	9.73%
Private credit	8.00%	9.56%
Real assets	2.00%	5.95%
Real estate	8.00%	7.59%
US equity	8.00%	2.67%
Non-U.S. developed markets equity	4.00%	0.50%
Emerging markets equity	5.00%	1.94%
Private equity	3.00%	3.40%

Discount Rate

The discount rate used to measure the State's total pension liability was 5.40% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 2.21% as of June 30, 2020, based on the

JOHN P. HOLLAND CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

5 **PENSION PLANS – GASB 68 DISCLOSURES (continued)**

Bond Buyer Go Twenty-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 contributions rates and that contributions from employers will be based on 78% of the actuarially determined contributions for the state. 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 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062 and municipal bond rate was applied to project benefit payments after that date in determining the total pension liability.

Sensitivity of the Charter School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

Since the Charter School's has no proportionate share of the net pension liability because of the special funding situation, the Charter School would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at: <http://www.nj.gov/treasury/pensions/documents/financial/gasb68-tpaf20.pdf>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at: <http://www.nj.gov/treasury/pensions/gasb-notices.shtml>.

Public Employees' Retirement System (PERS)

Summary of Significant Accounting Policies

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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. 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.

JOHN P. HOLLAND CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

5 PENSION PLANS – GASB 68 DISCLOSURES (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At June 30, 2021, the Charter School reported a liability of \$1,929,935 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020.

The Charter School’s proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2020. At June 30, 2020, the Charter School’s proportion was .011834%.

For the year ended June 30, 2021, the Charter School recognized pension expense of \$421,066. At June 30, 2021, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 35,141	\$ 6,825
Changes of assumptions	62,609	808,082
Net difference between projected and actual earnings on pension plan investments	65,967	77,377
Changes in proportion and differences between Charter School contributions and proportionate share of contributions	852,584	46,114
Charter School contributions subsequent to the measurement date.	129,466	-0-
Total	\$1,145,767	\$938,398

The Charter School reported \$129,466 as deferred outflows of resources related to pensions resulting from school Charter School contributions subsequent to the measurement date (i.e. for the school year ended June 30, 2021, the plan measurement date was June 30, 2019) will be recognized as a reduction of the net pension liability measured as of June 30, 2021.

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

JOHN P. HOLLAND CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

5 **PENSION PLANS – GASB 68 DISCLOSURES (continued)**

	Year Ended June 30:
2021	(\$242,172)
2022	(220,787)
2023	(126,174)
2024	(51,023)
2025	(11,035)
Total:	(\$651,190)

	June 30, 2020	June 30, 2019
Collective deferred outflows of resources	\$2,347,583,337	\$3,419,522,616
Collective deferred inflows of resources	\$7,849,949,467	\$7,645,087,574
Collective net pension liability (Non-State-Local Group)	\$16,435,616,426	\$18,143,832,135
Charter School's proportion of net pension liability	\$1,929,935	\$2,074,828
Charter School's proportion percentage	.011834%	.011515%

Actuarial Assumptions

The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00% – 6.00% - based on years of service
Thereafter	3.00 – 7.00% - based on years of service
Investment Rate of Return:	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future

JOHN P. HOLLAND CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

5 PENSION PLANS – GASB 68 DISCLOSURES (continued)

improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

Sensitivity of the Charter School’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Charter School’s proportionate share of the net pension liability measured as of June 30, 2020, calculated using the discount rate of 7.00%, as well as what the Charter School’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	2020		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Charter School’s proportionate share of the net pension liability	\$2,251,592	\$1,929,935	\$1,654,230

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at: <http://www.nj.gov/treasury/pensions/gasb-notices.shtml>.

Long-Term Expected Rate of Return

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. 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.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected

JOHN P. HOLLAND CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

5 PENSION PLANS – GASB 68 DISCLOSURES (continued)

future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in PERS’s target asset allocation as of June 30, 2020, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Risk mitigation strategies	27.00%	7.71%
Cash equivalents	13.50%	8.57%
U.S. Treasuries	5.50%	10.23%
Investment grade credit	13.00%	11.42%
High yield	3.00%	9.73%
Private credit	8.00%	9.56%
Real assets	2.00%	5.95%
Real estate	8.00%	7.59%
US equity	8.00%	2.67%
Non-U.S. developed markets equity	4.00%	0.50%
Emerging markets equity	5.00%	1.94%
Private equity	3.00%	3.40%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate is assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

6 POST RETIREMENT MEDICAL BENEFITS

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for charter schools.

As a result of implementing GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. In addition, the plan is administered on a pay-as-you-go basis. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pension (GASB No. 75), the plan is classified as a multiple employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

JOHN P. HOLLAND CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

6 **POST RETIREMENT MEDICAL BENEFITS (continued)**

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local charter school employees, including those Board employees and retirees eligible for coverage.

State Health Benefit Program Fund — Local Education Retired Employees Plan (including Prescription Drug Program Fund) — N.J.S.A. 52: 14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

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.

The State of New Jersey, Department of the Treasury, Division Pensions Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2019:

Active Plan Members	
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	\$216,804
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>149,304</u>
Total	<u>\$217,257</u>

JOHN P. HOLLAND CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

6 **POST RETIREMENT MEDICAL BENEFITS (continued)**

Measurement Focus and Basis of Accounting

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB). The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2020 is \$67.8 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2019 which were rolled forward to June 30, 2020.

Actuarial Methods and Assumptions

In the June 30, 2019 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a nonemployer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.18 billion to the OPEB plan in fiscal year 2019.

JOHN P. HOLLAND CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

6 POST RETIREMENT MEDICAL BENEFITS (continued)

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of

GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund — Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the charter school for the fiscal years ended June 30, 2021 and 2020 were \$157,808 and \$121,740, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund — Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the charter school was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund — Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2019 through June 30, 2020. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the charter school is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the charter school. Accordingly, the charter school's proportionate share percentage determined under Statement No. 75 is zero percent and the State's proportionate share is 100% of the OPEB liability attributable to the charter school. Therefore, in addition, the charter school does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2021, the charter school recognized in the charter school-wide statement of activities (accrual basis) OPEB expense of \$683,677. This amount has been included in the charter school-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

JOHN P. HOLLAND CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

6 POST RETIREMENT MEDICAL BENEFITS (continued)

At June 30, 2021 the State's proportionate share of the OPEB liability attributable to the charter school is \$4,994,785. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the charter school at June 30, 2020 to the total OPEB liability of the State Health Benefit Program Fund — Local Education Retired Employees Plan at June 30, 2020. At June 30, 2020, the state's share of the OPEB liability attributable to the charter school was .01% percent, which was unchanged from its proportionate share measured as of June 30, 2019 of .01% percent.

Actuarial Assumptions

The OPEB liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
TPAF:	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.45%
Rate Thereafter	1.55% to 4.45%
Mortality:	
PERS	Pre-retirement and Post-retirement based on Pub-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.
TPAF	Pre-retirement and Post-retirement based on Pub-2010 Healthy "Teachers" and "General" classifications respectively, headcount-weighted mortality tables with fully generational mortality improvement projections from the central year using Scale MP-2020.

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and the members years of service.

For the June 30, 2020 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2015 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

JOHN P. HOLLAND CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

6 POST RETIREMENT MEDICAL BENEFITS (continued)

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

Discount Rate

The discount rate used to measure the total OPEB liabilities of the plan was as follows:

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2021	June 30, 2020	2.21 %
2020	June 30, 2019	3.50%

The discount rate represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the charter school for the fiscal year ended June 30, 2021 (measurement date June 30, 2020) is as follows:

	Total OPEB Liability (State Share 100%)
	<hr/>
Balance, June 30, 2019 Measurement Date	\$2,285,969
Changes Recognized for the Fiscal Year:	
Service Cost	372,686
Interest on the Total OPEB Liability	91,590
Differences Between Expected and Actual Experience	1,416,483
Changes of Assumptions	912,376
Gross Benefit Payments	(86,955)
Contributions from the Member	2,636
Net Changes	<hr/> 2,708,816
Balance, June 30, 2020 Measurement Date	<hr/> <hr/> \$4,994,785

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 % percent in 2019 to 2.21% percent in 2020. The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the charter school at June 30, 2020.

JOHN P. HOLLAND CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

6 **POST RETIREMENT MEDICAL BENEFITS (continued)**

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the charter school calculated using the discount rate of 2.21%, as well as what the State's proportionate share of the OPEB liability attributable to the charter school that would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
State's Proportionate Share of the OPEB Liability Attributable to the charter school	\$4,031,959	\$4,994,785	\$6,141,297

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the State's proportionate share of the OPEB liability attributable to the charter school calculated using healthcare cost trend rates that are 1percentage-point lower or 1 -percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability (School Retirees)	\$6,021,471	\$4,994,785	\$4,192,015

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the charter school at June 30, 2020. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the charter school at June 30, 2020 were not provided by the pension system.

7 **ECONOMIC DEPENDENCY / CONCENTRATION**

The Charter School receives a substantial amount of its support from federal, state governments and private donors. A significant reduction in the level of support, if it were to occur, could have an effect on the Charter School's programs and activities.

