

**HOLLAND TOWNSHIP
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

JUNE 30, 2024

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



**HOLLAND TOWNSHIP
SCHOOL DISTRICT**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2024

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SCHOOL DISTRICT**

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HOLLAND TOWNSHIP SCHOOL DISTRICT

Mrs. Stephanie Snyder, Superintendent & Supervisor of Special Services
Mrs. Teresa O'Brien, Business Administrator

908-995-2401
www.hollandschool.org

November 20, 2024

Honorable President and
Members of the Board of Education
Holland Township School District
70 Milford Warren Glen Rd.
Milford, New Jersey 08848

Dear Board Members:

The Annual Comprehensive Financial Report of the Holland Township School District for the fiscal year ended June 30, 2024 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the Management of the District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Annual Comprehensive Financial Report is presented in four sections: introduction, financial, statistical and single audit. The introduction section includes this transmittal letter, the District's organizational chart and a list of principal officials. The Financial Section includes the general purpose financial schedules, as well as the auditors' report thereon. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Treasury OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Information related to this single audit, including the auditor's report of the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the Single Audit Section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Holland Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by Statement No. 14. All funds and account groups of the District are included in this report. The Holland Township Board of Education constitutes the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through eight as well as special education. The District completed the 2023-2024 fiscal year with an average daily enrollment of 523.7 students, which is a 1.33% increase over the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment

| <u>Fiscal Year</u> | <u>Student Enrollment</u> | <u>Percent Change</u> |
|--------------------|---------------------------|-----------------------|
| 2014-2015 | 588.6 | (2.24%) |
| 2015-2016 | 553.6 | (5.95%) |
| 2016-2017 | 548.5 | (0.92%) |
| 2017-2018 | 562.8 | (2.61%) |
| 2018-2019 | 534.2 | (5.08%) |
| 2019-2020 | 529.4 | (0.90%) |
| 2020-2021 | 521.0 | (1.59%) |
| 2021-2022 | 511.5 | (1.80%) |
| 2022-2023 | 516.8 | 1.04% |
| 2023-2024 | 523.7 | 1.33% |

2. ECONOMIC CONDITION AND OUTLOOK:

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

3. MAJOR INITIATIVES:

The district is researching and planning a referendum to complete many significant building projects which have been stalled over the past ten years due to a plethora of circumstances. The projects are necessary to ensure the continued life of the school building structure.

4. INTERNAL ACCOUNT CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is 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 these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by Management.

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

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

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the total budget amount. The final budgeted amounts, as amended, for the fiscal year are 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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance.

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. FINANCIAL INFORMATION AT FISCAL YEAR-END:

As demonstrated by the various statements and schedules included in the Financial Section of this report, the District continues meeting its responsibilities for sound financial management.

8. DEBT ADMINISTRATION:

At June 30, 2024, the District has no outstanding debt.

9. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in the Notes to the Financial Statements, Note 3. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires Governmental Units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

10. RISK MANAGEMENT:

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

11. OTHER INFORMATION:

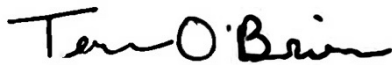
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of BKC, CPAs, PC, was appointed by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. The auditor's report on the general-purpose financial statements and schedules is included in the Financial Section of this report. The auditors' reports related specifically to the single audit are included in the Single Audit Section of this report.

12. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Holland Township School District Board of Education for their dedication in providing fiscal accountability to the citizens and taxpayers of the School District and contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our Business Office staff.

Respectfully submitted,

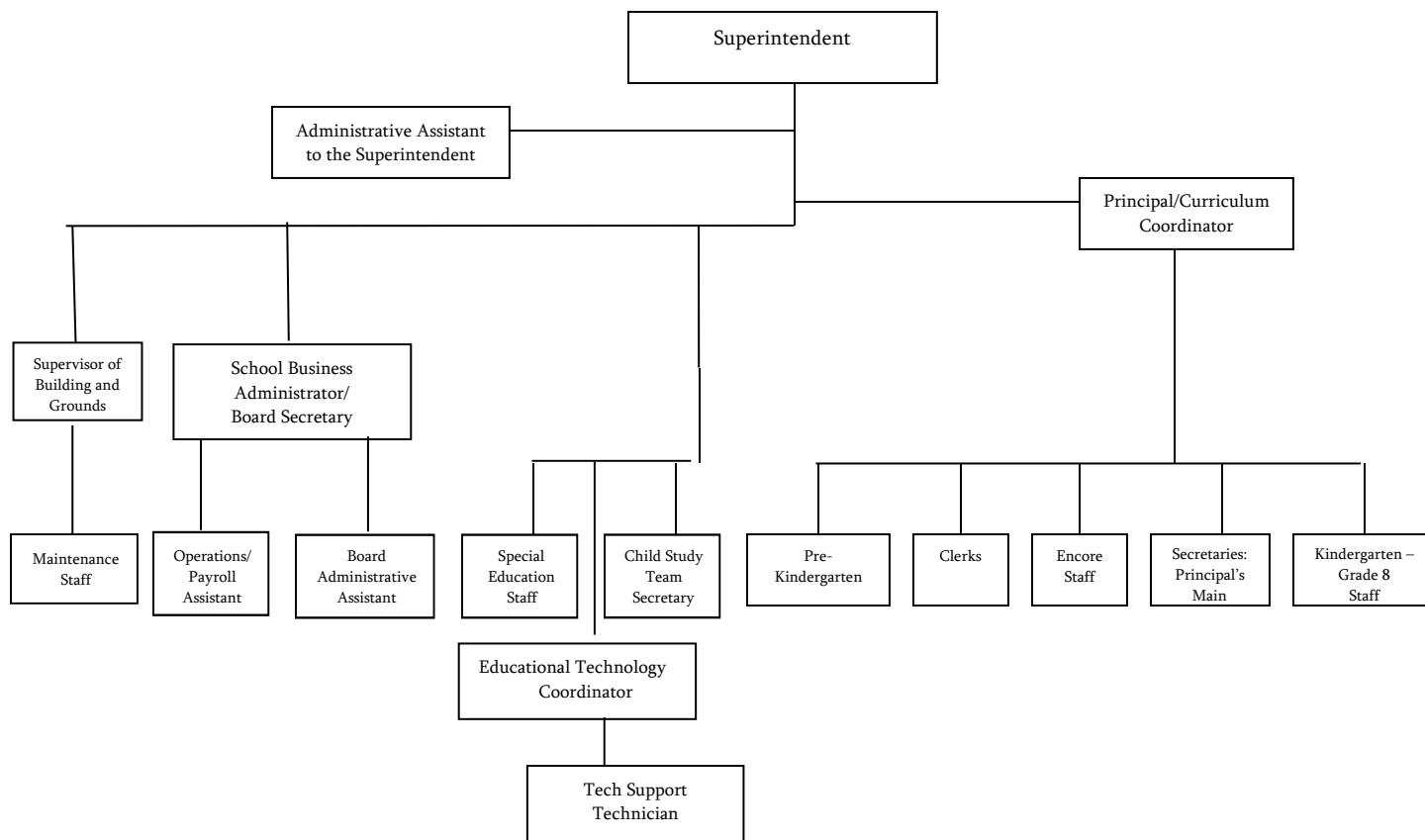


Stephanie Snyder
Chief School Administrator



Teresa O'Brien
School Business Administrator/Board Secretary

1110 ORGANIZATIONAL CHART



Superintendent Evaluations

Principal/Curriculum Coordinator

School Business Administrator/Board

Secretary

Administrative Assistant to the

Superintendent

Educational Technology Coordinator

Board Approved: April 25, 2023



HOLLAND TOWNSHIP SCHOOL DISTRICT
Roster of Officials
June 30, 2024

| Members of the Board of Education | Title | Term Expires |
|--|----------------|---------------------|
| Matthew Davis | President | 2025 |
| Nickolas Moustakas | Vice President | 2026 |
| Tom Friend | | 2024 |
| Laurie Hance | | 2024 |
| James Muller | | 2024 |
| Matthew Walker | | 2024 |
| Michael Giovannetti | | 2025 |

| Other Officials | Title |
|------------------------|-------------------------------|
| Stephanie Snyder | Superintendent |
| Teresa O'Brien | School Business Administrator |
| Carla Abert | School Treasurer |

HOLLAND TOWNSHIP SCHOOL DISTRICT
Consultants and Advisors
June 30, 2024

AUDIT FIRM

BKC, CPAs, PC
39 State Route 12, Ste 2
Flemington, NJ 08822

ATTORNEYS

Comegno Law Group
521 Pleasant Valley Ave
Morristown, NJ 08057

Hatfield and Schwartz Law Group
Counselors at Law
240 Cedar Knolls Road, Suite 303
Cedar Knolls, NJ 07927

ARCHITECT

Gianforcaro Architects, Engineers & Planners
111 Howard Boulevard, Suite 203
Mount Arlington, NJ 07856

OFFICIAL DEPOSITORY

Citizens Bank
3563 Highway 22 North
Whitehouse, NJ 08888



Certified Public Accountants, PC
www.bkc-cpa.com

Independent Auditors' Report

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

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Holland Township School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2024, and the related Notes to the Financial Statements, which collectively comprise the District's Basic Financial Statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, Management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by Management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedules Related to Accounting and Reporting for Pensions, and Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits listed in the Table of Contents be presented to supplement the Basic Financial Statements. Such information is the responsibility of Management and, although not a part of the Basic Financial Statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the Basic Financial Statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of Management about the methods of preparing the information and comparing the information for consistency with Management's responses to our inquiries, the Basic Financial Statements, and other knowledge we obtained during our audit of the Basic Financial Statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's Basic Financial Statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and Schedule of Expenditures of State Financial Assistance required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also presented for purposes of additional analysis not a required part of the Basic Financial Statements.

Such information is the responsibility of Management and were derived from and relates directly to the underlying accounting and other records used to prepare the Basic Financial Statements. The information has been subjected to the auditing procedures applied in the audit of the Basic Financial Statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Basic Financial Statements or to the Basic Financial Statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are fairly stated, in all material respects, in relation to the Basic Financial Statements as a whole.

Other Information

Management is responsible for the Other Information included in the annual report. The Other Information comprises the Introductory, Combining and Individual Non-Major Fund Financial Schedules and Statistical Sections but does not include the Basic Financial Statements and our auditors' report thereon. Our opinion on the Basic Financial Statements do not cover the Other Information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the Basic Financial Statements, our responsibility is to read the Other Information and consider whether a material inconsistency exists between the Other Information and the Basic Financial Statements, or the Other Information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the Other Information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



BKC, CPAs, PC



Michael Holk, CPA, PSA
NO. 20CS00265600

November 20, 2024
Flemington, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION - PART I

HOLLAND TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

The discussion and analysis of Holland Township School District's (the District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the Basic Financial Statements and Notes to the Financial Statements enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2024 are as follows:

- In total, net position increased \$35,429 which represents a 0.40% increase from 2023.
- General revenues accounted for \$15,670,952 in revenue or 94.77% of all revenues. Program specific revenues in the form of charges for services, operating grants, and contributions accounted for \$864,620 or 5.23% of total revenues of \$16,535,572.
- Total assets of governmental activities decreased by \$155,817 as cash and cash equivalents decreased by \$382,633, receivables and other assets decreased by \$149,909, and capital assets increased by \$376,725.
- The School District had \$16,498,488 in expenses; only \$864,620 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$15,670,952 were adequate to provide for these programs.
- Among major funds, the general fund had \$14,625,756 in revenues and \$15,141,700 in expenditures and other financing uses. The general fund's balance decreased \$515,944 from 2023.

Using this Annual Comprehensive Financial Report (ACFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Holland Township School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund Financial Statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Holland Township School District, the general fund is by far the most significant fund.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2024?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. No financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these Fund Financial Statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, special revenue fund, capital projects fund and debt service fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds measure and report the operating results by measuring cash on hand and other assets that can be easily converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provided.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position at June 30, 2024 compared to June 30, 2023.

Table 1
Net Position

| | 06/30/24 | 06/30/23 | Variance | |
|-------------------------------------|--------------|--------------|--------------|---------|
| | | | Dollars | Percent |
| Assets | | | | |
| Current & other assets | \$ 5,668,774 | \$ 6,190,214 | \$ (521,440) | -8.42% |
| Capital assets | 5,769,653 | 5,395,149 | 374,504 | 6.94% |
| Total assets | 11,438,427 | 11,585,363 | (146,936) | -1.27% |
| Deferred outflows of resources | | | | |
| Deferred amount on pension activity | 375,744 | 494,250 | (118,506) | -23.98% |
| Liabilities | | | | |
| Long-term liabilities | 2,358,547 | 2,494,511 | (135,964) | -5.45% |
| Other liabilities | 252,103 | 82,785 | 169,318 | 204.53% |
| Total liabilities | 2,610,650 | 2,577,296 | 33,354 | 1.29% |
| Deferred inflows of resources | | | | |
| Deferred amount on pension activity | 395,288 | 729,513 | (334,225) | -45.81% |
| Net position | | | | |
| Net investment in capital assets | 5,769,653 | 5,395,149 | 374,504 | 6.94% |
| Restricted | 4,644,148 | 3,763,666 | 880,482 | 23.39% |
| Unrestricted | (1,605,568) | (386,011) | (1,219,557) | 315.94% |
| Total net position | \$ 8,808,233 | \$ 8,772,804 | \$ 35,429 | 0.40% |

Total assets decreased \$146,936. Cash and cash equivalents decreased by \$353,700, receivables and other assets decreased by \$167,740 and capital assets increased by \$374,504. Unrestricted net position, the part of net position that can be used to finance day to day activities without constraints established by grants or legal requirements, of the School District decreased by \$1,219,557.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

The negative balance in unrestricted net position is the result of reporting required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2024 compared to June 30, 2023.