The Charter School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government.

JOHN P. HOLLAND CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

8 **CONTINGENT LIABILITIES**

If expenditures are disallowed due to noncompliance with grant program regulations, the Charter School may be required to reimburse the grantor government. As of June 30, 2021, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Charter School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Charter School.

The Charter School’s attorney’s letter advises that there is no litigation, pending litigation claims, contingent liabilities, unasserted claims for assessments or statutory violations which involved the Charter School and which might materially affect the Charter School’s financial position.

9 **RISK MANAGEMENT**

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

Property and Liability Insurance - The Charter School maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section (UNAUDITED) of this Annual Comprehensive Financial Report.

New Jersey Unemployment Compensation Insurance - The Charter School has elected to fund its New Jersey Unemployment Compensation under the “Contributory Method”. Under this plan, the Charter School is required to remit employee withholdings to the State on a quarterly basis. All of the Charter School’s claims are paid by the State.

10 **RECEIVABLES**

Receivables as of June 30, 2021 consisted of accounts, intergovernmental, grants and miscellaneous. All receivables are considered collectible in full.

A summary of the principal items of intergovernmental and enterprise fund receivables are as follows:

	General Fund	Special Revenue Fund	Enterprise Fund	Total
Receivables:				
Accounts	<u>\$66,400</u>	<u>\$31,681</u>	<u>\$11,265</u>	<u>\$109,346</u>
Gross Receivables	<u>\$66,400</u>	<u>\$31,681</u>	<u>\$11,265</u>	<u>\$109,346</u>

JOHN P. HOLLAND CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

11. CAPITAL ASSETS

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2021.

	Beginning Balance <u>June 30, 2020</u>	For Year Ending June 30, 2021 Net Additions (Deletions) <u> </u>	Ending Balance <u>June 30, 2021</u>
Governmental Activities			
Capital Assets, being depreciated:			
Leasehold Improvements	\$43,438	---	\$43,438
Equipment	<u>159,450</u>	<u>666,951</u>	<u>826,401</u>
Total capital assets being depreciated	<u>\$202,888</u>	<u>\$666,951</u>	<u>\$869,839</u>
Less accumulated depreciation for:			
Equipment	\$159,405	\$29,618	\$189,068
Leasehold Improvements	<u>43,438</u>	<u> </u>	<u>43,438</u>
Total accumulated depreciation	<u>\$202,888</u>	<u>\$29,618</u>	<u>\$232,506</u>
Total Capital Assets - net	<u>\$0</u>	<u>\$637,333</u>	<u>\$637,333</u>

Depreciation expense of \$29,618 was charged to an unallocated function.

12. OPERATING LEASES

The school leases various office and instructional equipment under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2021 were \$35,117. The future minimum lease payments for these operating leases are summarized below.

Fiscal Year Ending	Governmental Activities
2022	\$80,181
2023	\$20,900
2024	\$10,428
2025	\$10,428
2026	\$485

13. SUBSEQUENT EVENTS

The Charter School has evaluated subsequent events occurring after the financial statement date through March 10, 2022 which is the date the financial statements were available to be issued. Based upon this evaluation, the Charter School has determined that the following subsequent events needed to be disclosed:

JOHN P. HOLLAND CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

13. SUBSEQUENT EVENTS (continued)

During fiscal year 2021, COVID-19 continued to be recognized as a global pandemic. Federal, state and local governments in the United States have imposed restrictions on travel and business operations. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration and the impact it will have on the Charter School's operations and financial position. As a result, the adverse impact COVID-19 will have on the Charter School's businesses, operating results, cash flows, and financial condition is uncertain. It is management's opinion that the adverse impact would not be material.

14. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet (B-1) and the Government-wide Statement of Net Position (Deficit) (A-1).

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the Government-wide statement of net position.

One element of that reconciliation explains that long-term liabilities, including deferred pension liability are not due and payable in the current period and therefore are not reported in the funds. The reconciliation is as follows:

Fund balance per B-1 – Governmental – as of June 30, 2021	\$920,335
Cost of capital assets, net accumulated depreciation	637,333
Compensated Absences	(205,235)
Pension deferred outflows	1,145,767
Pension deferred inflows	(938,398)
Deferred pension liability as of June 30, 2021	(1,929,935)
Net position (deficit) – Governmental – (per A-1) as of June 30, 2021	(\$370,133)

15. FUND BALANCES

RESTRICTED

As stated in note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (1) externally imposed by creditors, granters, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the Charter School's fund balance are summarized as follows:

JOHN P. HOLLAND CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

15. FUND BALANCES (continued)

General Fund

Charter School Escrow Reserve - In accordance with the New Jersey Charter School agreement, the Charter School has established an escrow that is restricted for the possible costs associated with the dissolution of the Charter School. As of June 30, 2021, the balance of the escrow is \$25,000.

Student Activities – This restriction was created in accordance with NJAC 6A:23A-16.12 to represent the accumulation of funds derived from athletic events and other student organizations reserved for the payment of student group activities. At June 30, 2021 the amount restricted for student group activities was \$13,843.

16. EDUCATIONAL MANAGEMENT AGREEMENT WITH JACK AND JILL CONSULTING

Effective September 20, 2020, the School entered into an Educational Management Agreement with Jack and Jill Educational Consulting, a New Jersey non-profit organization for a term of approximately five years. Each Academic year the school will a yearly (“CMO fee”) equal to 10% of the School’s Program Revenues as defined in the contract. Amounts paid during the year under the contract will also permit the School to retain an additional \$100,000 in General Fund Balance as compared to the Fund balance as set forth in its approved budget for the immediately preceding fiscal year. The CMO fee for the fiscal year ended June 30, 2021 amounted to \$792,167. A total of \$40,310 is due from Jack and Jill Consulting as an accounts receivable at June 30, 2021.

17. SUBLEASE AGREEMENT WITH JACK AND JILL CONSULTING

The school entered into a sublease agreement dated July 1, 2020 with Jack and Jill Consulting, a New Jersey non-profit corporation for certain premises located at 5 Garret Mountain Plaza, Woodland Park, New Jersey to operate its School. The term of the lease is from July 1, 2020 through June 30, 2025. The sublease shall automatically renew upon extension of the School’s charter up to an outside termination date of June 30, 2069. The school will pay base rent in an amount that Jack and Jill Consulting incurs to the Fee owner under the prime lease. An additional rent may be due for additional costs that the sublandlord may incur. A security deposit of \$87,023 was made under the sublease. Additionally, a property management fee is due monthly, ranging from approximately \$3,600 per month and increasing at 5% per year for the year ended June 30, 2021. The rent expense under the lease amounted to \$1,107,371. A summary of base rent due under the prime lease is as follows:

<u>Lease</u> <u>Year Ended June 30:</u>	<u>Amount</u>
2022	\$1,065,155
2023	\$1,086,459
2024	\$1,108,188
2025	\$1,130,351
Total:	<u>\$4,390,153</u>

JOHN P. HOLLAND CHARTER SCHOOL
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

18. INTERFUND RECEIVABLES AND PAYABLES

Interfunds - The composition of interfund balances as of June 30, 2021 is as follows:

Fund	Interfunds Receivable	Interfunds Payable
Governmental Fund	\$ 3,701	
Proprietary Fund	14,000	
Other Funds		(\$51,701)
Total	\$51,701	(\$51,701)

19. LOAN FORGIVENESS – BUILDING HOPE INC.

The charter school received a capital improvement loan from Building Hope, Inc., during the year ended June 30, 2020. The loan was forgiven and is reflected as Miscellaneous Revenue in the amount of \$163,955 in the General Fund.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

JOHN P. HOLLAND CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Share	\$ -	\$ -	\$ -	\$ 635,477	\$ (635,477)
State Share	6,315,410	(274,941)	6,040,469	5,404,992	635,477
Forgiveness of PPP Loan				163,955	(163,955)
Miscellaneous	-	-	0	56,410	(56,410)
Total - Local Sources	<u>6,315,410</u>	<u>(274,941)</u>	<u>6,040,469</u>	<u>6,260,834</u>	<u>(220,365)</u>
Special Education	246,503	(4,190)	242,313	242,313	-
Security Aid	256,879	(9,361)	247,518	247,518	-
Adjustment Aid	356,160	6,039	362,199	362,199	-
TPAF Pension (On-Behalf - Non-Budgeted)				503,559	(503,559)
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)	-		-	157,808	(157,808)
TPAF . LTD (On-Behalf - Non-Budgeted)				714	(714)
TPAF Social Security (Reimbursed - Non-Budgeted)				168,339	(168,339)
Total State Sources	<u>859,542</u>	<u>(7,512)</u>	<u>852,030</u>	<u>1,682,450</u>	<u>(830,420)</u>
Total - Federal Sources					
Total Revenues	<u>7,174,952</u>	<u>(282,453)</u>	<u>6,892,499</u>	<u>7,943,284</u>	<u>(1,050,785)</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Teachers Salary	1,878,622	87,549	1,966,171	1,965,308	\$ 863
Other Salaries	481,648	154,910	636,558	636,558	-
Prof/Tech Services	50,000	294,041	344,041	343,406	635
Other Purchased Services (400-500 series)	120,000	(5,436)	114,564	114,564	-
General Supplies	95,000	(75,290)	19,710	19,710	-
Textbooks	85,000	(14,715)	70,285	70,285	-
Other Objects	8,000	(4,606)	3,394	3,394	-
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>2,718,270</u>	<u>436,453</u>	<u>3,154,723</u>	<u>3,153,225</u>	<u>1,498</u>

JOHN P. HOLLAND CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support Services - General Administrative					
Salaries of Administrative Salaries	382,736	59,174	441,910	441,910	-
Salaries of Secretarial and Clerical Assistants	139,195	5,555	144,750	144,750	-
Cost of Benefits	629,455	(29,372)	600,083	600,083	-
Consultants	45,000	8,762	53,762	53,762	-
Other Purchased Services (400-500 series)	138,600	110,234	248,834	248,834	-
Communications/Telephone	40,000	10,857	50,857	43,617	7,240
Supplies and Materials	11,000	32,291	43,291	43,291	-
Other Objects	-	20,713	20,713	20,713	-
	<u>1,385,986</u>	<u>218,214</u>	<u>1,604,200</u>	<u>1,596,960</u>	<u>7,240</u>
Support Services - School Admin/Operation Plant Services					
Salaries	354,753	(26,880)	327,873	327,873	-
Purchased Professional and Technical Services	9,241	20,643	29,884	29,884	-
Other Purchased Services	75,600	255,910	331,510	331,510	-
Rental of Land and Building- other than Lease Purchase Agreements	1,796,517	(689,146)	1,107,371	1,107,371	-
Insurance	105,000	79,980	184,980	184,980	-
General Supplies	1,500	(1,500)	-	-	-
Transportation- Trips	-	-	-	-	-
Energy (Energy and Electricity)	85,000	95,713	180,713	180,713	-
Miscellaneous	20,000	28,160	48,160	48,160	-
Other Objects	-	-	-	-	-
Total Undist. Expend. - Other Oper. & Maint. Of Plant	<u>2,447,611</u>	<u>(237,120)</u>	<u>2,210,491</u>	<u>2,210,491</u>	<u>-</u>
Food Service					
Other Purchased Services	-	-	-	-	-
Total Food Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
On-behalf TPAF Pension Contributions (non-budgeted)				503,559	(503,559)
On-behalf TPAF Medical Contributions (non-budgeted)				157,808	(157,808)
On-behalf - LTD Contribution (non-budgeted)				714	(714)
Reimbursed TPAF Social Security Contributions (non-budgeted)				168,339	(168,339)
TOTAL ON-BEHALF CONTRIBUTIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>830,420</u>	<u>(830,420)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>3,833,597</u>	<u>(18,906)</u>	<u>3,814,691</u>	<u>4,637,871</u>	<u>(823,180)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>6,551,867</u>	<u>417,547</u>	<u>6,969,414</u>	<u>7,791,096</u>	<u>(821,682)</u>

JOHN P. HOLLAND CHARTER SCHOOL
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction:					
Instructional Equipment	623,085	-	623,085	623,085	-
Non-Instructional Equipment		-	-	-	-
Building Improvements			-	-	-
Total Equipment	<u>623,085</u>	<u>-</u>	<u>623,085</u>	<u>623,085</u>	<u>-</u>
TOTAL EXPENDITURES- GENERAL FUND	7,174,952	417,547	7,592,499	8,414,181	(821,682)
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>700,000</u>	<u>(700,000)</u>	<u>(470,897)</u>	<u>(229,103)</u>
Other Financing Sources:					
Operating Transfer In:	<u>-</u>	<u>(700,000)</u>	<u>700,000</u>	<u>-</u>	<u>700,000</u>
Total Other Financing Sources:	<u>-</u>	<u>(700,000)</u>	<u>700,000</u>	<u>-</u>	<u>700,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>-</u>	<u>(700,000)</u>	<u>700,000</u>	<u>(470,897)</u>	<u>470,897</u>
Fund Balance, July 1, 2020	<u>-</u>	<u>-</u>	<u>1,377,389</u>	<u>1,377,389</u>	
Fund Balance, June 30, 2021	<u>\$ -</u>	<u>\$ (700,000)</u>	<u>\$ 1,377,389</u>	<u>\$ 906,492</u>	<u>\$ 470,897</u>

JOHN P. HOLLAND CHARTER SCHOOL
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2021

Exhibit C-2
Page 1

	Budget	Transfers	Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 18,915		\$ 18,915	\$ 18,915	
State Sources	1,134,966		1,134,966	1,134,966	
Federal Sources	1,180,295		1,180,295	1,180,295	
Total Revenues	2,334,176		2,334,176	2,334,176	
EXPENDITURES:					
Instruction					
Salaries of Teachers	699,115		699,115	699,115	
Other Salaries for Instruction	21,945		21,945	21,945	
Purchased Professional and Technical Services	322,868		322,868	322,868	
Other Purchased Services (400-500 series)					
Textbooks	28,092		28,092	28,092	
General Supplies	61,915		61,915	61,915	
Rent	-		-	-	
Support Services	289,662		289,662	289,662	
Personal Services- Employee Benefits	462,200		462,200	462,200	
Instructional Equipment	-		-	-	
Equipment- Non instructional	-		-	-	
Miscellaneous Expense					
Total Instruction	1,885,797	-	1,885,797	1,885,797	
Support Services					
Salaries of Supervisor of Instruction	146,458		146,458	146,458	
Salaries of Program Directors					
Salaries of Other Professional Staff	-		-	-	
Salaries of Secretaries & Clerical Assistants					
Other Salaries	20,223		20,223	20,223	
Personal Services - Employee Benefits	-		-	-	
Purchased Professional - Educational Services	-		-	-	
Other Purchased Professional Services	-		-	-	
Rentals	109,419		109,419	109,419	
Supplies	37,148		37,148	37,148	
Student Activity	23,756		23,756	23,756	
Cleaning, Repairs, and Maintenance Sev	250		250	250	
Family Liason	72,100		72,100	72,100	
Communication					
Scholarships					
Tuition					
Travel	-		-	-	
Other purchased Services (400-500 series)	-		-	-	
Instructional Equipment	43,866		43,866	43,866	
Total Support Services	453,220		453,220	453,220	

**JOHN P. HOLLAND CHARTER SCHOOL
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Buildings Improvements					
Instructional Equipment					
Noninstructional Equipment					
Total Facilities Acquisition and Construction Services					
Transfer to Charter School					
Total Expenditures	2,339,017		2,339,017	2,339,017	
Other Financing Sources (Uses)					
Transfer in from General Fund					
Transfer Out to Whole School Reform (General Fund)					
Total Other Financing Sources (Uses)					
Total Outflows					
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ (4,841)		\$ (4,841)	\$ (4,841)	

**NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION**

**JOHN P. HOLLAND CHARTER SCHOOL
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
For the Fiscal Year Ended June 30, 2021**

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

The general fund budget and the special revenue budget basis are GAAP, therefore no reconciliation is required.

JOHN P. HOLLAND CHARTER SCHOOL
SCHEDULE OF CHARTER SCHOOL CONTRIBUTIONS - PERS
FOR THE FISCAL YEARS ENDED JUNE 30*
(Unaudited)
Public Employees' Retirement System (PERS)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Charter School Proportion of the net pension liability (asset)	.011834%	.011515%	0.0059286587%	0.0047600738%	0.0060741634%	0.0050281960%	0.0331813997%
Charter School Proportionate share of the net pension liability (asset)	1,929,935	2,074,828	1,167,323	1,108,069	1,798,993	1,128,729	595,645
Charter School Covered employee payroll	962,431	962,431	1,367,764	344,228	424,104	342,936	233,472
Charter School Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	200.5%	215.6%	85.35%	321.90%	424.19%	329.14%	255.12%
Plan fiduciary net position as a percentage of the total pension liability	49.8%	46.3%	53.60%	48.10%	40.14%	47.93%	52.08%

*Until a full ten year trend is compiled, information will be presented for those years for which the information is available.

**JOHN P. HOLLAND CHARTER SCHOOL
SCHEDULE OF CHARTER SCHOOL CONTRIBUTIONS - PERS
FOR THE FISCAL YEARS ENDED JUNE 30*
(Unaudited)
Public Employees' Retirement System (PERS)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$129,466	\$112,107	\$113,606	\$58,971	\$44,097	\$53,962	\$43,229	\$26,227
Contributions in relation to the contractually required contribution	(\$129,466)	(\$112,107)	(\$113,606)	(\$58,971)	(\$44,097)	(\$53,962)	(\$43,229)	(\$26,227)
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Charter School Covered employee payroll	\$962,431	\$962,431	\$872,683	\$635,749	\$632,121	\$329,780	\$386,198	\$287,433
Contributions as a percentage of covered employee payroll	13.45%	11.6%	13.02%	9.28%	6.98%	16.36%	11.19%	9.12%

*Until a full ten year trend is compiled, information will be presented for those years for which the information is available.