Table 2
Changes in Net Position

| | 06/30/24 | 06/30/23 | Variance | |
|---|------------|--------------|----------------|---------|
| | | | Dollars | Percent |
| Revenues | | | | |
| Program revenues | | | | |
| Charges for services | \$ 291,077 | \$ 517,486 | \$ (226,409) | -43.75% |
| Operating grants and contributions | 573,543 | 569,818 | 3,725 | 0.65% |
| General revenues | | | | |
| Property taxes | 10,556,240 | 10,349,255 | 206,985 | 2.00% |
| Grants and entitlements | 5,016,721 | 5,112,689 | (95,968) | -1.88% |
| Other | 97,991 | 69,880 | 28,111 | 40.23% |
| Total revenues | 16,535,572 | 16,619,128 | (83,556) | -0.50% |
| Expenses | | | | |
| Instruction | | | | |
| Regular | 6,708,071 | 6,169,182 | 538,889 | 8.74% |
| Special | 3,299,437 | 2,816,311 | 483,126 | 17.15% |
| Other | 167,044 | 68,635 | 98,409 | 143.38% |
| Support services | | | | |
| Tuition | 137,905 | 246,705 | (108,800) | -44.10% |
| Student & instructional related services | 3,229,796 | 3,341,138 | (111,342) | -3.33% |
| General & business administration | 854,457 | 834,397 | 20,060 | 2.40% |
| School administration | 291,648 | 227,926 | 63,722 | 27.96% |
| Maintenance | 1,028,980 | 990,617 | 38,363 | 3.87% |
| Transportation | 573,274 | 632,191 | (58,917) | -9.32% |
| Food service | 187,523 | 174,800 | 12,723 | 7.28% |
| Property rental | 5,304 | - | 5,304 | 100.00% |
| Other | 15,049 | 15,049 | - | 0.00% |
| Total expenses | 16,498,488 | 15,516,951 | 981,537 | 6.33% |
| Increase (decrease) in net position before special position | 37,084 | 1,102,177 | (1,065,093) | -96.64% |
| Special Item | | | | |
| Loss on disposal of assets | (1,655) | - | (1,655) | 100.00% |
| Change in net position | \$ 35,429 | \$ 1,102,177 | \$ (1,066,748) | -96.79% |

HOLLAND TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

Governmental Activities

Local property taxes made up 64.62% of revenues for governmental activities for the Holland Township School District for fiscal year 2024.

Instruction comprises 61.67% of district expenses. Support services expenses make up 38.33% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 provides a summary of the School District's cost of governmental services in fiscal year ending June 30, 2024 compared to June 30, 2023.

Table 3
Cost of Governmental Services

| | Total Cost of Services | | Net Cost of Services | |
|-------------------------------|------------------------|----------------------|----------------------|----------------------|
| | 06/30/24 | 06/30/23 | 06/30/24 | 06/30/23 |
| Instruction | \$ 10,174,552 | \$ 9,054,128 | \$ 9,802,903 | \$ 8,518,999 |
| Support services | | | | |
| Tuition | 137,905 | 246,705 | 37,905 | 136,189 |
| Student & instructional staff | 3,229,796 | 3,341,138 | 3,048,204 | 3,101,398 |
| General & business | | | | |
| administration | 854,457 | 834,397 | 854,457 | 834,397 |
| School administration | 291,648 | 227,926 | 283,759 | 227,926 |
| Plant operations & | | | | |
| maintenance | 1,028,980 | 990,617 | 1,023,743 | 990,617 |
| Pupil transportation | 573,274 | 632,191 | 573,274 | 632,191 |
| Food services | 187,523 | 174,800 | 7,320 | (27,119) |
| Property rental | 5,304 | - | (12,746) | - |
| Other | 15,049 | 15,049 | 15,049 | 15,049 |
| Total expenses | <u>\$ 16,498,488</u> | <u>\$ 15,516,951</u> | <u>\$ 15,633,868</u> | <u>\$ 14,429,647</u> |

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

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

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

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

HOLLAND TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

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

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

The dependence upon tax revenues is apparent. For all activities, general revenue support is 94.77%. The community, as a whole, is the primary support or funding source for the Holland Township School District.

The School District's Funds

Information about the School District's major funds starts in the section entitled Fund Financial Statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$15,205,112 and expenditures of \$15,904,523. The general fund had a decrease in fund balance of \$515,944.

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During the course of fiscal year 2024, the School District amended its general fund budget as needed. The School District uses program-based budgeting, and the budgeting systems are designed to tightly control program budgets but provide flexibility for program management.

For the general fund, budgetary basis revenue and other financing sources were \$11,940,023, \$158,611 above original budgeted estimates of \$11,781,412. This difference was primarily due to receiving unbudgeted extraordinary aid.

The general fund revenues of the School District were less than expenditures and other financing uses by \$536,503. The financial position of the School District remains strong.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

Capital Assets

At the end of the fiscal year 2024, the School District had \$5,769,653 invested in land, building, furniture and equipment. Table 4 shows June 30, 2024 balances compared to June 30, 2023.

Table 4
Capital Assets at Year End (Net of Depreciation)

| | 06/30/24 | 06/30/23 | Variance | |
|--------------------------|---------------------|---------------------|-------------------|--------------|
| | | | Dollars | Percent |
| Land | \$ 347,800 | \$ 347,800 | \$ - | 0.00% |
| Construction in progress | 577,364 | 56,200 | 521,164 | 927.34% |
| Land improvements | 834,419 | 702,918 | 131,501 | 18.71% |
| Buildings & improvements | 3,560,172 | 3,731,291 | (171,119) | -4.59% |
| Furniture & equipment | 449,898 | 556,940 | (107,042) | -19.22% |
| | <u>\$ 5,769,653</u> | <u>\$ 5,395,149</u> | <u>\$ 374,504</u> | <u>6.94%</u> |

Overall capital assets increased \$374,504 from fiscal year 2023 to fiscal year 2024. Increases in capital assets were offset by depreciation expenses for the year.

Long-term liabilities

At June 30, 2024, the School District had \$2,358,547 of outstanding long-term liabilities. This amount is detailed in Table 5 below for June 30, 2024 compared to June 30, 2023.

At June 30, 2024, the legal debt limit is \$24,199,589. General obligation debt at June 30, 2024 is \$0 resulting in a legal debt margin of \$24,199,589.

Table 5
Long-Term Liabilities at Year End

| | 06/30/24 | 06/30/23 | Variance | |
|------------------------------|---------------------|---------------------|---------------------|---------------|
| | | | Dollars | Percent |
| Compensated absences payable | \$ 223,714 | \$ 315,213 | \$ (91,499) | -29.03% |
| PERS net pension liability | 2,134,833 | 2,179,298 | (44,465) | -2.04% |
| | <u>\$ 2,358,547</u> | <u>\$ 2,494,511</u> | <u>\$ (135,964)</u> | <u>-5.45%</u> |

HOLLAND TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

For the Future

The Holland Township School District is in good financial condition. A major concern, however, is the continued increase in special education costs, as a percentage of the total school budget, and the reliance on local property taxes to support the District's programs.

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

New Jersey School Districts have no taxing authority. Municipalities collect all property taxes for their respective communities and pay over to the other governmental agencies what is collected on their behalf. The Municipalities pay over to School Districts the exact amount included in the budget approved by the Holland Township Board of Education the previous May.

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

Contacting the School District's Financial Management

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

DISTRICT-WIDE FINANCIAL STATEMENTS

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

HOLLAND TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
June 30, 2024

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|-------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 701,522 | \$ 89,733 | \$ 791,255 |
| Receivables, net | 210,748 | 718 | 211,466 |
| Inventory | - | 4,850 | 4,850 |
| Restricted assets | | | |
| Capital reserve account - cash | 3,700,765 | - | 3,700,765 |
| Emergency reserve - cash | 250,000 | - | 250,000 |
| Maintenance reserve - cash | 645,445 | - | 645,445 |
| Student activities - cash | 17,334 | - | 17,334 |
| Unemployment claims - cash | 30,604 | - | 30,604 |
| Special revenue fund - cash | 17,055 | - | 17,055 |
| Capital assets, net | | | |
| Land | 347,800 | - | 347,800 |
| Construction in progress | 577,364 | - | 577,364 |
| Other capital assets, net of depreciation | 4,838,282 | 6,207 | 4,844,489 |
| Total assets | <u>11,336,919</u> | <u>101,508</u> | <u>11,438,427</u> |
| Deferred outflows of resources | | | |
| Deferred amount on pension activity | <u>375,744</u> | <u>-</u> | <u>375,744</u> |
| Liabilities | | | |
| Accounts payable | 32,222 | 2,920 | 35,142 |
| Payroll deductions and withholdings payable | 17,433 | - | 17,433 |
| Unearned revenue | 189,049 | 10,479 | 199,528 |
| Long-term liabilities | | | |
| Due beyond one year | <u>2,358,547</u> | <u>-</u> | <u>2,358,547</u> |
| Total liabilities | <u>2,597,251</u> | <u>13,399</u> | <u>2,610,650</u> |
| Deferred inflows of resources | | | |
| Deferred amount on pension liability | <u>395,288</u> | <u>-</u> | <u>395,288</u> |

See accompanying notes to the financial statements.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Statement of Net Position (continued)
June 30, 2024

| | Governmental Activities | Business-Type Activities | Total |
|----------------------------------|----------------------------|-----------------------------|---------------------|
| Net position | | | |
| Net investment in capital assets | \$ 5,763,446 | \$ 6,207 | \$ 5,769,653 |
| Restricted for | | | |
| Capital reserve | 3,700,765 | - | 3,700,765 |
| Emergency reserve | 250,000 | - | 250,000 |
| Maintenance reserve | 645,445 | - | 645,445 |
| Student activities | 17,334 | - | 17,334 |
| Unemployment claims | 30,604 | - | 30,604 |
| Unrestricted | (1,687,470) | 81,902 | (1,605,568) |
| Total net position | <u>\$ 8,720,124</u> | <u>\$ 88,109</u> | <u>\$ 8,808,233</u> |

See accompanying notes to the financial statements.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2024

| Functions/Programs | Direct Expenses | Indirect Expenses Allocation | Program Revenues | | | Net (Expense) Revenue & Changes in Net Position | | |
|---|----------------------|------------------------------------|-------------------------|---------------------------------------|-------------------------------------|--|---------------------------------|---------------------|
| | | | Charges for Services | Operating Grants & Contribution | Capital Grants & Contribution | Governmental Activities | Business- Type Activities | Total |
| Governmental activities | | | | | | | | |
| Instruction | | | | | | | | |
| Regular | \$ 3,568,501 | \$ 3,139,570 | \$ 87,011 | \$ 246,529 | \$ - | \$ (6,374,531) | \$ - | \$ (6,374,531) |
| Special education | 1,483,336 | 1,447,373 | - | 27,409 | - | (2,903,300) | - | (2,903,300) |
| Other special education | 179,105 | 189,623 | - | 10,700 | - | (358,028) | - | (358,028) |
| Other instruction | 75,512 | 91,532 | - | - | - | (167,044) | - | (167,044) |
| Support services | | | | | | | | |
| Tuition | 137,905 | - | - | 100,000 | - | (37,905) | - | (37,905) |
| Students & instruction related services | 2,380,140 | 849,656 | 67,617 | 113,975 | - | (3,048,204) | - | (3,048,204) |
| General & business administration services | 624,002 | 230,455 | - | - | - | (854,457) | - | (854,457) |
| School administration services | 162,511 | 129,137 | - | 7,889 | - | (283,759) | - | (283,759) |
| Plant operations & maintenance | 902,452 | 126,528 | - | 5,237 | - | (1,023,743) | - | (1,023,743) |
| Pupil transportation | 573,274 | - | - | - | - | (573,274) | - | (573,274) |
| Interest on long-term debt | 15,049 | - | - | - | - | (15,049) | - | (15,049) |
| Total governmental activities | <u>10,101,787</u> | <u>6,203,874</u> | <u>154,628</u> | <u>511,739</u> | <u>-</u> | <u>(15,639,294)</u> | <u>-</u> | <u>(15,639,294)</u> |
| Business-type activities | | | | | | | | |
| Food service | 187,523 | - | 118,399 | 61,804 | - | - | (7,320) | (7,320) |
| Property rental | 5,304 | - | 18,050 | - | - | - | 12,746 | 12,746 |
| Total business-type activities | <u>192,827</u> | <u>-</u> | <u>136,449</u> | <u>61,804</u> | <u>-</u> | <u>-</u> | <u>5,426</u> | <u>5,426</u> |
| Total primary government | <u>\$ 10,294,614</u> | <u>\$ 6,203,874</u> | <u>\$ 291,077</u> | <u>\$ 573,543</u> | <u>\$ -</u> | <u>(15,639,294)</u> | <u>5,426</u> | <u>(15,633,868)</u> |
| General revenues, special items & transfers | | | | | | | | |
| Property taxes levied for general purposes | | | | | | 10,556,240 | - | 10,556,240 |
| Federal & state aid not restricted | | | | | | 5,016,721 | - | 5,016,721 |
| Investment earnings | | | | | | 92,083 | 1,000 | 93,083 |
| Miscellaneous income | | | | | | 4,902 | 6 | 4,908 |
| Loss on sale of asset | | | | | | (1,655) | - | (1,655) |
| Total general revenues, special items & transfers | | | | | | <u>15,668,291</u> | <u>1,006</u> | <u>15,669,297</u> |
| Change in net position | | | | | | 28,997 | 6,432 | 35,429 |
| Net position - beginning | | | | | | 8,691,127 | 81,677 | 8,772,804 |
| Net position - ending | | | | | | <u>\$ 8,720,124</u> | <u>\$ 88,109</u> | <u>\$ 8,808,233</u> |

See accompanying notes to the financial statements.

FUND FINANCIAL STATEMENTS

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

HOLLAND TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2024

| | General Fund | Special Revenue Fund | Capital Project Fund | Debt Service Fund | Total Governmental Funds |
|---|---------------------|----------------------------|----------------------------|-------------------------|--------------------------------|
| Assets | | | | | |
| Cash & cash equivalents | \$ 701,522 | \$ - | \$ - | \$ - | \$ 701,522 |
| Receivables from other governments | | | | | |
| State | 204,932 | - | - | - | 204,932 |
| Local | 5,501 | - | - | - | 5,501 |
| Other accounts receivable | 315 | - | - | - | 315 |
| Restricted cash and cash equivalents | 4,626,814 | 34,389 | - | - | 4,661,203 |
| Total assets | <u>\$ 5,539,084</u> | <u>\$ 34,389</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,573,473</u> |
| Liabilities and fund balances | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ 25,872 | \$ 6,350 | \$ - | \$ - | \$ 32,222 |
| Payroll deductions and withholdings payable | 17,433 | - | - | - | 17,433 |
| Unearned revenue | - | 189,049 | - | - | 189,049 |
| Total liabilities | <u>43,305</u> | <u>195,399</u> | <u>-</u> | <u>-</u> | <u>238,704</u> |

See accompanying notes to the financial statements.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Balance Sheet (continued)
June 30, 2024

| | General Fund | Special Revenue Fund | Capital Project Fund | Debt Service Fund | Total Governmental Funds |
|--|---------------------|----------------------------|----------------------------|-------------------------|--------------------------------|
| Liabilities and fund balances | | | | | |
| Fund balances | | | | | |
| Restricted fund balance | | | | | |
| Excess surplus - designated for subsequent year's expenditures | \$ 250,000 | \$ - | \$ - | \$ - | \$ 250,000 |
| Capital reserve | 3,700,765 | - | - | - | 3,700,765 |
| Emergency reserve | 250,000 | - | - | - | 250,000 |
| Maintenance reserve | 645,445 | - | - | - | 645,445 |
| Student activities | - | 17,334 | - | - | 17,334 |
| Unemployment claims | 30,604 | - | - | - | 30,604 |
| Committed fund balance | | | | | |
| Year-end encumbrances | 265,042 | - | - | - | 265,042 |
| Unassigned fund balance | 353,923 | (178,344) | - | - | 175,579 |
| Total fund balances | <u>5,495,779</u> | <u>(161,010)</u> | <u>-</u> | <u>-</u> | <u>5,334,769</u> |
| Total liabilities and fund balances | <u>\$ 5,539,084</u> | <u>\$ 34,389</u> | <u>\$ -</u> | <u>\$ -</u> | |

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

| | |
|---|---------------------|
| Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$10,909,917 and the accumulated depreciation is \$5,146,471. | 5,763,446 |
| Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds. | (19,544) |
| Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds. | <u>(2,358,547)</u> |
| Total net position of governmental activities | <u>\$ 8,720,124</u> |

See accompanying notes to the financial statements.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2024

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|---|-----------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| Revenues | | | | | |
| Local sources | | | | | |
| Local tax levy | \$ 10,556,240 | \$ - | \$ - | \$ - | \$ 10,556,240 |
| Tuition | | | | | |
| Individuals | 6,500 | - | - | - | 6,500 |
| Other LEAs within the state | 80,511 | - | - | - | 80,511 |
| Interest | 92,083 | - | - | - | 92,083 |
| Miscellaneous | 4,902 | 67,617 | - | - | 72,519 |
| Total local sources | 10,740,236 | 67,617 | - | - | 10,807,853 |
| State sources | 3,885,520 | 181,811 | - | - | 4,067,331 |
| Federal sources | - | 329,928 | - | - | 329,928 |
| Total revenues | 14,625,756 | 579,356 | - | - | 15,205,112 |
| Expenditures | | | | | |
| Current | | | | | |
| Instructional | | | | | |
| Regular instruction | 3,128,920 | 439,581 | - | - | 3,568,501 |
| Special education instruction | 1,454,522 | 28,814 | - | - | 1,483,336 |
| Other special instruction | 168,405 | 10,700 | - | - | 179,105 |
| Other instruction | 75,512 | - | - | - | 75,512 |
| Support service & undistributed costs | | | | | |
| Tuition | 37,905 | 100,000 | - | - | 137,905 |
| Student & instruction related services | 2,200,569 | 179,571 | - | - | 2,380,140 |
| General & business administrative services | 624,002 | - | - | - | 624,002 |
| School administrative services | 162,511 | - | - | - | 162,511 |
| Plant operations & maintenance | 889,792 | 12,660 | - | - | 902,452 |
| Pupil transportation | 573,274 | - | - | - | 573,274 |
| Unallocated benefits | 5,052,293 | 54,401 | - | - | 5,106,694 |

See accompanying notes to the financial statements.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
For the Fiscal Year Ended June 30, 2024

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|---|----------------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| Expenditures (cont'd) | | | | | |
| Capital outlay | \$ 625,188 | \$ 70,854 | \$ - | \$ - | \$ 696,042 |
| Debt service | | | | | |
| Interest & other charges | 15,049 | - | - | - | 15,049 |
| Total expenditures | <u>15,007,942</u> | <u>896,581</u> | <u>-</u> | <u>-</u> | <u>15,904,523</u> |
| Excess (deficit) of revenues over (under) expenditures | (382,186) | (317,225) | - | - | (699,411) |
| Other financing sources (uses) | | | | | |
| Transfers | (133,758) | 133,758 | - | - | - |
| Total other financing sources (uses) | <u>(133,758)</u> | <u>133,758</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | (515,944) | (183,467) | - | - | (699,411) |
| Fund balances, July 1 | <u>6,011,723</u> | <u>22,457</u> | <u>-</u> | <u>-</u> | <u>6,034,180</u> |
| Fund balances, June 30 | <u><u>\$ 5,495,779</u></u> | <u><u>\$ (161,010)</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 5,334,769</u></u> |

See accompanying notes to the financial statements.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2024

| | | |
|---|----|-----------|
| Total net changes in fund balances - governmental fund (from B-2) | \$ | (699,411) |
|---|----|-----------|

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which capital outlays exceeds depreciation in the period:

| | | | |
|----------------------|----|------------------|---------|
| Capital outlays | \$ | 696,042 | |
| Loss on disposal | | (1,655) | |
| Depreciation expense | | <u>(317,662)</u> | 376,725 |

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

260,184

In the Statement of Activities, compensated absences and early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.

91,499

| | | |
|---|----|----------------------|
| Change in net position of governmental activities | \$ | <u><u>28,997</u></u> |
|---|----|----------------------|

See accompanying notes to the financial statements.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Net Position
June 30, 2024

| | Food Service Fund | Rental Property Fund | Total |
|---|----------------------|-------------------------|------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 75,087 | \$ 14,646 | \$ 89,733 |
| Receivables from other governments | | | |
| State | 40 | - | 40 |
| Federal | 678 | - | 678 |
| Inventory | 4,850 | - | 4,850 |
| Total current assets | <u>80,655</u> | <u>14,646</u> | <u>95,301</u> |
| Noncurrent assets | | | |
| Capital assets | 87,903 | - | 87,903 |
| Less: accumulated depreciation | 81,696 | - | 81,696 |
| Total noncurrent assets | <u>6,207</u> | <u>-</u> | <u>6,207</u> |
| Total assets | <u>86,862</u> | <u>14,646</u> | <u>101,508</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable | 2,920 | - | 2,920 |
| Unearned revenues - commodities | 2,815 | - | 2,815 |
| Unearned revenues - prepaid sales | 5,764 | 1,900 | 7,664 |
| Total liabilities | <u>11,499</u> | <u>1,900</u> | <u>13,399</u> |
| Net position | | | |
| Invested in capital assets, net of related debt | 6,207 | - | 6,207 |
| Unrestricted | 69,156 | 12,746 | 81,902 |
| Total net position | <u>\$ 75,363</u> | <u>\$ 12,746</u> | <u>\$ 88,109</u> |

See accompanying notes to the financial statements.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2024

| | Food Service Fund | Property Rental Fund | Total |
|---|----------------------|-------------------------|------------------|
| Operating revenues | | | |
| Charges for services | | | |
| Daily sales - reimbursable programs | \$ 74,116 | \$ - | \$ 74,116 |
| Daily sales - non-reimbursable programs | 44,283 | - | 44,283 |
| Property rental | - | 18,050 | 18,050 |
| Total operating revenues | <u>118,399</u> | <u>18,050</u> | <u>136,449</u> |
| Operating expenses | | | |
| Cost of sales - reimbursable programs | 55,918 | - | 55,918 |
| Cost of sales - non-reimbursable programs | 23,477 | - | 23,477 |
| Commodity food costs | 17,087 | - | 17,087 |
| Salaries | 49,364 | - | 49,364 |
| Supports services - employee benefits | 7,407 | - | 7,407 |
| Purchased professional/technical services | 1,683 | - | 1,683 |
| Purchased property services | 3,275 | 629 | 3,904 |
| Other purchased services | | | |
| Insurance | 8,032 | - | 8,032 |
| Management fee | 10,343 | - | 10,343 |
| Supplies and materials | 8,627 | 615 | 9,242 |
| Depreciation | 2,221 | - | 2,221 |
| Miscellaneous expenditures | 89 | - | 89 |
| Utilities | - | 4,060 | 4,060 |
| Total operating expenses | <u>187,523</u> | <u>5,304</u> | <u>192,827</u> |
| Operating income (loss) | (69,124) | 12,746 | (56,378) |
| Non-operating revenues (expenses) | | | |
| State sources | | | |
| State school lunch program | 1,801 | - | 1,801 |
| Federal sources | | | |
| National school lunch program | | | |
| Cash assistance | 25,804 | - | 25,804 |
| Non-cash assistance (commodities) | 17,087 | - | 17,087 |
| Supply Chain Assistance | 16,459 | - | 16,459 |
| P-EBT Administrative | 653 | - | 653 |
| Other sources | | | |
| Interest earned on investments | 1,000 | - | 1,000 |
| Miscellaneous | 6 | - | 6 |
| Total non-operating revenues (expenses) | <u>62,810</u> | <u>-</u> | <u>62,810</u> |
| Change in net position | (6,314) | 12,746 | 6,432 |
| Net position, beginning | <u>81,677</u> | <u>-</u> | <u>81,677</u> |
| Net position, ending | <u>\$ 75,363</u> | <u>\$ 12,746</u> | <u>\$ 88,109</u> |

See accompanying notes to the financial statements.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2024

| | Food Service Fund | Property Rental Fund | Total |
|---|---------------------------|-------------------------|---------------------------|
| Cash flows from operating activities | | | |
| Receipts from customers | \$ 119,102 | \$ 19,950 | \$ 139,052 |
| Payments to Food Service Management Company | (165,828) | - | (165,828) |
| Payments to vendors (net) | - | (5,304) | (5,304) |
| Net cash provided by (used for) operating activities | <u>(46,726)</u> | <u>14,646</u> | <u>(32,080)</u> |
| Cash flows from non-capital financing activities | | | |
| State sources | 1,813 | - | 1,813 |
| Federal sources | 43,219 | - | 43,219 |
| Miscellaneous | 6 | - | 6 |
| Interfund | 14,975 | - | 14,975 |
| Net cash provided by (used for) non-capital financing activities | <u>60,013</u> | <u>-</u> | <u>60,013</u> |
| Cash flows from investing activities | | | |
| Interest earned on investments | 1,000 | - | 1,000 |
| Net cash provided by (used for) investing activities | <u>1,000</u> | <u>-</u> | <u>1,000</u> |
| Net increase (decrease) in cash and cash equivalents | 14,287 | 14,646 | 28,933 |
| Cash and cash equivalents, beginning | <u>60,800</u> | <u>-</u> | <u>60,800</u> |
| Cash and cash equivalents, ending | <u><u>\$ 75,087</u></u> | <u><u>\$ 14,646</u></u> | <u><u>\$ 89,733</u></u> |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities | | | |
| Operating income (loss) | \$ (69,124) | \$ 12,746 | \$ (56,378) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities | | | |
| Depreciation | 2,221 | - | 2,221 |
| Federal food donation program | 17,087 | - | 17,087 |
| (Increase) decrease in receivables | 89 | - | 89 |
| Increase (decrease) in accounts payable | (2,188) | - | (2,188) |
| (Increase) decrease in inventory | 2,452 | - | 2,452 |
| Increase (decrease) in deferred revenue | 2,737 | 1,900 | 4,637 |
| Net cash provided by (used for) operating activities | <u><u>\$ (46,726)</u></u> | <u><u>\$ 14,646</u></u> | <u><u>\$ (32,080)</u></u> |

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

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

The Basic Financial Statements include:

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

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

A. Reporting entity

The District is a Type II district located in the County of Hunterdon, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the District is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2024 of 523 students.

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

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

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

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

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

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

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

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

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

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

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, amounts maintained for unemployment claims and payroll withholdings for employee salary deductions are included in the general fund. Amounts maintained for unemployment claims are used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the Benefit Reimbursement Method.

Special Revenue Fund - The District accounts for the proceeds of specific revenue sources from State and Federal Government (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes in the special revenue fund. As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, amounts maintained for student activities and private purpose scholarships are included in the special revenue fund. The amounts are considered to be restricted and available to use for specific expenditures. Amounts maintained for student activities are derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

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

The District did not utilize the capital projects fund during the fiscal year.

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

The District did not utilize the debt service fund during the fiscal year.

Additionally, the District reports the following fund types:

Proprietary fund types

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

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

Proprietary fund types (continued)

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

The District's enterprise funds are comprised of the food service fund and the property rental fund.

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

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

| | |
|-----------|----------|
| Equipment | 12 years |
|-----------|----------|

Fiduciary fund types

The District does not have funds that meet the criteria of a fiduciary fund as defined by GASB Statement No. 84, *Fiduciary Activities*.

D. Budgets/budgetary control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and, if necessary, are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line-item accounts within each fund. Line-item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum Chart of Accounts referenced in N.J.A.C. 6:23-16.2(f)1. All budget amendments must be approved by School Board Resolution.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

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

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

E. Encumbrances

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

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the Balance Sheet as unearned revenues at fiscal year-end.