**JOHN P. HOLLAND CHARTER SCHOOL
SCHEDULE OF THE CHARTER SCHOOL PROPORTIONATE SHARE
OF NET PENSION LIABILITY - TPAF
FOR THE FISCAL YEARS ENDED JUNE 30
(Unaudited)
Teachers' Pension and Annuity Fund (TPAF)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Charter School Proportion of the net pension liability (asset)**	N/A	N/A	N/A	N/A	N/A	N/A
Charter School Proportionate share of the net pension liability (asset)**	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the Charter School	\$9,698,784	\$7,016,671	\$7,492,353	\$6,537,921	\$8,778,062	\$4,449,018
Total	\$9,698,784	\$7,016,671	\$7,492,353	\$6,537,921	\$8,778,062	\$4,449,018
Charter School Covered employee payroll	\$1,988,791	\$1,988,791	\$1,367,764	\$1,366,952	\$1,136,420	\$1,362,080
Charter School Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	487.7%	352.8%	547.78%	478.28%	772.43%	326.63%
Plan fiduciary net position as a percentage of the total pension liability	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%

**NOTE: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible (employer) for contributions to the plan. Since the charter school does not contribute directly to liability to report in the financial the plan there is no net pension statements of the charter school.

**JOHN P. HOLLAND CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PENSION SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)**

Public Employees' Retirement System (PERS)

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

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

Teachers' Pension and Annuity Fund (TPAF)

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

Changes of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

**JOHN P. HOLLAND CHARTER SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF
TOTAL OPEB LIABILITY
(UNAUDITED)
Postemployment Health Benefit Plan**

	Fiscal Years*			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>The State of New Jersey's Total OPEB Liability</u>				
Service Cost	\$1,790,973,822	\$1,734,404,850	\$1,984,642,729	\$2,391,878,884
Interest	1,503,341,357	1,827,787,206	1,970,236,232	1,699,441,736
Change in Benefit Terms				
Difference Between Expected and Actual Experience	11,544,750,637	(7,323,140,818)	(5,002,065,740)	
Benefit Payment	(1,180,515,618)	(1,280,958,373)	(1,232,987,247)	(1,242,412,566)
Contributions from Members	35,781,384	37,971,171	42,614,005	45,748,749
Changes of Assumptions or other inputs	12,386,549,981	622,184,027	(5,291,448,855)	(7,086,599,129)
Net change in total OPEB liability	\$26,080,881,563	(\$4,381,751,937)	(\$7,529,008,876)	(\$4,191,942,326)
Total OPEB Liability - Beginning	\$41,729,081,045	\$46,110,832,982	\$53,639,841,858	\$57,831,784,184
Total OPEB Liability - Ending	\$67,809,962,608	\$41,729,081,045	\$46,110,832,982	53,639,841,858
The State of New Jersey's total OPEB liability**	\$67,809,962,608	\$41,729,081,045	\$46,110,832,982	\$53,639,841,858
The State of New Jersey's OPEB liability attributable to the Charter School	\$4,994,785	\$884,529	\$417,193	\$0
The Charter School's proportionate share of the total OPEB liability	0	0	0	0
Charter School's covered employee payroll	\$2,951,122	\$1,714,755	\$1,143,170	\$0
Total Charter School's OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%
Charter School's contribution	None	None	None	None
State's covered employee payroll	\$14,267,738,657	\$13,929,083,479	\$13,640,275,833	\$13,493,400,208
Total State's OPEB liability as a percentage of its covered-employee payroll	475.00%	300.00%	338.00%	397.53%

**Note: Other Post Employment Benefits (OPEB) for employees of the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees Retirement System (PERS) is considered a special funding situation as defined by GASB Statement No. 75 in which the State of New Jersey is 100% responsible for contributions to the health insurance plan. The district (employer) does not contribute to the plan and the district's OPEB liability is zero.

*Until a full ten year trend is compiled, information will be presented for those years for which information is available.

SPECIAL REVENUE FUND

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

JOHN P. HOLLAND CHARTER SCHOOL
Special Revenue Fund
Combining Schedule of Revenues and Expenditures- Budgetary Basis
For the Fiscal Year Ended June 30, 2021

	TOTAL	IDEA PART B-Basic	IDEA Preschool	TITLE I PART A	Cares Act	COVID Relief Fund	Preschool Education Aid	CSP EXPANSION GRANT	Student Activity
REVENUES									
Intergovernmental									
Federal	\$ 1,180,295	118,870	5,152	348,312	170,078	56,489		481,394	
State Sources	1,134,966						1,134,966	-	
Miscellaneous	18,915						-	-	18,915
Total Revenues	<u>2,334,176</u>	<u>118,870</u>	<u>5,152</u>	<u>348,312</u>	<u>170,078</u>	<u>56,489</u>	<u>1,134,966</u>	<u>481,394</u>	<u>18,915</u>
EXPENDITURES									
Instruction									
Salaries	699,115	-	-	239,000	-	-	366,475	93,640	-
Other Instructional Salaries	21,945	-	-	-	-	-	21,945	-	-
Other Purchased Services	-	-	-	-	-	-	-	-	-
Purchased Prof. and Tech.and Edu Ser.	322,868	118,870	5,152	-	72,357	56,489	-	70,000	-
General Supplies	61,915	-	-	712	60,573	-	630	-	-
Support Services	289,662	-	-	-	-	-	-	289,662	-
Textbooks	28,092	-	-	-	-	-	-	28,092	-
Personal Services - Employee Benefits	462,200	-	-	95,600	-	-	366,600	-	-
Miscellaneous Expenses	-	-	-	-	-	-	-	-	-
Total Instruction	<u>1,885,797</u>	<u>118,870</u>	<u>5,152</u>	<u>335,312</u>	<u>132,930</u>	<u>56,489</u>	<u>755,650</u>	<u>481,394</u>	<u>-</u>
Support Services									
Salaries of Supervisors of Instruction	146,458	-	-	13,000	-	-	133,458	-	-
Salaries of Master Teachers	-	-	-	-	-	-	-	-	-
Other Salaries	20,223	-	-	-	-	-	20,223	-	-
Salaries of Clerical	-	-	-	-	-	-	-	-	-
Purchases Professional Sves	-	-	-	-	-	-	-	-	-
Rentals	109,419	-	-	-	-	-	109,419	-	-
Student Activity	23,756	-	-	-	-	-	-	-	23,756
Cleaning , Repairs, and Maintenance Ser.	250	-	-	-	-	-	250	-	-
Family Liason	72,100	-	-	-	-	-	72,100	-	-
Supplies and Materials	37,148	-	-	-	37,148	-	-	-	-
Miscellaneous Expenses	-	-	-	-	-	-	-	-	-
Equipment - Instructional	43,866	-	-	-	-	-	43,866	-	-
Equipment -Non- instructional	-	-	-	-	-	-	-	-	-
Transportation-Field Trips	-	-	-	-	-	-	-	-	-
Capital Improvements	-	-	-	-	-	-	-	-	-
Total Support Services	<u>453,220</u>	<u>-</u>	<u>-</u>	<u>13,000</u>	<u>37,148</u>	<u>-</u>	<u>379,316</u>	<u>-</u>	<u>23,756</u>
TOTAL EXPENDITURES	<u>\$ 2,339,017</u>	<u>118,870</u>	<u>5,152</u>	<u>348,312</u>	<u>170,078</u>	<u>56,489</u>	<u>1,134,966</u>	<u>481,394</u>	<u>23,756</u>
Excess (Deficiency)									
Revenues (Over) Expenditures	<u>\$ (4,841)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,841)</u>