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

F. Tuition receivable

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

G. Tuition payable

Tuition charges for the fiscal year 2023-2024 are based on rates established by the receiving District. These rates are subject to change when the actual costs have been determined.

H. Short-term interfund receivable and payables

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

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

I. Inventories and prepaid items

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at Balance Sheet date is reported as unearned revenue as title does not pass to the school district until the commodities are used. Prepaid items in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2024.

J. Capital assets

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

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

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

| <u>Assets</u> | <u>Years</u> |
|--|--------------|
| Buildings | 50 |
| Building improvements & portable classroom | 50 |
| Land improvements | 20 |
| Furniture | 20 |
| Maintenance equipment | 15 |
| Musical instruments | 10 |
| Athletic equipment | 10 |
| Audio visual equipment | 10 |
| Office equipment | 5 - 10 |
| Computer equipment | 5 - 10 |

K. Compensated absences

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

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences (continued)

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

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated by vesting balances as of the Balance Sheet date for which a payment is probable. Salary related payments for the employer's share of Social Security and Medicare taxes are included.

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

L. Unearned revenue

Unearned revenue in the general fund and special revenue fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the special revenue fund.

Unearned revenue in the enterprise fund includes United States government commodity inventories at year-end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the food service fund. Prepaid lunch debit card revenue balances at year-end are also included in unearned revenue.

M. Long-term obligations

In the government-wide financial statements and in internal service fund types in the Fund Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method.

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

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

N. Net position

Net position represents the difference between the sum of assets and deferred outflows of resources, and the sum of liabilities and deferred inflows of resources. Net position is classified into the following three components:

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

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

O. Fund balances - governmental funds

In the Fund Financial Statements, governmental funds report the following classifications of fund balance:

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

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

- Unassigned - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the general fund. The District reports all amounts that meet the unrestricted general fund balance policy described below as unassigned:

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

P. Use of estimates

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

Q. Allocation of indirect expenses

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

R. Deferred outflows/inflows of resources

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

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 2 - Tax assessments and property taxes

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

Upon the filing of certified adopted budgets by the municipality, the municipality's local school districts, and the county, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4 et. seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

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

School taxes are guaranteed, as to the amount of collection, by the Municipality (the collection agency) and are transmitted to the School District in accordance with the Schedule of Tax Installments as certified by the District's Board of Education on an annual basis.

Note 3 - Deposits and cash equivalents and investments

Cash and cash equivalents include petty cash, change funds, and cash in banks. As of June 30, 2024, the District had no investments.

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

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

HOLLAND TOWNSHIP SCHOOL DISTRICT **Notes to the Financial Statements**

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

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 saving banks the deposits of which are federally insured.

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

As of June 30, 2024, the District's bank balances were exposed to custodial credit risk as follows:

| | |
|---------------------|---------------------|
| Insured by the FDIC | \$ 250,000 |
| Insured by GUDPA | 5,488,873 |
| Total bank balances | <u>\$ 5,738,873</u> |

Deposits at June 30, 2024 appear in the financial statements as summarized below:

| | <u>Ref.</u> | |
|---|-------------|---------------------|
| Unrestricted cash | | |
| Governmental funds, Balance Sheet | B-1 | \$ 701,522 |
| Enterprise funds, Statement of Net Position | B-4 | 89,733 |
| Restricted cash | | |
| Governmental funds, Balance Sheet | B-1 | 4,661,203 |
| Total cash | | <u>\$ 5,452,458</u> |

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets

Capital asset activity for the fiscal year ended June 30, 2024 is as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|------------|-----------|-------------------|
| Governmental activities | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 347,800 | \$ - | \$ - | \$ 347,800 |
| Construction in progress | 56,200 | 521,164 | - | 577,364 |
| Total | 404,000 | 521,164 | - | 925,164 |
| Capital assets, being depreciated | | | | |
| Land improvements | 1,054,912 | 165,790 | - | 1,220,702 |
| Building & improvements | 7,555,528 | - | - | 7,555,528 |
| Furniture & equipment | 1,214,419 | 9,088 | 14,984 | 1,208,523 |
| Total | 9,824,859 | 174,878 | 14,984 | 9,984,753 |
| Accumulated depreciation | | | | |
| Land improvements | 351,994 | 34,289 | - | 386,283 |
| Building & improvements | 3,824,237 | 171,119 | - | 3,995,356 |
| Furniture & equipment | 665,907 | 112,254 | 13,329 | 764,832 |
| Total | 4,842,138 | 317,662 | 13,329 | 5,146,471 |
| Total capital assets, being depreciated, net | 4,982,721 | (142,784) | 1,655 | 4,838,282 |
| Governmental activities capital assets, net | \$ 5,386,721 | \$ 378,380 | \$ 1,655 | \$ 5,763,446 |
| | Beginning Balance | Increases | Decreases | Ending Balance |
| Business type activities | | | | |
| Furniture & equipment | \$ 87,903 | \$ - | \$ - | \$ 87,903 |
| Less: accumulated depreciation | 79,475 | 2,221 | - | 81,696 |
| Business type activities capital assets, net | \$ 8,428 | \$ (2,221) | \$ - | \$ 6,207 |

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets (continued)

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

| | |
|---|-------------------|
| Instruction | |
| Regular | \$ 123,059 |
| Special education | 51,152 |
| Other special instruction | 6,176 |
| Other instruction | 2,604 |
| Support services | |
| Student & instruction | 82,079 |
| General & business administration | 21,519 |
| School administration | 5,604 |
| Plant maintenance | 25,469 |
| Total depreciation expense, governmental activities | <u>\$ 317,662</u> |

Note 5 - Long-term debt

Long-term liability activity for the year ended June 30, 2024 is as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|----------------------|-------------|-------------------|---------------------|------------------------|
| Governmental activities | | | | | |
| Compensated absences payable | \$ 315,213 | \$ - | \$ 91,499 | \$ 223,714 | \$ - |
| PERS net pension liability | <u>2,179,298</u> | <u>-</u> | <u>44,465</u> | <u>2,134,833</u> | <u>-</u> |
| Total governmental activities long-term liabilities | <u>\$ 2,494,511</u> | <u>\$ -</u> | <u>\$ 135,964</u> | <u>\$ 2,358,547</u> | <u>\$ -</u> |

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

The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2024 is \$24,199,589. General obligation debt at June 30, 2024 is \$0 resulting in a legal debt margin of \$24,199,589.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans

Description of systems

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

A. Public Employees' Retirement System (PERS)

Plan description

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

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All pension benefits vest after 10 years of service.

The following represents the membership tiers for PERS:

| <u>Tier</u> | <u>Member Eligibility</u> |
|-------------|---|
| 1 | Enrolled prior to July 1, 2007 |
| 2 | Enrolled on or after July 1, 2007 and prior to November 2, 2008 |
| 3 | Enrolled on or after November 2, 2008 and prior to May 22, 2010 |
| 4 | Enrolled on or after May 22, 2010 and prior to June 28, 2011 |
| 5 | Enrolled on or after June 28, 2011 |

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

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

Allocation methodology and reconciliation to financial statements

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the Schedule of Employer and Nonemployer Allocations and applied to amounts presented in the Schedule of Pension Amounts by Employer and Nonemployer are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2022 through June 30, 2023. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the Schedule of Employer and Nonemployer Allocations are applied to amounts presented in the Schedule of Pension Amounts by Employer and Nonemployer. The allocation percentages for each group as of June 30, 2023 measurement date are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2023 measurement date.

Contributions

The contribution policy for PERS is set by N.J.S.A 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for non-contributory group insurance benefits is based on actual claims paid. For State fiscal year 2023, the State's pension contribution was more than the actuarial determined amount.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

Contributions (continued)

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

The District's contractually required contribution rate for the year ended June 30, 2024 was 31.15% of the District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

The contribution rate was 7.50% of base salary effective July 1, 2018.

Special funding situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the Plan (except for employer specific financed amounts), there is no net pension liability, deferred outflows of resources, or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the Notes to the Financial Statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

HOLLAND TOWNSHIP SCHOOL DISTRICT

Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for PERS as of the measurement date of June 30, 2023:

| | |
|-----------------------|---------------|
| Net pension liability | \$ 2,134,833 |
| Proportionate share | 0.0147388689% |

| | |
|--|--------|
| Plan fiduciary net position as a percentage of the total pension liability | 65.23% |
|--|--------|

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions:

| | |
|----------------|-------|
| Inflation rate | |
| Price | 2.75% |
| Wage | 3.25% |

| | |
|--|--------------|
| Salary increases (based on years of service) | 2.75 - 6.55% |
|--|--------------|

| | |
|---------------------------|-------|
| Investment rate of return | 7.00% |
|---------------------------|-------|

Collective net pension liability and actuarial information

Preretirement 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 improvement from the base year of 2010 generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocations as of June 30, 2023 measurement date are summarized in the following table:

| Asset Class | Target Allocations | Long-Term Expected Rate of Return |
|-----------------------------------|-----------------------|--|
| U.S. equity | 28.00% | 8.98% |
| Non-U.S. developed markets equity | 12.75% | 9.22% |
| International small cap equity | 1.25% | 9.22% |
| Emerging markets equity | 5.50% | 11.13% |
| Private equity | 13.00% | 12.50% |
| Real assets | 8.00% | 8.58% |
| Real estate | 3.00% | 8.40% |
| High yield | 4.50% | 6.97% |
| Private credit | 8.00% | 9.20% |
| Investment grade credit | 7.00% | 5.19% |
| Cash equivalents | 2.00% | 3.31% |
| U.S. Treasuries | 4.00% | 3.31% |
| Risk mitigation strategies | 3.00% | 6.21% |

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 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 projected benefit payments and the Municipal Bond rate was applied to all projected benefit payments to determine the total pension liability.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

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

The following presents the collective net pension liability of the District as of June 30, 2023 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's proportionate share of the net pension liability

| | |
|----------------------------------|--------------|
| At current discount rate (7.00%) | \$ 2,134,833 |
| At a 1% lower rate (6.00%) | 2,802,528 |
| At a 1% higher rate (8.00%) | 1,599,853 |

Collective deferred outflows of resources and deferred inflows of resources

At the June 30, 2023 measurement date, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 20,412 | \$ 8,727 |
| Changes of assumptions | 4,690 | 129,380 |
| Net difference between projected and actual earnings on pension plan investments | 9,831 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 143,822 | 257,181 |
| District contributions subsequent to the measurement date | 196,989 | - |
| Total | <u>\$ 375,744</u> | <u>\$ 395,288</u> |

The amount reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date (i.e., for the school year ended June 30, 2024, the Plan measurement date is June 30, 2023) of \$196,989 will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2023 measurement date:

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

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

| | <u>Beginning Balance</u> | <u>Net Change in Activity</u> | <u>Ending Balance</u> |
|--|--------------------------|-------------------------------|-----------------------|
| Deferred outflows of resources | | | |
| Differences between expected and actual experience | \$ 15,729 | \$ 4,683 | \$ 20,412 |
| Changes of assumptions | 6,752 | (2,062) | 4,690 |
| Differences between expected and actual experience | 90,199 | (80,368) | 9,831 |
| Deferred inflows of resources | | | |
| Differences between expected and actual experience | (13,871) | 5,144 | (8,727) |
| Changes of assumptions | (326,327) | 196,947 | (129,380) |
| Net changes | <u>\$ (227,518)</u> | <u>\$ 124,344</u> | <u>\$ (103,174)</u> |

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

Fiscal year ended June 30,

| | |
|-------|---------------------|
| 2024 | \$ (112,711) |
| 2025 | (62,911) |
| 2026 | 87,914 |
| 2027 | (15,733) |
| 2028 | 267 |
| Total | <u>\$ (103,174)</u> |

Changes in proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.08, 5.04, 5.13, 5.16, 5.21, and 5.63 years for the 2023, 2022, 2021, 2020, 2019, and 2018, respectively.

Pension expense (benefit)

For the year ended June 30, 2024, the District recognized net pension expense (benefit) of (\$63,196), which represents the District's proportionate share of allocable plan pension revenue of (\$21,518), plus the net amortization of deferred amounts from changes in proportion of (\$26,793), and plus other adjustments to the net pension liability of (\$14,885). The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the year ended June 30, 2023 measurement date are as follows:

HOLLAND TOWNSHIP SCHOOL DISTRICT **Notes to the Financial Statements**

Note 6 - Pension plans (continued)

A. Public Employees' Retirement System (PERS) (continued)

Pension expense (benefit) (continued)

| | |
|---|--------------------|
| Service cost | \$ 178,591 |
| Interest on total pension liability | 674,440 |
| Benefit changes | - |
| Member contributions | (144,033) |
| Administrative expense | 3,152 |
| Expected investment return net of investment expense | (397,550) |
| Pension expense related to specific liabilities of individual employers | (2,654) |
| Recognition (amortization) of deferred inflows/outflows of resources | |
| Differences between projected and actual experience | 11,642 |
| Changes of assumptions | (325,672) |
| Difference between projected and actual investment earnings on pension plan investments | (19,434) |
| Pension expense (benefit) | <u>\$ (21,518)</u> |

B. Teacher's Pension and Annuity Fund (TPAF)

Plan description

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

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

The following represents the membership tiers for TPAF:

| Tier | Member Eligibility |
|------|---|
| 1 | Enrolled prior to July 1, 2007 |
| 2 | Enrolled on or after July 1, 2007 and prior to November 2, 2008 |
| 3 | Enrolled on or after November 2, 2008 and prior to May 22, 2010 |
| 4 | Enrolled on or after May 22, 2010 and prior to June 28, 2011 |
| 5 | Enrolled on or after June 28, 2011 |

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

B. Teacher's Pension and Annuity Fund (TPAF) (continued)

Plan description (continued)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year 2023, the State's pension contribution was more than the actuarial determined amount.

Special funding situation

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

During the State fiscal year ended June 30, 2023, the State of New Jersey contributed \$1,673,626 to the TPAF for normal pension benefits on behalf of the District.

The contribution rate was 7.50% of base salary effective July 1, 2018.

HOLLAND TOWNSHIP SCHOOL DISTRICT

Notes to the Financial Statements

Note 6 - Pension plans (continued)

B. Teacher's Pension and Annuity Fund (TPAF) (continued)

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for TPAF for fiscal year ended June 30, 2023 measurement date is as follows:

| | |
|--|---------------|
| District proportionate share of net pension liability | \$ 31,379,491 |
| Less: State proportionate share of net pension liability | 10,881,004 |
| Net pension liability | \$ 20,498,487 |

Proportionate share 0.0401673820%

Plan fiduciary net position as a percentage of the total pension liability 34.68%

Actuarial assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

| | |
|----------------|-------|
| Inflation rate | |
| Price | 2.75% |
| Wage | 3.25% |

Salary increases (based on years of service) 2.75 - 4.25%

Investment rate of return 7.00%

Preretirement 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. Post-retirement 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-2021.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

B. Teacher's Pension and Annuity Fund (TPAF) (continued)

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2023 measurement date are summarized in the following table:

| Asset Class | Target Allocations | Long-Term Expected Rate of Return |
|-----------------------------------|-----------------------|--------------------------------------|
| U.S. equity | 28.00% | 8.98% |
| Non-U.S. developed markets equity | 12.75% | 9.22% |
| International small cap equity | 1.25% | 9.22% |
| Emerging markets equity | 5.50% | 11.13% |
| Private equity | 13.00% | 12.50% |
| Real estate | 8.00% | 8.58% |
| Real assets | 3.00% | 8.40% |
| High yield | 4.50% | 6.97% |
| Private credit | 8.00% | 9.20% |
| Investment grade credit | 7.00% | 5.19% |
| Cash equivalents | 2.00% | 3.31% |
| U.S. Treasuries | 4.00% | 3.31% |
| Risk mitigation strategies | 3.00% | 6.21% |

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% 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. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments after that date in determining the total pension liability.

HOLLAND TOWNSHIP SCHOOL DISTRICT **Notes to the Financial Statements**

Note 6 - Pension plans (continued)

B. Teacher's Pension and Annuity Fund (TPAF) (continued)

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

The following presents the collective net pension liability of the District as of June 30, 2023 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's proportionate share of the net pension liability

| | |
|----------------------------------|---------------|
| At current discount rate (7.00%) | \$ 20,498,487 |
| At a 1% lower rate (6.00%) | 24,171,436 |
| At a 1% higher rate (8.00%) | 17,404,991 |

Pension expense (benefit)

The components of allocable pension expense (benefit), which exclude pension expense (benefit) related to specific liabilities of individual employers, for the District for the year ended June 30, 2023 measurement date are as follows:

| | |
|---|-------------------|
| Service cost | \$ 547,168 |
| Interest on total pension liability | 2,113,206 |
| Benefit changes | - |
| Member contributions | (374,208) |
| Administrative expense | 5,447 |
| Expected investment return net of investment expense | (683,412) |
| Pension expense related to specific liabilities of individual employers | (180) |
| Recognition (amortization) of deferred inflows/outflows of resources | |
| Differences between projected and actual experience | 78,513 |
| Changes of assumptions | (1,222,839) |
| Difference between projected and actual investment earnings on pension plan investments | 39,893 |
| Pension expense (benefit) | <u>\$ 503,588</u> |

C. Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$9,300 in 2024) but who earn salary of at least \$5,000 annually are eligible to participate. The Program Administrator, Empower, makes information regarding the program available on its New Jersey Defined Contribution Program website: njplans.empower-retirement.com.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

C. Defined Contribution Retirement Program (continued)

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's contribution to the DCRP for fiscal year ended June 30, 2024 was \$2,522.

D. Other pension plan information

During the year ended June 30, 2024, the State of New Jersey contributed \$485,319 to the TPAF for postretirement medical benefits, \$20,107 for non-contributory insurance premiums, \$689 for long-term disability insurance, and \$1,763,084 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$395,975 during the year ended June 30, 2024 for the employer's share of Social Security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB Statement No. 68.

Note 7 - Postretirement benefits

The State Health Benefit State Retired Employees Plan (State Retired OPEB Plan) is a single-employer defined benefit OPEB plan with a special funding situation. The State Retired OPEB Plan is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other than Pensions*. The State Retired OPEB Plan is treated as a cost-sharing multiple employer plan with a special funding situation for allocating the total OPEB liability and related OPEB amounts since each employer mentioned above is required to issue stand-alone financial statements. The State Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of the employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits. In fiscal year 2022, the State paid OPEB benefits for 161,238 State and local retirees.

In accordance with N.J.S.A. 52:14-17.32, the State is required to pay the premiums or periodic charges for health benefits of State employees who retire with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following Plans: the Judicial Retirement System (JRS), the State Police Retirement System (SPRS), the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS), and the Alternate Benefit Program (ABP).

The employer contributions for the participating local education employers are legally required to be funded by the State in accordance with N.J.S.A. 52:14-17.32f. According to this law, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following Plans: TPAF, PERS, PFRS, or ABP.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Pursuant to P.L.2011, c.78, future retirees eligible for postemployment 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 is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. The State, as a non-employer contributing entity, reported a Fiscal Year 2023 total OPEB liability of \$52,361,668,239 for this special funding situation.

Additional information on Pensions and OPEB can be accessed at <https://www.state.nj.us/treasury/taxation/payments-notices.shtml>.

Total OPEB liability

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under Paragraphs 193 and 203 through 205 of GASB Statement No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the District.

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

For purposes of reporting required GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District's proportionate share of allocable OPEB liability and employer OPEB expense and related revenue as of June 30, 2023 measurement date is as follows:

| | |
|--|-------------------|
| State's proportionate share of the OPEB liability | \$ 52,361,668,239 |
| District's proportionate share of the State's OPEB liability | 27,112,728 |
| Employer OPEB expense and related revenue | 620,955 |
| Allocable proportionate percentage | 0.0517797253% |

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)
Changes in the total OPEB liability

| | Total OPEB Liability |
|---|-------------------------|
| Total OPEB liability at June 30, 2022 | \$ 24,814,776 |
| Service cost | 913,146 |
| Interest cost | 954,877 |
| Change of benefit terms | - |
| Differences between expected and actual experiences | 1,095,153 |
| Changes of assumptions | 54,648 |
| Member contributions | 24,470 |
| Gross benefit payments | (744,342) |
| Total OPEB liability at June 30, 2023 | \$ 27,112,728 |

There were no changes of the benefit terms from June 30, 2022 to June 30, 2023.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.54% as of the June 30, 2022 Plan measurement date to 3.65% as of the June 30, 2023 Plan measurement date.

The total non-employer OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

| | TPAF (based on years of service) | PERS (based on years of service) |
|------------------|--|--|
| Salary increases | 2.75% - 4.25% | 2.75% - 6.55% |

Preretirement mortality rates were based on the Pub-2010 Healthy Teachers (TPAF/ABP) and General (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 General classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 General classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 Safety (PERS), General (PERS), and Teachers (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of actuarial experience studies for the periods July 1, 2018 - June 30, 2021.

HOLLAND TOWNSHIP SCHOOL DISTRICT

Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Changes in the total OPEB liability (continued)

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

Health care trend assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 PPO, the trend is increasing to 14.80% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is increasing to 17.40% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount rate

The discount rate for June 30, 2023 was 3.65%. This represents the Municipal Bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. 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.

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

The following presents the total non-employer OPEB liability as of June 30, 2023 measurement date, using the District's allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Total OPEB liability (school retirees)

| | |
|----------------------------------|---------------|
| At current discount rate (3.65%) | \$ 27,112,728 |
| At a 1% lower rate (2.65%) | 31,785,019 |
| At a 1% higher rate (4.65%) | 23,361,421 |

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

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

Total OPEB liability (school retirees)

| | |
|-----------------------------------|---------------|
| Healthcare cost trend rate | \$ 27,112,728 |
| At a 1% lower rate (1% decrease) | 22,507,744 |
| At a 1% higher rate (1% increase) | 33,138,361 |

HOLLAND TOWNSHIP SCHOOL DISTRICT

Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$620,955 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75 and in which there is a special funding situation.

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

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

Note 8 - Deferred compensation

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

Equitable
Variable Annuity Life Insurance Co.
Lincoln Investment Planning

Note 9 - Inventory

Inventory in the food service fund as of June 30, 2024 consisted of the following:

| | | |
|----------|----|-------|
| Food | \$ | 3,974 |
| Supplies | | 876 |
| Total | \$ | 4,850 |

Note 10 - Contingent liabilities

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

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

HOLLAND TOWNSHIP SCHOOL DISTRICT

Notes to the Financial Statements

Note 11 - Risk management

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

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

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

| Fiscal Year | Board Contribution | Interest Earnings | Employee Contribution | Amount Reimbursed | Ending Balance Available for Claims |
|-------------|-----------------------|----------------------|--------------------------|----------------------|---|
| 2023 - 2024 | \$ - | \$ 919 | \$ 11,896 | \$ 57,251 | \$ 30,604 |
| 2022 - 2023 | - | 756 | 12,362 | 13,582 | 75,040 |
| 2021 - 2022 | - | 43 | 11,764 | - | 75,504 |

Note 12 - District reserve accounts

A capital reserve account was established by the District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long-Range Facilities Plan (LRFP) and updated annually in the Quality Single Accountability Continuum (QSAC). Upon submission of the LRFP to the Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Districts are allowed as per N.J.S.A. 18A:7F-41(a) & 41(b) to deposit to the reserves by Board Resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts.

HOLLAND TOWNSHIP SCHOOL DISTRICT

Notes to the Financial Statements

Note 12 - District reserve accounts (continued)

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

| Reserve Type | Beginning Balance | District Contribution | Interest Earnings | Return Unused Withdrawal | Withdrawal | Ending Balance |
|--------------|--------------------|-----------------------|-------------------|--------------------------|------------------|--------------------|
| Capital | \$2,789,534 | \$ 996,815 | \$ 8,450 | \$ - | \$ 94,034 | \$3,700,765 |
| Emergency | 250,000 | - | - | - | - | 250,000 |
| Maintenance | 645,445 | - | - | - | - | 645,445 |
| Total | <u>\$3,684,979</u> | <u>\$ 996,815</u> | <u>\$ 8,450</u> | <u>\$ -</u> | <u>\$ 94,034</u> | <u>\$4,596,210</u> |

Note 13 - Fund balance

As described in Note 1 (O), fund balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2024 is as follows:

Restricted

Excess surplus - designated for subsequent year's expenditures. Amount appropriated in the succeeding year's budget to reduce tax requirements. \$ 250,000

Capital reserve account - represents funds restricted to capital projects in the District's long range facilities plan. 3,700,765

Emergency reserve account - represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education. 250,000

Maintenance reserve account - represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A.18A:76-9). 645,445

Unemployment compensation - represents funds accumulated for future unemployment claims. 30,604

Committed

Year-end encumbrance - represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30. 265,042

Unassigned

Undesignated - represents fund balance which has not been restricted or designated. 435,073

Total fund balance - budgetary basis (Exhibit C-1) 5,576,929

Last state aid payments not recognized on GAAP basis (81,150)

Total fund balance - GAAP basis (Exhibit B-1) \$ 5,495,779

Note 14 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2024 is \$0.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 15 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2024 of (\$1,687,470) on Schedule A-1 Statement of Net Position. The deficit balance is not a negative reflection on the District's financial condition but is the result of reporting required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

Note 16 - Deficit unassigned fund balance in the special revenue fund

The District has a deficit unassigned fund balance of (\$178,344) in the special revenue fund as of June 30, 2024 as reported in the fund statements. PL 2005, Chapter 97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For inter-governmental transactions, GASB Statement No. 33 requires the recognition (revenue, expenditure, asset and liability) should be in symmetry, (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State is recording the last state aid payment in the subsequent fiscal year, the School District cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable.

Due to the timing difference of recording the last state aid payment, the special revenue fund balance deficit does not alone indicate that the District is facing financial difficulties.

Note 17 - Recent accounting pronouncements not yet effective

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

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This statement is effective for reporting periods beginning after December 15, 2023. The District is evaluating the effect of the pronouncement on financial reporting.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. This statement is effective for reporting periods beginning after June 15, 2024. The District is evaluating the effect of the pronouncement on financial reporting.

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This statement is effective for reporting periods beginning after June 15, 2025. The District is evaluating the effect of the pronouncement on financial reporting.