JOHN P HOLLAND CHARTER SCHOOL
Special Revenue Fund
Schedule of Preschool Education
Aid Expenditures - Budgetary Basis
Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Expenditures					
Instruction					
Salaries of teachers	\$ 385,050	\$ (18,575)	\$ 366,475	\$ 366,475	\$ -
Other salaries for instruction	4,000	17,945	21,945	21,945	-
Purchased professional educational services	-				
Other Purchased services	-				
General supplies	-	630	630	630	-
Other objects	-				
Total instruction	<u>389,050</u>	<u>-</u>	<u>389,050</u>	<u>389,050</u>	<u>-</u>
Support services					
Salaries of Supervisor of Instruction	69,200	(69,200)	-	-	-
Salaries of Principals/Assistant Principals/Prog Directors	118,600	14,858	133,458	133,458	-
Salaries of Other Prof Staff	56,200	(35,977)	20,223	20,223	-
Salaries of Secretarial & Clerical Assistants					
Other Salaries - master teacher	44,900	(44,900)			
Purchased Prof - Education Services					
Clean, Repair, & Maint Services	4,470	(4,220)	250	250	-
Supplies					
Personnel Services -Employee Benefits	366,600	-	366,600	366,600	-
Family Liason	72,100	-	72,100	72,100	-
Rentals	59,980	49,439	109,419	109,419	-
Contracted Services - Field Trips	-	-	-	-	-
Total support services	<u>792,050</u>	<u>(90,000)</u>	<u>702,050</u>	<u>702,050</u>	<u>-</u>
Facilities acquisition and construction services					
Instructional equipment	-	43,866	43,866	43,866	-
Construction services	-	-	-	-	-
Total facilities acquisition and construction services	<u>-</u>	<u>43,866</u>	<u>43,866</u>	<u>43,866</u>	<u>-</u>
Total expenditures	<u>\$ 1,181,100</u>	<u>\$ (46,134)</u>	<u>\$ 1,134,966</u>	<u>\$ 1,134,966</u>	<u>-</u>
Calculation of Budget and Carryover					
Total revised 2020-2021 preschool education aid allocation	\$ 1,134,966				
Add: actual carryover June 30, 2020	-				
Add: budgeted transfer from the General Fund 2020-2021	-				
Total preschool education aid funds available for 2020-2021 budget	<u>1,134,966</u>				
Less: 2020-2021 budgeted preschool education aid, including prior	(1,134,966)				
able and unbudgeted preschool education aid funds as of June 30, 2020	-				
Add: June 30, 2021 unexpended preschool education aid	-				
2020-2021 actual carryover - preschool education aid	\$ -				
2020-2021 preschool education aid carryover budgeted in 2021-2022	<u>\$ -</u>				

PROPRIETARY FUNDS

ENTERPRISE FUND

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the cost of providing goods and services be financed through user charges or where the board has decided that periodical determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Food Service Fund - The fund provides for the operation of food services in all schools.

JOHN P. HOLLAND CHARTER SCHOOL
Statement of Net Position
Proprietary Fund
As of June 30, 2021

	Proprietary Fund FOOD SERVICE Activities Enterprise
ASSETS	
Current Assets	
Cash and Cash Equivalent	\$62,443
Interfund	0
Intergovernmental Receivable	14,000
Federal	10,795
State	470
Total Current Assets	87,708
Total Assets	\$87,708
 LIABILITIES	
Total Current Liabilities	
 Net Position	
Unrestricted	87,708
Invested in capital assets - net	
Total Net Position	\$87,708

JOHN P. HOLLAND CHARTER SCHOOL
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2021

	Proprietary Fund Business-Type FOOD SERVICE Enterprise
OPERATING REVENUES	
Local Sources	
Daily Sales - Reimbursable Programs	
Self Pay Revenue	\$4,096
Total Operating Revenues	4,096
 OPERATING EXPENSES	
Supplies, Materials & Other	(\$95,269)
Total Operating Expenses	(95,269)
 Income (Loss) From Operations	(91,173)
 Nonoperating Revenues	
State Sources	
State Sources	4,163
Federal Sources	
Child and Adult Food Program	
School Breakfast Program	42,226
National School Lunch Program	67,280
Total Nonoperating Revenues	113,669
Increase in Net Position	22,496
 Subsidy transferred In From General Fund	0
Total Net Position - July 1, 2020	65,212
 Total Net Position - June 30, 2021	\$87,708

JOHN P. HOLLAND CHARTER SCHOOL
Statements of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2021

	Proprietary Fund Business-Type Activities
Cash flows from operating activities	\$4,096
Cash Payments supplies, material and other	(95,269)
Net Cash (Used) by Operating Activities	(91,173)
Cash Flows from Noncapital Financing Activities	
Subsidy Transferred from General Fund	0
Cash Received from State and Federal Subsidy Reimbursements	109,520
Net Cash Provided by Noncapital Financing Activities	109,520
Cash Flows from Investing Activities	
Net Cash Provided by Investing Activities	
Net Increase in Cash and Cash Equivalents	18,347
Cash and Cash Equivalents, Beginning of Year	122,146
Cash and Cash Equivalents, End of Year	\$140,493
Reconciliation of Operating Income to Net Cash Used by Operating Activities	
Operating Income	\$22,496
Adjustments to Reconcile Operating Income to Subsidy Transferred From General Fund	0
Net Cash Provided by Operating Activities	0
(Increase) Decrease in Accounts Receivable	(4,149)
Change in Assets and Liabilities	0
Total Adjustment	(4,149)
Net Cash Provided by Operating Activities	\$18,347

**FIDUCIARY FUNDS
(NOT APPLICABLE)**

Exhibit H-1

**JOHN P. HOLLAND CHARTER SCHOOL
Combining Statement of Agency Funds Net Position
Fiduciary Funds
As of June 30, 2021**

NOT APPLICABLE

Exhibit H-2

**JOHN P. HOLLAND CHARTER SCHOOL
Nonexpendable Trust Fund
Combining Statement of Agency Fund Net Position
Fiduciary Funds
As of June 30, 2021**

NOT APPLICABLE

Exhibit H-3

**JOHN P. HOLLAND CHARTER SCHOOL
Student Activity Agency Fund
Schedule of Receipts and Disbursements
Fiduciary Funds
For the Fiscal Year Ended June 30, 2021**

NOT APPLICABLE

Exhibit H-4

**JOHN P. HOLLAND CHARTER SCHOOL
Payroll Agency Fund
Schedule of Receipts and Disbursements
Fiduciary Funds
For the Fiscal Year Ended June 30, 2021**

NOT APPLICABLE

Exhibit H-5

**JOHN P. HOLLAND CHARTER SCHOOL
Unemployment Compensation Insurance Trust Fund
Statement of Receipts and Disbursements
Fiduciary Funds
For the Fiscal Year Ended June 30, 2021**

NOT APPLICABLE

STATISTICAL SECTION

This part of the John P. Holland Charter School annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the school's overall financial health.

Contents

Exhibits

Financial Trends

J- 1 to J-5

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

J-6 to J-9

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

J-10 to J-13

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

J-14 and J-15

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

J-16 to J-20

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

FINANCIAL TRENDS

**JOHN P. HOLLAND CHARTER SCHOOL
NET POSITION BY COMPONENT
FOR THE FISCAL YEARS ENDED JUNE 30
ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Governmental activities						
Invested in capital assets	\$ 432,098	\$ -	\$ 11,263	\$ 20,275	\$ 31,369	\$ 41,020
Restricted	38,843	25,000	25,000	25,000	25,000	25,000
Unrestricted (Deficit)	(841,074)	(107,165)	(374,606)	(894,274)	(792,968)	(176,724)
Total governmental activities net position (Deficit)	<u>\$ (370,133)</u>	<u>\$ (82,165)</u>	<u>\$ (338,343)</u>	<u>\$ (848,999)</u>	<u>\$ (736,599)</u>	<u>\$ (110,704)</u>
Business-type activities						
Invested in capital assets						
Unrestricted	87,708	65,212	4,849	-	91,178	25,027
Total business-type activities net position	<u>\$ 87,708</u>	<u>\$ 65,212</u>	<u>\$ 4,849</u>	<u>\$ -</u>	<u>\$ 91,178</u>	<u>\$ 25,027</u>
School-wide						
Invested in capital assets	\$ 432,098	\$ -	\$ 11,263	\$ 20,275	\$ 31,369	\$ 41,020
Restricted	38,843	25,000	25,000	25,000	25,000	25,000
Unrestricted (Deficit)	(753,366)	(41,953)	(369,757)	(894,274)	(701,810)	(151,697)
Total school net position	<u>\$ (282,425)</u>	<u>\$ (16,953)</u>	<u>\$ (333,494)</u>	<u>\$ (848,999)</u>	<u>\$ (645,441)</u>	<u>\$ (85,677)</u>

Source: School Financial Statements

**JOHN P. HOLLAND CHARTER SCHOOL
CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30
ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)**