Note 18 - Subsequent events

The District has evaluated subsequent events through November 20, 2024, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

HOLLAND TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2024

| | Original Budget | Unaudited Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|----------------------|----------------------------------|---------------------|---------------------|--------------------------------|
| Revenues | | | | | |
| Local sources | | | | | |
| Local tax levy | \$ 10,556,240 | \$ - | \$10,556,240 | \$10,556,240 | \$ - |
| Tuition from individuals | 120,000 | - | 120,000 | 6,500 | (113,500) |
| Tuition from other LEAs within the state | 86,058 | - | 86,058 | 80,511 | (5,547) |
| Unrestricted miscellaneous revenues | 2,800 | - | 2,800 | 87,616 | 84,816 |
| Interest earned on maintenance reserve | 462 | - | 462 | - | (462) |
| Interest earned on capital reserve funds | 1,600 | - | 1,600 | 8,450 | 6,850 |
| Other restricted miscellaneous revenues | - | - | - | 919 | 919 |
| Total | 10,767,160 | - | 10,767,160 | 10,740,236 | (26,924) |
| State sources | | | | | |
| School choice aid | 121,500 | - | 121,500 | 121,500 | - |
| Categorical transportation aid | 36,300 | - | 36,300 | 36,300 | - |
| Extraordinary aid | - | - | - | 182,350 | 182,350 |
| Categorical special education aid | 373,356 | - | 373,356 | 373,356 | - |
| Equalization aid | 473,643 | - | 473,643 | 473,643 | - |
| Categorical security aid | 9,453 | - | 9,453 | 9,453 | - |
| Other state aid | - | - | - | 3,185 | 3,185 |
| TPAF Pension (on-behalf) | - | - | - | 1,763,084 | 1,763,084 |
| TPAF Non-contributory insurance | - | - | - | 20,107 | 20,107 |
| TPAF Social Security (reimbursed) | - | - | - | 395,975 | 395,975 |
| TPAF Post retirement benefits | - | - | - | 485,319 | 485,319 |
| TPAF Long-term disability insurance | - | - | - | 689 | 689 |
| Total | 1,014,252 | - | 1,014,252 | 3,864,961 | 2,850,709 |
| Total revenues | \$ 11,781,412 | \$ - | \$11,781,412 | \$14,605,197 | \$ 2,823,785 |
| Expenditures | | | | | |
| Current | | | | | |
| Instruction - regular program | | | | | |
| Salaries of Teachers | | | | | |
| Preschool | \$ 140,440 | \$ (133,758) | \$ 6,682 | \$ - | \$ 6,682 |
| Kindergarten | 260,388 | 57,096 | 317,484 | 316,923 | 561 |
| Grades 1-5 | 1,367,891 | (347) | 1,367,544 | 1,349,598 | 17,946 |
| Grades 6-8 | 1,074,834 | 85,182 | 1,160,016 | 1,134,557 | 25,459 |
| Home instruction | | | | | |
| Salaries of teacher | 3,000 | 3,781 | 6,781 | 4,233 | 2,548 |
| Purchased professional - educational services | - | 5,219 | 5,219 | 5,219 | - |
| Regular programs - undistributed instruction | | | | | |
| Purchased professional - educational services | 500 | (500) | - | - | - |
| Purchased technical services | 325 | 5,891 | 6,216 | 6,216 | - |
| Other purchased services | 117,333 | - | 117,333 | 112,692 | 4,641 |
| General supplies | 200,601 | (6,495) | 194,106 | 163,815 | 30,291 |
| Textbooks | 150,000 | (16,565) | 133,435 | 35,617 | 97,818 |
| Other objects | 500 | - | 500 | 50 | 450 |
| Total | 3,315,812 | (496) | 3,315,316 | 3,128,920 | 186,396 |

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2024

| | Original Budget | Unaudited Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|----------------------------------|-----------------|-----------|--------------------------------|
| Special education | | | | | |
| Learning and/or language disabilities | | | | | |
| Salaries of Teachers | \$ 66,958 | \$ (66,958) | \$ - | \$ - | \$ - |
| Other salaries for instruction | - | 214,949 | 214,949 | 214,949 | - |
| General supplies | 661 | 3,282 | 3,943 | 1,117 | 2,826 |
| Total | 67,619 | 151,273 | 218,892 | 216,066 | 2,826 |
| | | | | | |
| Emotional Regulation Impairment | | | | | |
| Salaries of teachers | - | 70,273 | 70,273 | 70,273 | - |
| Total | - | 70,273 | 70,273 | 70,273 | - |
| | | | | | |
| Multiple disabilities | | | | | |
| Salaries of Teachers | 71,293 | (71,293) | - | - | - |
| Other salaries for instruction | - | 75,493 | 75,493 | 74,893 | 600 |
| General supplies | 835 | 301 | 1,136 | 67 | 1,069 |
| Total | 72,128 | 4,501 | 76,629 | 74,960 | 1,669 |
| | | | | | |
| Resource room/resource center | | | | | |
| Salaries of Teachers | 1,162,661 | (1,162,661) | - | - | - |
| Other salaries for instruction | 10,000 | 1,034,018 | 1,044,018 | 1,044,018 | - |
| General supplies | 7,783 | 2,058 | 9,841 | 9,172 | 669 |
| Total | 1,180,444 | (126,585) | 1,053,859 | 1,053,190 | 669 |
| | | | | | |
| Autism | | | | | |
| Salaries of teachers | - | 37,895 | 37,895 | 37,895 | - |
| General supplies | - | 3,523 | 3,523 | 2,138 | 1,385 |
| Total | - | 41,418 | 41,418 | 40,033 | 1,385 |
| | | | | | |
| Preschool disabilities - part-time | | | | | |
| Salaries of Teachers | 67,280 | (67,280) | - | - | - |
| General supplies | 8,400 | (5,941) | 2,459 | - | 2,459 |
| Total | 75,680 | (73,221) | 2,459 | - | 2,459 |
| | | | | | |
| Total special education | 1,395,871 | 67,659 | 1,463,530 | 1,454,522 | 9,008 |
| | | | | | |
| Basic skills/remedial | | | | | |
| Salaries of Teachers | 209,530 | (41,142) | 168,388 | 167,768 | 620 |
| General supplies | 600 | 37 | 637 | 637 | - |
| Total | 210,130 | (41,105) | 169,025 | 168,405 | 620 |
| | | | | | |
| School-sponsored co/extracurricular activities - instruction | | | | | |
| Salaries | 35,824 | 8,672 | 44,496 | 42,276 | 2,220 |
| Supplies and materials | 500 | 1,055 | 1,555 | 1,555 | - |
| Total | 36,324 | 9,727 | 46,051 | 43,831 | 2,220 |

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2024

| | Unaudited | | | | Variance |
|--|--------------|-----------|--------------|--------------|------------|
| | Original | Budget | Final | | Final |
| | Budget | Transfers | Budget | Actual | to Actual |
| School-sponsored athletics - instruction | | | | | |
| Salaries | \$ 24,800 | \$ - | \$ 24,800 | \$ 24,800 | \$ - |
| Purchased services | 7,000 | - | 7,000 | 5,692 | 1,308 |
| Supplies and materials | 4,000 | (3,061) | 939 | 939 | - |
| Other objects | 300 | - | 300 | 250 | 50 |
| Total | 36,100 | (3,061) | 33,039 | 31,681 | 1,358 |
| Total instruction regular | \$ 4,994,237 | \$ 32,724 | \$ 5,026,961 | \$ 4,827,359 | \$ 199,602 |
| Undistributed expenditures | | | | | |
| Undistributed expenditures - instruction | | | | | |
| Tuition to other LEAs within the State - special | \$ 102,500 | \$ 11,500 | \$ 114,000 | \$ 6,812 | \$ 107,188 |
| Tuition - state facilities | - | 39,400 | 39,400 | 31,093 | 8,307 |
| Tuition - other | 67,944 | (67,944) | - | - | - |
| Total | 170,444 | (17,044) | 153,400 | 37,905 | 115,495 |
| Undistributed expenditures - attendance & social work | | | | | |
| Salaries | 33,000 | (20,001) | 12,999 | 2,782 | 10,217 |
| Total | 33,000 | (20,001) | 12,999 | 2,782 | 10,217 |
| Undistributed expenditures - health services | | | | | |
| Salaries | 141,785 | 8,926 | 150,711 | 133,998 | 16,713 |
| Purchased professional and technical services | 3,900 | - | 3,900 | 3,519 | 381 |
| Other purchased services | 300 | - | 300 | - | 300 |
| Supplies and materials | 4,500 | 175 | 4,675 | 3,173 | 1,502 |
| Total | 150,485 | 9,101 | 159,586 | 140,690 | 18,896 |
| Undistributed expenditures - speech, ot, pt & related services | | | | | |
| Salaries | 223,175 | 1,005 | 224,180 | 212,390 | 11,790 |
| Purchased professional - educational services | 38,000 | 114,079 | 152,079 | 131,983 | 20,096 |
| Supplies and materials | 1,500 | (196) | 1,304 | 928 | 376 |
| Other objects | 200 | 300 | 500 | 378 | 122 |
| Total | 262,875 | 115,188 | 378,063 | 345,679 | 32,384 |
| Undistributed expend - other supp. service stds. - extra service | | | | | |
| Purchased professional - educational services | 782,166 | 225,600 | 1,007,766 | 890,404 | 117,362 |
| Total | 782,166 | 225,600 | 1,007,766 | 890,404 | 117,362 |
| Undistributed expenditures - guidance | | | | | |
| Salaries of other Professional Staff | 140,836 | - | 140,836 | 140,836 | - |
| Other purchased services | 500 | - | 500 | 64 | 436 |
| Supplies and materials | 3,000 | - | 3,000 | 561 | 2,439 |
| Total | 144,336 | - | 144,336 | 141,461 | 2,875 |

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2024

| | Unaudited | | | | Variance |
|---|------------|-------------|------------|------------|-----------|
| | Original | Budget | Final | | Final |
| | Budget | Transfers | Budget | Actual | to Actual |
| Undistributed expenditures - child study teams | | | | | |
| Salaries of other Professional Staff | \$ 376,917 | \$ (77,943) | \$ 298,974 | \$ 298,974 | \$ - |
| Salaries of Secretarial and Clerical Assistants | 48,922 | (360) | 48,562 | 43,922 | 4,640 |
| Purchased professional - educational services | 25,000 | 3,359 | 28,359 | 25,915 | 2,444 |
| Other purchased services | 5,000 | - | 5,000 | 275 | 4,725 |
| Supplies and materials | 2,356 | - | 2,356 | 1,724 | 632 |
| Other objects | 500 | - | 500 | 500 | - |
| Total | 458,695 | (74,944) | 383,751 | 371,310 | 12,441 |
| Undistributed expenditures - improvement of inst. service | | | | | |
| Salaries of other Professional Staff | 2,000 | - | 2,000 | - | 2,000 |
| Other purchased professional & technical services | 25,000 | (1,988) | 23,012 | 20,195 | 2,817 |
| Supplies and materials | 1,000 | (1,000) | - | - | - |
| Total | 28,000 | (2,988) | 25,012 | 20,195 | 4,817 |
| Undistributed expenditures - edu. media service/sch. library | | | | | |
| Salaries | 86,733 | - | 86,733 | 86,206 | 527 |
| Salaries of technology coordinators | 156,493 | 27,481 | 183,974 | 175,837 | 8,137 |
| Other purchased services | 500 | - | 500 | - | 500 |
| Supplies and materials | 6,500 | - | 6,500 | 6,211 | 289 |
| Total | 250,226 | 27,481 | 277,707 | 268,254 | 9,453 |
| Undistributed expend. - instructional staff training services | | | | | |
| Salaries of supervisor of instruction | 8,350 | 1,670 | 10,020 | 10,020 | - |
| Salaries of other professional staff | - | 1,610 | 1,610 | - | 1,610 |
| Other purchased services | 3,150 | 9,378 | 12,528 | 9,774 | 2,754 |
| Total | 11,500 | 12,658 | 24,158 | 19,794 | 4,364 |
| Undistributed expend. - support service - general admin. | | | | | |
| Salaries | 213,779 | (1,096) | 212,683 | 212,683 | - |
| Legal services | 65,000 | (65,000) | - | - | - |
| Audit fees | 22,000 | (22,000) | - | - | - |
| Purchased technical services | 23,500 | 95,397 | 118,897 | 115,278 | 3,619 |
| Communications/telephone | 46,000 | (2,677) | 43,323 | 36,662 | 6,661 |
| BOE other purchased services | 6,000 | (3,000) | 3,000 | 2,709 | 291 |
| Misc. purchased services | 41,500 | (1,624) | 39,876 | 36,484 | 3,392 |
| General supplies | 1,000 | - | 1,000 | 872 | 128 |
| BOE membership dues and fees | 8,300 | - | 8,300 | 8,045 | 255 |
| Total | 427,079 | - | 427,079 | 412,733 | 14,346 |
| Undistributed expend. - support service - school admin. | | | | | |
| Salaries of Principals/Assistant Principals | 115,853 | 8 | 115,861 | 115,853 | 8 |
| Salaries of Secretarial and Clerical Assistants | 54,701 | - | 54,701 | 45,300 | 9,401 |
| Other purchased services | 500 | (117) | 383 | 120 | 263 |
| Supplies and materials | 2,000 | - | 2,000 | 214 | 1,786 |
| Other objects | 1,300 | 109 | 1,409 | 1,024 | 385 |
| Total | 174,354 | - | 174,354 | 162,511 | 11,843 |