Source: School Financial Statements

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Expenses						
Governmental activities						
Instruction						
Regular	\$ 5,039,022	\$ 3,505,703	\$ 2,495,164	\$ 2,279,168	\$ 1,966,576	\$ 1,437,024
Support Services:						
General administration	2,026,424	1,930,779	1,210,423	1,040,816	1,625,999	1,411,830
School Administrative Services	2,210,491	1,446,951	871,318	1,078,822	1,077,727	869,674
On-behalf TPAF Social Security Pension/Medical	830,420	615,577	1,861,307	1,764,323	-	-
Student Activity	23,756					
Capital outlay	623,085	-	-	-	-	-
Unallocated depreciation	(432,098)	-	-	-	13,601	13,157
Total governmental activities expenses	<u>10,321,100</u>	<u>7,499,010</u>	<u>6,438,212</u>	<u>6,163,129</u>	<u>4,683,903</u>	<u>3,731,685</u>
Business-type activities:						
Food service	117,765	279,718	319,365	377,699	133,592	125,885
Child Care	-	39,300	43,975	79,064	10,647	44,387
Total business-type activities expense	<u>117,765</u>	<u>319,018</u>	<u>363,340</u>	<u>456,763</u>	<u>144,239</u>	<u>170,272</u>
Total school expenses	<u>\$ 10,438,865</u>	<u>\$ 7,818,028</u>	<u>\$ 6,801,552</u>	<u>\$ 6,619,892</u>	<u>\$ 4,828,142</u>	<u>\$ 3,901,957</u>
Program Revenues						
Governmental activities:						
Charges for services:						
National Lunch Program						
Pupil transportation						
Central and other support services						
Special revenue grants	2,315,261	1,448,162	2,259,529	2,268,975	198,606	218,541
Operating grants and contributions						
Capital grants and contributions						
Total governmental activities program revenues	<u>2,315,261</u>	<u>1,448,162</u>	<u>2,259,529</u>	<u>2,268,975</u>	<u>198,606</u>	<u>218,541</u>
Business-type activities:						
Charges for services:						
Food service	95,269	219,355	324,214	299,054	180,656	60,123
Child care	-	39,300	32,219	60,517	19,092	120,533
Operating grants and contributions						
Capital grants and contributions						
Total business type activities program revenues	<u>95,269</u>	<u>258,655</u>	<u>356,433</u>	<u>359,571</u>	<u>199,748</u>	<u>180,656</u>
Total school program revenues	<u>2,410,530</u>	<u>1,706,817</u>	<u>2,615,962</u>	<u>2,628,546</u>	<u>398,354</u>	<u>399,197</u>
Net (Expense)/Revenue						
Governmental activities	\$ (8,005,839)	\$ (6,050,848)	\$ (4,178,682)	\$ (3,894,155)	\$ (4,485,297)	\$ (3,542,937)
Business-type activities	\$ 22,496	\$ 60,363	\$ (6,907)	\$ (97,192)	\$ 66,150	\$ 10,384
Total school-wide net expense	<u>\$ (7,983,343)</u>	<u>\$ (5,990,485)</u>	<u>\$ (4,185,589)</u>	<u>\$ (3,991,347)</u>	<u>\$ (4,419,147)</u>	<u>\$ (3,532,553)</u>

JOHN P. HOLLAND CHARTER SCHOOL
CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30
ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Governmental activities:						
Local share	635,477	532,722	4,467,377	3,408,462	323,909	352,169
State Share	5,404,992	4,680,077	163,660	221,903	3,226,271	2,669,128
State and Federal Aid aid	1,682,450	1,369,011	-	157,423	-	-
Miscellaneous income	220,365	39,935	70,057	(6,014)	309,203	3,002
Student Activity	18,915	-	(11,756)		-	-
Increase in Net Capital Outlay						
Transfers	7,962,199	6,621,745	4,689,338	3,781,774	3,859,383	3,024,299
Total governmental activities						
Business-type activities:						
Investment earnings	-	-	11,756	6,014	-	-
Transfers	-	-	-	-	-	-
Total business-type activities	7,962,199	6,621,745	4,689,338	3,781,774	3,859,383	3,024,299
Total school-wide						
Change in Net Position (Decrease)	\$ (43,640)	\$ 570,897	\$ 510,656	\$ (112,381)	\$ (625,914)	\$ (518,638)
Governmental activities	\$ 22,496	\$ 60,363	\$ 4,849	\$ (91,178)	\$ 66,150	\$ 10,384
Business-type activities	\$ (21,144)	\$ 631,260	\$ 515,505	\$ (203,559)	\$ (559,764)	\$ (508,254)

Source: School Financial Statements

**JOHN P. HOLLAND CHARTER SCHOOL
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEARS ENDED JUNE 30
MODIFIED ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Fund						
Restricted:						
Charter School Escrow Reserve	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Unassigned:						
General Fund	881,492	1,442,601	781,491	56,667	34,540	177,904
Total General Fund	<u>\$906,492</u>	<u>\$1,467,601</u>	<u>\$806,491</u>	<u>\$81,667</u>	<u>\$59,540</u>	<u>\$202,904</u>
All Other Governmental Funds						
Restricted - Student Activity	13,843					
Total all other governmental funds	<u>\$13,843</u>					

Source: School Financial Statements

JOHN P. HOLLAND CHARTER SCHOOL
GOVERNMENTAL AND ENTERPRISE REVENUES AND EXPENDITURES
FOR THE FISCAL YEARS ENDED JUNE 30
MODIFIED ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Revenues						
Local tax Levy	\$635,477	\$532,722	\$70,057	\$157,423	\$309,203	\$15,802
State Aid	8,226,403	7,427,921	6,954,343	6,113,255	3,694,419	3,191,569
Miscellaneous Income	239,280	39,935	0	0	0	0
Federal sources	1,180,295	388,347	287,807	236,834	198,606	205,741
Total revenue	<u>10,281,455</u>	<u>8,388,925</u>	<u>7,312,207</u>	<u>6,507,512</u>	<u>4,202,228</u>	<u>3,413,112</u>
Expenditures						
Instruction						
Regular Instruction	5,039,022	3,505,703	2,495,164	2,279,168	1,966,576	1,437,024
Support Services:						
General administration	2,026,424	1,930,779	1,210,423	1,040,816	1,625,699	1,411,830
School administrative services/Plant	2,210,491	1,446,951	871,318	1,078,822	1,077,727	869,674
TPAF Social Security / Pension / Medical	830,420	615,577	1,861,307	1,764,323	0	0
Capital outlay	623,085	0	0	0	0	0
Student Actiivity Fund	23,756					
Proprietary Fund	95,269	319,018	363,340	456,763	144,239	180,656
Total expenditures	<u>10,848,467</u>	<u>7,818,028</u>	<u>6,801,552</u>	<u>6,619,892</u>	<u>4,814,241</u>	<u>3,899,184</u>
Excess (Deficiency) of revenues over (under) expenditures	(475,738)	570,897	510,655	(112,380)	(612,013)	(486,072)
Other Financing sources (uses)						
Transfers in						
Transfers out						
Total other financing sources (uses)						
Net change in fund balances (Decrease)	<u>\$ (475,738)</u>	<u>\$ 570,897</u>	<u>\$ 510,655</u>	<u>\$ (112,380)</u>	<u>\$ (612,013)</u>	<u>\$ (486,072)</u>

Source: School Financial Statements

REVENUE CAPACITY

JOHN P. HOLLAND CHARTER SCHOOL
General Fund - Other Local Revenue By Source
For the Fiscal Years Ended June 30
(Unaudited)

	<u>Sale of Capital Assets</u>	<u>Donations</u>	<u>Rentals</u>	<u>Capital Improvement Loan Forgiveness</u>	<u>Sale and Leaseback of Textbooks</u>	<u>Miscellaneous</u>	<u>Totals</u>
2016						3,002	3,002
2017						309,203	309,203
2018						157,423	157,423
2019						70,057	70,057
2020				0		39,935	39,935
2021				163,955		56,410	220,365

Source: School Financial Statements

Exhibit J-6

**JOHN P. HOLLAND CHARTER SCHOOL
Assessed Value and Actual Value of Taxable Property
For the Fiscal Year Ended June 30, 2021**

NOT APPLICABLE

Exhibit J-7

**JOHN P. HOLLAND CHARTER SCHOOL
Direct and Overlapping Property Tax Rates
For the Fiscal Year Ended June 30, 2021**

NOT APPLICABLE

Exhibit J-8

**JOHN P. HOLLAND CHARTER SCHOOL
Principal Property Taxpayers
For the Fiscal Year Ended June 30, 2021**

NOT APPLICABLE

DEBT CAPACITY

Exhibit J-9

**JOHN P. HOLLAND CHARTER SCHOOL
Property Tax Levies and Collections
For the Fiscal Year Ended June 30, 2021**

NOT APPLICABLE

Exhibit J-10

**JOHN P. HOLLAND CHARTER SCHOOL
Ratios of Outstanding Debt by Type
For the Fiscal Year Ended June 30, 2021**

NOT APPLICABLE

Exhibit J-11

**JOHN P. HOLLAND CHARTER SCHOOL
Ratios of Net General Bonded Debt Outstanding
For the Fiscal Year Ended June 30, 2021**

NOT APPLICABLE

Exhibit J-12

**JOHN P. HOLLAND CHARTER SCHOOL
Direct and Overlapping Governmental Activities Debt
For the Fiscal Year Ended June 30, 2021**

NOT APPLICABLE

DEMOGRAPHIC AND ECONOMIC INFORMATION

**JOHN P. HOLLAND CHARTER SCHOOL
Legal Debt Margin Information
For the Fiscal Year Ended June 30, 2021**

NOT APPLICABLE

Exhibit J-14

**JOHN P. HOLLAND CHARTER SCHOOL
Demographic and Economic Statistics
For the Fiscal Years Ended June 30**

NOT APPLICABLE

**OPERATING INFORMATION
(UNAUDITED)**

Exhibit J-15

**JOHN P. HOLLAND CHARTER SCHOOL
Principal Employers
For the Fiscal Year Ended June 30, 2021**

NOT APPLICABLE

JOHN P. HOLLAND CHARTER SCHOOL
Full-time Equivalent School Employees by Function/Program
For the Fiscal Years Ended June 30
(UNAUDITED)

<u>Function/Program</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Instruction						
Regular	32	26	24	21	8	8
Special education	4	4	3	2	1	1
Other special education	8	6	6	6	4	4
Support Services:						
Student & instruction related services	11	9	9	9	3.7	3.7
Other administrative services	8	5	5	5	4.1	4.1
Plant operations and maintenance	4	2	2	2		
Food Service	3	6.5	6.5	5.5	0.4	0.4
Total	<u>70</u>	<u>59</u>	<u>56</u>	<u>51</u>	<u>21</u>	<u>21</u>

Source: School Personnel Records

JOHN P. HOLLAND CHARTER SCHOOL
Operating Statistics
For the Fiscal Years Ended June 30
(UNAUDITED)

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)
						Elementary and Middle School	Senior High School		
2021	547	10,848,467	19,833	25.34%	60	10:01	N/A	506	92.38%
2020	474	7,499,010	15,820	15.30%	32	14:1	N/A	483.2	93.20%
2019	424	5,813,779	13,711	-24.43%	29	15:1	N/A	421.3	94.10%
2018	360	5,474,351	15,206	-16.19%	25	15:1	N/A	354.3	94.30%
2017	201	3,646,924	18,143	7.56%	11	11:1	N/A	201	95.00%
2016	199	3,356,984	16,869	1.91%	11	11:1	N/A	194	94.90%

Sources: School records

Exhibit J-18

**JOHN P. HOLLAND CHARTER SCHOOL
School Building Information
For the Fiscal Years Ended June 30
(UNAUDITED)**

	<u>2021</u>
<u>School Building</u>	
Main Campus	
Square Feet	101,000
Capacity (students)	1,857
Enrollment	547
Number of Schools at June 30	
Elementary	1

Source: Lease

Exhibit J-19

**JOHN P. HOLLAND CHARTER SCHOOL
General Fund - Schedule of Required Maintenance
For the Fiscal Year Ended June 30, 2021**

NOT APPLICABLE

**JOHN P. HOLLAND CHARTER SCHOOL
INSURANCE SCHEDULE
JUNE 30, 2021
UNAUDITED**

<u>Policy Level Information</u>	<u>Coverage</u>
Markel Insurance Co.:	
Property:	
Business Personal Property - All Risk w/ \$1,000.00 deductible:	
Oliver	400,000
Shepherd	400,000
EDP – Computers w/ \$500.00 Deductible:	
Oliver	300,000
Shepherd	300,000
Business Income and Extra Expense w/ 72 Hour Deductible	300,000
General Liability:	
Aggregate	3,000,000
Each Occurrence	1,000,000
Products / Completed Operations Aggregate	3,000,000
Sexual Abuse per Occurrence	1,000,000
Sexual Abuse Aggregate	2,000,000
Personal Injury/ Advertising Injury	1,000,000
Premise Medical Payments (Any One Person)	10,000
Fire Legal Liability (Any One Fire)	1,000,000
Employee Benefits Aggregate Limit w/ \$1,000.00 Deductible	3,000,000
Employee Benefits Aggregate Limit w/ \$1,000.00 Deductible	1,000,000
Educators Legal Liability:	
Each Wrongful Act w/ \$5,000.00 Deductible	1,000,000
Aggregate w/ \$5,000.00 Deductible	2,000,000
Crime:	
Blanket Employee theft w/ \$500.00 Deductible	133,000
Public Officials Bonds	
School Business Administrator	160,000
Automobile Liability - Hired and Non Owned - Occurrence	1,000,000
Umbrella:	
Aggregate w/ \$10,000.00 Retention	2,000,000
Each Occurrence w/ \$10,000.00 Retention	2,000,000
Student Accident:	
Accidental Medical Expense Benefit	25,000
Accidental Death & Dismemberment	10,000
Workers' Compensation:	
Each Accident	1,000,000
Each Employee	1,000,000
Policy Limit	1,000,000

Source: Charter School Records

**CHARTER SCHOOL PERFORMANCE
FRAMEWORK FINANCIAL INDICATORS**

JOHN P. HOLLAND CHARTER SCHOOL
FINANCIAL PERFORMANCE - FINANCIAL RATIOS
FOR THE FISCAL YEARS ENDED JUNE 30
(UNAUDITED)

Charter School Performance Framework Financial Indicators
Near Term Indicators

	2021	2020	2019	2018	2017
Cash and Cash Equivalents	864,730	1,479,352	698,853	27,747	260,159
Current Assets	1,186,137	1,723,705	1,001,991	268,893	193,092
Capital Assets-Net	637,333	0	0	0	0
Total Assets	1,823,470	1,723,705	1,013,255	289,168	484,620
					0
Current Liabilities	191,937	281,104	316,001	288,362	252,709
Long Term Liabilities					
Total Liabilities	191,937	2,355,932	1,658,287	1,529,956	482,396
Net Position	1,631,533	169,755	(333,493)	(848,999)	2,224
Total Revenue	10,376,310	8,388,925	4,701,094	3,787,788	4,268,379
Total Expenses	(10,824,711)	(7,757,665)	(4,185,588)	(3,991,347)	(4,828,142)
Change in Net Position	(448,401)	631,260	515,506	(203,559)	(559,763)
Depreciation	29,618	0	9,012	11,093	13,601
Principal Payments	0	0	0	0	0
Interest payments	0	0	0	0	0
Final average daily enrollment	547	474	421	354	203
March 30th budgeted Enrollment	547	474	424	360	201
Near term indicators	2021	2020	2019	2018	2017
CURRENT RATIO	6.18	6.13	3.17	0.93	1.79
Unrestricted days cash	29.16	69.61	60.94	2.54	19.66
Enrollment variance	0%	0%	0%	0%	0%
Default	N/A	N/A	N/A	N/A	N/A
Total Margin	(4.3)	7.5	10.9	(5.3)	-13.1
Debt to Asset	N//A	N//A	N//A	N//A	N//A
Cash Flow	(614,622)	780,499	671,106	(232,412)	260,159
Debt Service Coverage Ratio	N/A	N/A	N/A	N/A	N/A

SINGLE AUDIT SECTION K

GERALD D. LONGO
CERTIFIED PUBLIC ACCOUNTANT
62 OLD QUEENS BLVD.
MANALAPAN, NEW JERSEY 07726-3648

TELEPHONE
732 446-4768

FAX
732 792-0868

EXHIBIT K-1

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

The Honorable Chairman and
Members of the Board of Trustees
John P. Holland Charter School
County of Passaic
Paterson, New Jersey

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and *audit requirements as prescribed by the 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 John P. Holland Charter School ("the Charter School"), in the County of Passaic, State of New Jersey, as of and for the fiscal year ending June 30, 2021, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued my report thereon, dated March 10, 2022.

Internal Control Over Financial Reporting

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

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

My 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 my audit I did not identify any deficiencies in internal control that I 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 Charter School's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey* in considering the Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Licensed Public School Accountant No. 20CS00206400



Gerald D. Longo
Certified Public Accountant
March 10, 2022

GERALD D. LONGO
CERTIFIED PUBLIC ACCOUNTANT
62 OLD QUEENS BLVD.
MANALAPAN, NEW JERSEY 07726-3648

TELEPHONE
732 446-4768

FAX
732 792-0868

EXHIBIT K-2

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
INDEPENDENT AUDITORS' REPORT**

The Honorable Chairman and
Members of the Board of Trustees
John P. Holland Charter School
County of Passaic
Paterson, New Jersey

Compliance

I have audited the John P. Holland Charter School, in the County of Passaic, State of New Jersey's ("the Charter School") with the types of compliance requirements described in the OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Charter School's major federal and state programs for the fiscal year ended June 30, 2021. The Charter School's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

My responsibility is to express an opinion on compliance for each of the Charter School's major federal and state programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance") and New Jersey's OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred.

An audit includes examining, on a test basis, evidence about the Charter School's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In my opinion, the Charter School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2021.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or 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 federal or 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 federal or 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.

My 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. I did not identify any deficiencies in internal control over compliance that I 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 my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

Licensed Public School Accountant No. 20CS00206400

A handwritten signature in black ink, appearing to read "Gerald D. Longo". The signature is written in a cursive style with a large initial "G".