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2024

| | Unaudited | | | | Variance |
|---|------------|-------------|------------|------------|-----------|
| | Original | Budget | Final | | Final |
| | Budget | Transfers | Budget | Actual | to Actual |
| Undistributed expend. - central services | | | | | |
| Salaries | \$ 180,190 | \$ (58,105) | \$ 122,085 | \$ 119,109 | \$ 2,976 |
| Purchased professional services | - | 55,000 | 55,000 | 52,500 | 2,500 |
| Purchased technical services | 34,700 | 320 | 35,020 | 34,540 | 480 |
| Miscellaneous purchased services | 2,500 | 2,785 | 5,285 | 2,780 | 2,505 |
| Supplies and materials | 2,000 | - | 2,000 | 1,450 | 550 |
| Other objects | 2,200 | - | 2,200 | 890 | 1,310 |
| Total | 221,590 | - | 221,590 | 211,269 | 10,321 |
| Undistributed expend. - required maint. for school facilities | | | | | |
| Cleaning, repair, and maintenance services | 348,472 | (62,272) | 286,200 | 113,813 | 172,387 |
| General supplies | 20,000 | (3,583) | 16,417 | 12,839 | 3,578 |
| Total | 368,472 | (65,855) | 302,617 | 126,652 | 175,965 |
| Undistributed expend. - custodial services | | | | | |
| Salaries | 347,442 | (13,204) | 334,238 | 309,168 | 25,070 |
| Unused vacation payment to terminated/retired staff | 25,000 | (25,000) | - | - | - |
| Cleaning, repair, and maintenance service | 13,500 | 3,055 | 16,555 | 9,657 | 6,898 |
| Other purchased property services | 37,500 | 200 | 37,700 | 37,201 | 499 |
| Insurance | 105,000 | 18,088 | 123,088 | 123,088 | - |
| Miscellaneous purchased services | 500 | 217 | 717 | 716 | 1 |
| General supplies | 32,000 | 7,375 | 39,375 | 36,523 | 2,852 |
| Energy (natural gas) | 65,000 | 9,856 | 74,856 | 74,856 | - |
| Energy (electricity) | 130,000 | (8,874) | 121,126 | 121,126 | - |
| Other objects | 1,000 | - | 1,000 | 887 | 113 |
| Total | 756,942 | (8,287) | 748,655 | 713,222 | 35,433 |
| Undistributed expend. - care and upkeep of grounds | | | | | |
| Purchased professional and technical services | - | 19,553 | 19,553 | - | 19,553 |
| Cleaning, repair, and maintenance service | 25,000 | - | 25,000 | 23,387 | 1,613 |
| General supplies | 7,500 | - | 7,500 | 3,420 | 4,080 |
| Total | 32,500 | 19,553 | 52,053 | 26,807 | 25,246 |
| Undistributed expend. - security | | | | | |
| Cleaning, repair, and maintenance service | 22,944 | 973 | 23,917 | 20,347 | 3,570 |
| General supplies | 8,475 | - | 8,475 | 2,764 | 5,711 |
| Total | 31,419 | 973 | 32,392 | 23,111 | 9,281 |
| Undistributed expend. - student transportation service | | | | | |
| Salaries for pupil trans (between home & school) - reg. | 2,000 | - | 2,000 | 2,000 | - |
| Contract service-aid in lieu pymts - non-public schools | - | 6,990 | 6,990 | 6,990 | - |
| Contract serv-aid in lieu pymts-choice school students | - | 3,495 | 3,495 | 3,495 | - |
| Contr service (between home & school) - joint agreements | 477,504 | (7,471) | 470,033 | 470,033 | - |
| Contr service (sp ed stds) - joint agreements | 231,176 | (44,290) | 186,886 | 90,756 | 96,130 |
| Total | 710,680 | (41,276) | 669,404 | 573,274 | 96,130 |

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2024

| | Unaudited | | | | Variance |
|---|-----------------------|---------------------|-----------------------|----------------------|-----------------------|
| | Original | Budget | Final | | Final |
| | Budget | Transfers | Budget | Actual | to Actual |
| Unallocated benefits - employee benefits | | | | | |
| Social Security contributions | \$ 140,000 | \$ (47,393) | \$ 92,607 | \$ 91,180 | \$ 1,427 |
| Other retirement contributions - PERS | 195,000 | 1,989 | 196,989 | 196,989 | - |
| Other retirement contributions - regular | 3,500 | 4,746 | 8,246 | 5,039 | 3,207 |
| Unemployment compensation | - | (26,545) | 26,545 | 26,545 | - |
| Workmen's compensation | 85,000 | - | 85,000 | 83,587 | 1,413 |
| Health benefits | 2,015,400 | (13,139) | 2,002,261 | 1,838,447 | 163,814 |
| Tuition reimbursement | 30,000 | - | 30,000 | 27,018 | 2,982 |
| Other employee benefits | 3,700 | 36,487 | 40,187 | 39,555 | 632 |
| Unused sick payment to terminated/retired staff | 45,000 | 33,759 | 78,759 | 78,759 | - |
| Total | <u>2,517,600</u> | <u>(10,096)</u> | <u>2,560,594</u> | <u>2,387,119</u> | <u>173,475</u> |
| On-behalf TPAF Pension contribution | - | - | - | 1,763,084 | (1,763,084) |
| On-behalf TPAF Non-contributory insurance | - | - | - | 20,107 | (20,107) |
| On-behalf TPAF Post retirement medical benefits | - | - | - | 485,319 | (485,319) |
| On-behalf TPAF Long-term disability insurance | - | - | - | 689 | (689) |
| Reimbursed TPAF Social Security contribution | - | - | - | 395,975 | (395,975) |
| Total | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,665,174</u> | <u>(2,665,174)</u> |
| Total undistributed expenditures | <u>\$ 7,532,363</u> | <u>\$ 170,063</u> | <u>\$ 7,755,516</u> | <u>\$ 9,540,346</u> | <u>\$ (1,784,830)</u> |
| Total current | <u>\$ 12,526,600</u> | <u>\$ 202,787</u> | <u>\$ 12,782,477</u> | <u>\$ 14,367,705</u> | <u>\$ (1,585,228)</u> |
| Capital outlay | | | | | |
| Equipment | | | | | |
| Undistributed | | | | | |
| Undistributed expenditures - central services | \$ - | \$ 10,425 | \$ 10,425 | \$ - | \$ 10,425 |
| Undistributed expenditures - care and upkeep of grounds | 89,489 | 5,448 | 94,937 | 94,936 | 1 |
| Undistributed expenditures - security | - | 9,088 | 9,088 | 9,088 | - |
| Total equipment | <u>89,489</u> | <u>24,961</u> | <u>114,450</u> | <u>104,024</u> | <u>10,426</u> |
| Facilities acquisition and construction service | | | | | |
| Other purchased professional and technology services | 10,500 | 12,700 | 23,200 | 19,698 | 3,502 |
| Construction services | 621,885 | 81,334 | 703,219 | 501,466 | 201,753 |
| Assessment for debt service on SDA funding | 15,049 | - | 15,049 | 15,049 | - |
| Total facilities acquisition and construction service | <u>647,434</u> | <u>94,034</u> | <u>741,468</u> | <u>536,213</u> | <u>205,255</u> |
| Total capital outlay | <u>\$ 736,923</u> | <u>\$ 118,995</u> | <u>\$ 855,918</u> | <u>\$ 640,237</u> | <u>\$ 215,681</u> |
| Total expenditures | <u>\$ 13,263,523</u> | <u>\$ 321,782</u> | <u>\$ 13,638,395</u> | <u>\$ 15,007,942</u> | <u>\$ (1,369,547)</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (1,482,111)</u> | <u>\$ (321,782)</u> | <u>\$ (1,856,983)</u> | <u>\$ (402,745)</u> | <u>\$ 1,454,238</u> |

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2024

| | Original Budget | Unaudited Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|-----------------------|----------------------------------|-----------------------|---------------------|--------------------------------|
| Other financing sources (uses) | | | | | |
| Operating transfer out | | | | | |
| Transfer to special revenue fund - preschool programs | \$ - | \$ (133,758) | \$ (133,758) | \$ (133,758) | \$ - |
| Total other financing sources (uses) | - | (133,758) | (133,758) | (133,758) | - |
| Excess (deficiency) of revenues & other financing sources over (under) expenditures & other financing uses | (1,482,111) | (455,540) | (1,990,741) | (536,503) | 1,454,238 |
| Fund balances, July 1 | 6,113,432 | - | 6,113,432 | 6,113,432 | - |
| Fund balances, June 30 | <u>\$ 4,631,321</u> | <u>\$ (455,540)</u> | <u>\$ 4,122,691</u> | <u>\$ 5,576,929</u> | <u>\$ 1,454,238</u> |
| Recapitulation of excess (deficiency) of revenues over (under) expenditures | | | | | |
| Adjustment for prior year encumbrances | \$ (768,265) | \$ - | \$ (768,265) | \$ (768,265) | \$ - |
| Increase in capital reserve | - | 996,815 | 996,815 | 996,815 | - |
| Interest deposit to capital reserve | 1,600 | - | 1,600 | 8,450 | 6,850 |
| Withdrawal from capital reserve | - | (94,034) | (94,034) | (94,034) | - |
| Interest earned on maintenance reserve | 462 | - | 462 | - | (462) |
| Interest earned on unemployment compensation | - | - | - | 919 | 919 |
| Withdrawal from unemployment compensation | - | (26,545) | (26,545) | (26,545) | - |
| Budgeted fund balance | (715,908) | (1,331,776) | (2,100,774) | (653,843) | 1,446,931 |
| Total | <u>\$ (1,482,111)</u> | <u>\$ (455,540)</u> | <u>\$ (1,990,741)</u> | <u>\$ (536,503)</u> | <u>\$ 1,454,238</u> |
| Recapitulation of fund balance | | | | | |
| Restricted fund balance | | | | | |
| Excess surplus - designated for subsequent year's expenditures | | | | \$ 250,000 | |
| Capital reserve | | | | 3,700,765 | |
| Emergency reserve | | | | 250,000 | |
| Maintenance reserve | | | | 645,445 | |
| Unemployment compensation | | | | 30,604 | |
| Committed fund balance | | | | | |
| Year-end encumbrances | | | | 265,042 | |
| Unassigned fund balance | | | | <u>435,073</u> | |
| Fund balance per budgetary basis | | | | 5,576,929 | |
| Reconciliation to governmental statements (GAAP) | | | | | |
| Last state aid payments not recognized on GAAP basis | | | | <u>(81,150)</u> | |
| Fund balance per governmental funds (GAAP) | | | | <u>\$ 5,495,779</u> | |

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2024

| | Original Budget | Unaudited Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|----------------------------------|-----------------|--------------|--------------------------------|
| Revenues | | | | | |
| Local sources | \$ 67,617 | \$ - | \$ 67,617 | \$ 67,617 | \$ - |
| State sources | 548,479 | - | 548,479 | 360,971 | (187,508) |
| Federal sources | 367,025 | - | 367,025 | 329,927 | (37,098) |
| Total revenues | 983,121 | - | 983,121 | 758,515 | (224,606) |
| Other Financing Sources | | | | | |
| Transfers In | 133,758 | - | 133,758 | 133,758 | - |
| Total revenues & other financing sources | \$ 1,116,879 | \$ - | \$ 1,116,879 | \$ 892,273 | \$ (224,606) |
| Expenditures | | | | | |
| Instruction | | | | | |
| Salaries | \$ 395,886 | \$ - | \$ 395,886 | \$ 360,452 | \$ 35,434 |
| Purchased professional and technical services | 375 | 10,000 | 10,375 | 10,000 | 375 |
| Other purchased services | 5,433 | (5,433) | - | - | - |
| General supplies | 130,149 | (10,000) | 120,149 | 109,458 | 10,691 |
| Other objects | 500 | - | 500 | - | 500 |
| Total | 532,343 | (5,433) | 526,910 | 479,910 | 47,000 |
| Support services | | | | | |
| Tuition | 100,000 | - | 100,000 | 100,000 | - |
| Salaries | 114,787 | 25,000 | 139,787 | 62,270 | 77,517 |
| Employee benefits | 99,807 | - | 99,807 | 54,401 | 45,406 |
| Purchased professional and technical services | 66,204 | (25,000) | 41,204 | 34,128 | 7,076 |
| Plant operations and maintenance | 13,316 | - | 13,316 | 12,660 | 656 |
| Other purchased services | 25,805 | 5,433 | 31,238 | 5,433 | 25,805 |
| Transportation | 2,000 | - | 2,000 | - | 2,000 |
| Supplies and materials | 5,000 | - | 5,000 | 5,000 | - |
| Student activities | 72,740 | - | 72,740 | 72,740 | - |
| Total | 499,659 | 5,433 | 505,092 | 346,632 | 158,460 |
| Capital outlay | | | | | |
| Instructional equipment | 90,000 | - | 90,000 | 70,854 | 19,146 |
| Total | 90,000 | - | 90,000 | 70,854 | 19,146 |
| Total expenditures | \$ 1,122,002 | \$ - | \$ 1,122,002 | \$ 897,396 | \$ 224,606 |
| Excess (deficiency) of revenues over (under) expenditures | \$ (5,123) | \$ - | \$ (5,123) | \$ (5,123) | \$ - |
| Fund balances, July 1 | 22,457 | - | 22,457 | 22,457 | - |
| Fund balances, June 30 | \$ 17,334 | \$ - | \$ 17,334 | \$ 17,334 | \$ - |
| Recapitulation of fund balance | | | | | |
| Restricted fund balance | | | | \$ 17,334 | |
| Student activities | | | | 17,334 | |
| Fund balance per budgetary basis | | | | 17,334 | |
| Reconciliation to governmental statements (GAAP) | | | | | |
| Last state aid payments not recognized on GAAP basis | | | | (178,344) | |
| Fund balance per governmental funds (GAAP) | | | | \$ (161,010) | |

See independent auditors' reports.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to Required Supplementary Information
Budget-to-GAAP Reconciliation
For the Fiscal Year Ended June 30, 2024

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

| <u>Sources/Inflows of Resources</u> | <u>General Fund</u> | <u>Special Revenue Fund</u> |
|---|-------------------------|-------------------------------------|
| Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules | \$ 14,605,197 | \$ 758,515 |
| Differences - budget to GAAP | | |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized: | | |
| Outstanding encumbrances - prior year | - | 725 |
| Outstanding encumbrances - current year | - | (1,540) |
| The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33) | | |
| State aid receivable prior year | 101,709 | - |
| State aid receivable current year | (81,150) | (178,344) |
| Total revenues (GAAP basis) | <u>\$ 14,625,756</u> | <u>\$ 579,356</u> |
| <u>Uses/Outflows of Resources</u> | | |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule | \$ 15,007,942 | \$ 897,396 |
| Differences - budget to GAAP | | |
| Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes: | | |
| Outstanding encumbrances - prior year | - | 725 |
| Outstanding encumbrances - current year | - | (1,540) |
| Total expenditures (GAAP basis) | <u>\$ 15,007,942</u> | <u>\$ 896,581</u> |

See independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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

| | District's proportion of the net pension liability (asset) | | District's covered employee payroll | District's proportion of the net pension liability (asset) as a percentage of its covered employee payroll | Plan fiduciary net position as as a percentage of the total pension liability |
|------|---|--------------|--|---|--|
| | Percentage | Value | | | |
| 2015 | 0.0160914135% | \$ 3,612,200 | \$ 1,087,100 | 332.28% | 47.93% |
| 2016 | 0.0158023702% | 4,680,209 | 1,057,159 | 442.72% | 40.14% |
| 2017 | 0.0153128283% | 3,564,582 | 1,100,236 | 323.98% | 48.10% |
| 2018 | 0.0156297000% | 3,077,410 | 1,127,084 | 273.04% | 53.60% |
| 2019 | 0.0166191114% | 2,994,512 | 1,053,331 | 284.29% | 56.27% |
| 2020 | 0.0148574491% | 2,422,861 | 1,083,099 | 223.70% | 58.32% |
| 2021 | 0.0159051677% | 1,884,206 | 1,057,262 | 178.22% | 70.33% |
| 2022 | 0.0144406872% | 2,179,298 | 1,031,788 | 211.22% | 62.91% |
| 2023 | 0.0147388689% | 2,134,833 | 645,353 | 330.80% | 65.23% |
| 2024 | N/A | N/A | 632,296 | N/A | N/A |

N/A = Information not available

See independent auditors' report.