Gerald D. Longo
Certified Public Accountant
March 10, 2022

JOHN P HOLLAND CHARTER SCHOOL
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2021

Federal/Grantor Program Title	Federal CFDA Number	Federal Award Identification Number	Grant Period	Award Amount	Balance July 1, 2020	Prior Carry-over	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Adjust	Deferred Revenue/ (Accounts Receivable) June 30, 2021	Due to Grantor at June 30, 2021
Enterprise Fund:												
U.S. Department of Agriculture												
Pass-Through Programs:												
Passed-Through New Jersey												
State Department of Agriculture												
National School Breakfast	10.553	201NJ304N1099	07/01/19-06/30/20	70,996	(2,527)		\$ 2,527				0	
National School Lunch	10.555	201NJ304N1099	07/01/19-06/30/20	153,704	(4,410)		4,410				0	
National School Breakfast	10.553	211NJ304N1099	07/01/20-06/30/21	42,226	0		38,070	42,226			(4,156)	
National School Lunch	10.555	211NJ304N1099	07/01/20-06/30/21	67,280	0		60,642	67,280			(6,638)	
Total Enterprise Fund/Total US Dept. of Agriculture Pass Through Programs					(6,937)		\$ 105,649	\$ 109,506			(10,794)	
US DEPARTMENT OF TREASURY												
SPECIAL REVENUE FUND												
Corona Relief Fund	21.019	SLT0228	03/01/20-12/31/20	56,489	0		56,489	56,489			0	
Total - US Dept. of Treasury					0		56,489	56,489			0	
U.S. Department of Education												
Pass-Through Programs:												
Passed-Through New Jersey												
State Department of Education												
CSP Expansion Grant	84.282E	S282E190023	10/01/19-09/30/22	673,871	0		481,394	481,394			0	
Title I PART A	84.010	S010A200030	07/01/20-09/30/21	348,312	0		348,312	348,312			0	
IDEA Preschool	84.173A	H173A190114	07/01/19-09/30/20	4,958	(1,958)		1,958	0			0	
IDEA Preschool	84.173A	H173A200114	07/01/20-09/30/21	5,152	0		5,152	5,152			0	
IDEA Part B	84.027A	H027A200100	07/01/20-09/30/21	118,870	0		118,870	118,870			0	
Total - US DOE Pass Through Programs					(1,958)		955,686	953,728			0	
Education Stabilization Fund												
Cares Act	84.425D	S425D200027	03/13/20-09/30/22	210,756	0		138,398	170,078			(31,680)	
Total Education Stabilization Fund					0		138,398	1,180,295			(31,680)	
Total Special Revenue Fund					(1,958)		1,150,573	1,180,295			(31,680)	
Total Expenditures of Federal Awards					(8,895)		\$1,256,222	\$1,289,801			(\$42,474)	

See accompanying notes to schedules of expenditures of Federal and State award programs.

JOHN P. HOLLAND CHARTER SCHOOL
Schedule of Expenditures of State Awards
For the Fiscal Year Ended June 30, 2021

<u>State Grantor/Program Title</u>	<u>Grant or State Project Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Balance July 1, 2020</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Prior Years' Balances</u>	<u>Adjust.</u>	<u>Receivable at June 30, 2021</u>
NJ DEPARTMENT OF EDUCATION									
GENERAL FUND									
TPAF Social Security	21-495-034-5094-003	07/01/20-06/30/21	168,339		168,339	168,339			
Equalization Aid - Local and State	21-495-034-5120-078	07/01/20-06/30/21	6,040,469		6,040,469	6,040,469			
Adjustment Aid	21-495-034-5120-085	07/01/20-06/30/21	362,199		362,199	362,199			
Security Aid	21-495-034-5120-084	07/01/20-06/30/21	247,518		247,518	247,518			
Special Education Aid	21-495-034-5120-089	07/01/20-06/30/21	242,313		242,313	242,313			
TPAF LT Disability (On-Behalf - Non-Budgeted)	21-495-034-5094-004	07/01/20-06/30/21	714		714	714			
TPAF Medical (On-Behalf - Non-Budgeted)	21-495-034-5094-001	07/01/20-06/30/21	157,808		157,808	157,808			0
TPAF Pension (On-Behalf - Non-Budgeted)	21-495-034-5094-002	07/01/20-06/30/21	503,559		503,559	503,559			
Total General Fund/Total State Department of Education					-- 7,722,919	7,722,919			
SPECIAL REVENUE FUND									
Preschool Education Aid	21-495-034-5120-086	07/01/20-06/30/21	1,134,966	(40,000)	1,174,966	1,134,966			
ENTERPRISE FUND									
State School Lunch	21-100-010-3350-023	07/01/20-06/30/21	4,163	(60)	3,753	4,163			(470)
Total Enterprise Fund				(60)	3,753	4,163			(470)
Total State Financial Assistance					(60)	8,901,638	8,862,048		(470)
TPAF LT Disability (On-Behalf - Non-Budgeted)	21-495-034-5094-004	07/01/20-06/30/21	714		(714)	(714)			
TPAF Medical (On-Behalf - Non-Budgeted)	21-495-034-5094-001	07/01/20-06/30/21	157,808		(157,808)	(157,808)			
TPAF Pension (On-Behalf - Non-Budgeted)	21-495-034-5094-002	07/01/20-06/30/21	503,559		(503,559)	(503,559)			
Total State Financial Assistance subject to Single Audit					8,239,557	8,199,967			

See accompanying notes to schedules of expenditures of Federal and State Awards

JOHN P. HOLLAND CHARTER SCHOOL
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AND STATE ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1. GENERAL

The accompanying schedules present the activity of all federal and state assistance programs of the John P. Holland Charter School. The Board of Trustees is defined in the Notes to the school's basic financial statements. All federal and state assistance received directly from 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 are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the Charter School's basic financial statements. The information in these schedules is presented in accordance with 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 the provisions of New Jersey Department of the Treasury Circular Letter 15-08 OMB *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in the schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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 schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting revenue is not recognized until the subsequent year or expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis. The special revenue fund is presented in the accompanying schedules on the grant account budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The net adjustment to reconcile from the budgetary basis to GAAP basis is \$-0-. See Note 1 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the special revenue fund. Awards and financial assistance revenues are reported in the school's basic financial statements on a GAAP basis as follows:

**JOHN P. HOLLAND CHARTER SCHOOL
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AND STATE ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Federal	State	Total
General Fund	\$	\$ 7,722,919	\$ 7,722,919
Special Revenue Fund	1,180,295	1,134,966	2,315,261
Enterprise Fund	<u>109,506</u>	<u>4,163</u>	<u>113,669</u>
Total Awards and Financial Assistance	<u>\$ 1,289,801</u>	<u>\$ 8,862,048</u>	<u>\$ 10,151,849</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 INFORMATION

The TPAF Social Security Contributions of \$168,339 represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2021.

The amount reported as TPAF Pension System Contributions in the amount of \$503,559 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$157,808 and long term disability contributions of \$714 represents the amount paid by the State on behalf of the Charter School for the fiscal year ended June 30, 2021.

NOTE 6. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the schools basic financial statements and the amount subject to State single audit and major program determination.

NOTE 7. DE MINIMIS INDIRECT COST RATE

The Charter School has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**JOHN P. HOLLAND CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

PART 1 – SUMMARY OF AUDITOR’S RESULTS

Financial Statement Section

Type of auditor’s report issued:	Unmodified	
	<u>YES</u>	<u>NO</u>
Internal control over financial reporting:		
Material weakness(es) identified:	<input checked="" type="checkbox"/>	
Significant deficiencies identified not considered to be material weakness(es)?	<input checked="" type="checkbox"/>	None Reported
Noncompliance material to financial statements noted?	<input checked="" type="checkbox"/>	

Federal Awards

Internal control over compliance:		
Material weakness(es) identified?	<input checked="" type="checkbox"/>	
Significant deficiencies identified not considered to be material weakness(es)?	<input checked="" type="checkbox"/>	
Type of auditor’s report on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be Reported in accordance with 2CFR 200.156(A)?	<input checked="" type="checkbox"/>	None Reported

Identification of major programs:

<u>CDFA Number(s)</u>	<u>Name of Federal Program or Cluster</u>	
84.010	Title I Part A	
Dollar threshold used to distinguish between type A and type B programs (.520)		750,000
Auditee qualified as low risk auditee:		<input checked="" type="checkbox"/>

**JOHN P. HOLLAND CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

PART 1 – SUMMARY OF AUDITOR’S RESULTS (Continued)

State Awards	<u>YES</u>	<u>NO</u>	
Dollar threshold used to distinguish between type A and type B programs (.520)	\$750,000		
Auditee qualified as low risk auditee:	X		
Type of auditor’s report issued:	Unmodified		
Internal control over major programs:			
Material weakness(es) identified:		X	
Significant deficiencies identified not considered to be material weakness(es)?		X	None Reported
Type of auditor’s report on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be Reported in accordance with NJOMB Circular Letter 15-08?		X	
Identification of major programs:			
<u>CDFA Number(s)</u>			<u>Name of State Program</u>
21-495-034-5120-078			Equalization Aid
21-495-034-5120-089			Special Education Aid
21-495-034-5120-084			Security Aid
21-495-034-5120-085			Adjustment Aid
21-495-034-5120-086			Preschool Education Aid

**JOHN P. HOLLAND CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

PART II – SCHEDULE OF FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

No financial statement findings noted that are required to be reported under Government Auditing Standards.

**JOHN P. HOLLAND CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

PART III – SCHEDULE OF FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

No federal and state award findings and questioned costs noted that are required to be reported in accordance of U.S. Uniform Guidance or with NJOMB Circular 15-08.

**JOHN P. HOLLAND CHARTER SCHOOL
SUMMARY OF SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Status of Prior Year Findings

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance (section .315(a)(b)) and New Jersey OMB's Circular 15-08.

In accordance with government auditing standards, my procedures included a review of all prior year recommendations. It was noted that corrective action was taken on the prior year finding.