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

| | Contractually required contribution | Contributions in relation to the contractually required contribution | Contribution deficiency (excess) | District's covered employee payroll | Contributions as a percentage of covered employee payroll |
|------|---|--|-------------------------------------|--|---|
| 2015 | \$ 120,445 | \$ (120,445) | \$ - | \$ 1,087,100 | 11.08% |
| 2016 | 129,046 | (129,046) | - | 1,057,159 | 12.21% |
| 2017 | 138,343 | (138,343) | - | 1,100,236 | 12.57% |
| 2018 | 140,386 | (140,386) | - | 1,127,084 | 12.46% |
| 2019 | 141,857 | (141,857) | - | 1,053,331 | 13.47% |
| 2020 | 161,655 | (161,655) | - | 1,083,099 | 14.93% |
| 2021 | 162,533 | (162,533) | - | 1,057,262 | 15.37% |
| 2022 | 186,268 | (186,268) | - | 1,031,788 | 18.05% |
| 2023 | 182,104 | (182,104) | - | 645,353 | 28.22% |
| 2024 | 196,989 | (196,989) | - | 632,296 | 31.15% |

See independent auditors' report.

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

| | Proportionate share of net pension liability (asset) | | | Total | District's covered employee payroll | District's proportion of the net pension liability (asset) | Plan fiduciary net position as |
|------|--|-------|-----------------------|---------------|--|---|---|
| | District's proportion | | State's proportion | | | as a percentage of its covered employee payroll | as a percentage of the total pension liability |
| | Percentage | Value | | | | | |
| 2015 | 0.00% | N/A | N/A | N/A | \$ 4,361,284 | 0.00% | 28.71% |
| 2016 | 0.00% | N/A | N/A | N/A | 4,499,102 | 0.00% | 22.33% |
| 2017 | 0.00% | N/A | N/A | N/A | 4,559,875 | 0.00% | 25.41% |
| 2018 | 0.00% | \$ - | \$ 27,492,761 | \$ 27,492,761 | 4,479,051 | 0.00% | 26.49% |
| 2019 | 0.00% | - | 26,126,944 | 26,126,944 | 4,302,821 | 0.00% | 26.95% |
| 2020 | 0.00% | - | 25,263,878 | 25,263,878 | 4,364,827 | 0.00% | 24.60% |
| 2021 | 0.00% | - | 19,471,856 | 19,471,856 | 4,705,366 | 0.00% | 35.52% |
| 2022 | 0.00% | - | 20,248,436 | 20,248,436 | 4,406,526 | 0.00% | 32.29% |
| 2023 | 0.00% | - | 20,498,487 | 20,498,487 | 5,263,913 | 0.00% | 34.68% |
| 2024 | N/A | N/A | N/A | N/A | 5,471,360 | N/A | N/A |

N/A = Information not available

See independent auditors' report.

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

| | Contractually required contribution | Contributions in relation to the contractually required contribution | Contribution deficiency (excess) | District's covered employee payroll | Contributions as a percentage of covered employee payroll |
|------|---|--|-------------------------------------|--|---|
| 2015 | N/A | N/A | N/A | \$ 4,361,284 | N/A |
| 2016 | N/A | N/A | N/A | 4,499,102 | N/A |
| 2017 | N/A | N/A | N/A | 4,559,875 | N/A |
| 2018 | \$ 498,665 | \$ (498,665) | \$ - | 4,479,051 | 11.13% |
| 2019 | 653,268 | (653,268) | - | 4,302,821 | 15.18% |
| 2020 | 855,974 | (855,974) | - | 4,364,827 | 19.61% |
| 2021 | 869,396 | (869,396) | - | 4,705,366 | 18.48% |
| 2022 | 1,186,943 | (1,186,943) | - | 4,406,526 | 26.94% |
| 2023 | 1,642,519 | (1,642,519) | - | 5,263,913 | 31.20% |
| 2024 | 1,673,626 | (1,673,626) | - | 5,471,360 | 30.59% |

N/A = Information not available

See independent auditors' report.

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

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

| | Proportionate share of other postemployment employee benefits liability (asset) | | | Total | District's covered employee payroll | District's proportion of the other postemployment employee liability (asset) as a percentage of its covered employee payroll | Plan fiduciary net position as a percentage of the total other post employment employee benefits liability |
|------|--|-------|-----------------------|---------------|--|---|---|
| | District's proportion | | State's proportion | | | | |
| | Percentage | Value | | | | | |
| 2015 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 2016 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 2017 | 0.00% | \$ - | \$ 27,014,392 | \$ 27,014,392 | \$ 5,660,111 | 0.00% | 0.00% |
| 2018 | 0.00% | - | 23,501,823 | 23,501,823 | 5,606,135 | 0.00% | 0.00% |
| 2019 | 0.00% | - | 20,117,670 | 20,117,670 | 5,356,152 | 0.00% | 0.00% |
| 2020 | 0.00% | - | 33,578,523 | 33,578,523 | 5,447,926 | 0.00% | 0.00% |
| 2021 | 0.00% | - | 28,781,677 | 28,781,677 | 5,762,628 | 0.00% | 0.00% |
| 2022 | 0.00% | - | 24,814,776 | 24,814,776 | 5,438,314 | 0.00% | 0.00% |
| 2023 | 0.00% | - | 27,112,728 | 27,112,728 | 5,909,266 | 0.00% | 0.00% |
| 2024 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

N/A = Information not available

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part III
(Unaudited)
June 30, 2024

- Note 1 - Special funding situation - PERS, TPAF, and other postretirement benefits
The participating employer allocations included in the supplemental Schedule of Employer Special Funding Allocations and the supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense and other postretirement benefits (OPEB) expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability and OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund and for OPEB allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.
- Note 2 - Changes in assumptions - TPAF
The discount rate was 7.00% in State fiscal year 2022 and 7.00% in State fiscal year 2023. The inflation rate was 2.75% in State fiscal year 2022 and 2.75% in State fiscal year 2023.
- Note 3 - Changes in assumptions - PERS
The discount rate was 7.00% in State fiscal year 2022 and 7.00% in State fiscal year 2023. The inflation rate was 2.75% for State fiscal year 2022 and 2.75% for State fiscal year 2023.
- Note 4 - Changes in assumptions - other postretirement employee benefits
The other postretirement employee benefits discount rate increased from 3.54% in State fiscal year 2022 to 3.65% in State fiscal year 2023.
- Note 5 - Changes in healthcare trend assumptions - other postretirement employee benefits
For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.80% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is increasing to 17.40% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

SPECIAL REVENUE FUND

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

HOLLAND TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues
and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2024

| | IDEA Basic | IDEA Preschool | ESEA IA | ESEA IIA | ESEA IV | ARP ESSER III | ESSER III Summer Learning | ESSER III Beyond the School Day |
|--|---------------|-------------------|------------|-------------|------------|------------------|------------------------------|------------------------------------|
| Revenues | | | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - | - | - | - | - |
| Federal sources | 138,591 | 5,757 | 10,700 | 5,433 | 10,000 | 43,200 | 40,000 | 16,910 |
| Total revenues | 138,591 | 5,757 | 10,700 | 5,433 | 10,000 | 43,200 | 40,000 | 16,910 |
| Other financing sources | | | | | | | | |
| Transfer from general fund | - | - | - | - | - | - | - | - |
| Total revenues and other financing sources | \$ 138,591 | \$ 5,757 | \$ 10,700 | \$ 5,433 | \$ 10,000 | \$ 43,200 | \$ 40,000 | \$ 16,910 |
| Expenditures | | | | | | | | |
| Instruction | | | | | | | | |
| Salaries | \$ - | \$ - | \$ 10,700 | \$ - | \$ - | \$ - | \$ 40,000 | \$ - |
| Purchased professional and technical services | - | - | - | - | 10,000 | - | - | - |
| General supplies | 21,652 | 5,757 | - | - | - | - | - | - |
| Total | 21,652 | 5,757 | 10,700 | - | 10,000 | - | 40,000 | - |
| Support services | | | | | | | | |
| Tuition | 100,000 | - | - | - | - | - | - | - |
| Salaries | - | - | - | - | - | 43,200 | - | - |
| Employee benefits | - | - | - | - | - | - | - | - |
| Purchased professional and technical services | 16,939 | - | - | - | - | - | - | 16,910 |
| Plant operations & maintenance | - | - | - | - | - | - | - | - |
| Other purchased services | - | - | - | 5,433 | - | - | - | - |
| Supplies and materials | - | - | - | - | - | - | - | - |
| Student activities | - | - | - | - | - | - | - | - |
| Total | 116,939 | - | - | 5,433 | - | 43,200 | - | 16,910 |
| Capital | | | | | | | | |
| Instructional equipment | - | - | - | - | - | - | - | - |
| Total | - | - | - | - | - | - | - | - |
| Total expenditures | \$ 138,591 | \$ 5,757 | \$ 10,700 | \$ 5,433 | \$ 10,000 | \$ 43,200 | \$ 40,000 | \$ 16,910 |
| Excess (deficiency) of revenues over (under) expenditures | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Fund balances, July 1 | - | - | - | - | - | - | - | - |
| Fund balances, June 30 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues
and Expenditures - Budgetary Basis (continued)
For the Fiscal Year Ended June 30, 2024

| | ARP IDEA Preschool | Small Rural School Achievement | School Climate Change | Preschool Expansion Aid | SDA Emergent and Capital Maintenance Needs | Student Activities | Total |
|--|-----------------------|-----------------------------------|--------------------------|----------------------------|---|-----------------------|------------|
| Revenues | | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 67,617 | \$ 67,617 |
| State sources | - | - | 279 | 349,832 | 10,860 | - | 360,971 |
| Federal sources | 1,405 | 57,931 | - | - | - | - | 329,927 |
| Total revenues | 1,405 | 57,931 | 279 | 349,832 | 10,860 | 67,617 | 758,515 |
| Other financing sources | | | | | | | |
| Transfer from general fund | - | - | - | 133,758 | - | - | 133,758 |
| Total revenues and other financing sources | \$ 1,405 | \$ 57,931 | \$ 279 | \$ 483,590 | \$ 10,860 | \$ 67,617 | \$ 892,273 |
| Expenditures | | | | | | | |
| Instruction | | | | | | | |
| Salaries | \$ - | \$ - | \$ - | \$ 309,752 | \$ - | \$ - | \$ 360,452 |
| Purchased professional and technical services | - | - | - | - | - | - | 10,000 |
| General supplies | 1,405 | 57,931 | - | 22,713 | - | - | 109,458 |
| Total | 1,405 | 57,931 | - | 332,465 | - | - | 479,910 |
| Support services | | | | | | | |
| Tuition | - | - | - | - | - | - | 100,000 |
| Salaries | - | - | - | 19,070 | - | - | 62,270 |
| Employee benefits | - | - | - | 54,401 | - | - | 54,401 |
| Purchased professional and technical services | - | - | 279 | - | - | - | 34,128 |
| Plant operations & maintenance | - | - | - | 1,800 | 10,860 | - | 12,660 |
| Other purchased services | - | - | - | - | - | - | 5,433 |
| Supplies and materials | - | - | - | 5,000 | - | - | 5,000 |
| Student activities | - | - | - | - | - | 72,740 | 72,740 |
| Total | - | - | 279 | 80,271 | 10,860 | 72,740 | 346,632 |
| Capital | | | | | | | |
| Instructional equipment | - | - | - | 70,854 | - | - | 70,854 |
| Total | - | - | - | 70,854 | - | - | 70,854 |
| Total expenditures | \$ 1,405 | \$ 57,931 | \$ 279 | \$ 483,590 | \$ 10,860 | \$ 72,740 | \$ 897,396 |
| Excess (deficiency) of revenues over (under) expenditures | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (5,123) | \$ (5,123) |
| Fund balances, July 1 | - | - | - | - | - | 22,457 | 22,457 |
| Fund balances, June 30 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 17,334 | \$ 17,334 |

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Schedule of Preschool Education Aid - Budgetary Basis
For the Fiscal Year Ended June 30, 2024

| | Final Budget | Actual | Variance Final to Actual |
|---|-------------------|-------------------|--------------------------------|
| Expenditures | | | |
| Instruction | | | |
| Salaries | \$ 238,668 | \$ 206,234 | \$ 32,434 |
| Other salaries for instruction | 106,518 | 103,518 | 3,000 |
| Purchased professional and technical services | 375 | - | 375 |
| Supplies | 33,403 | 22,713 | 10,690 |
| Other objects | 500 | - | 500 |
| Total | <u>379,464</u> | <u>332,465</u> | <u>46,999</u> |
| Support services | | | |
| Salaries - supervisor of instruction | 4,000 | 3,000 | 1,000 |
| Salaries - program director | 5,792 | 2,896 | 2,896 |
| Salaries - other professional staff | 5,702 | 2,851 | 2,851 |
| Salaries - secretarial & clerical | 8,798 | 4,399 | 4,399 |
| Salaries - other | 11,848 | 5,924 | 5,924 |
| Salaries - community parent involvement | 6,350 | - | 6,350 |
| Salaries - master teachers | 17,000 | - | 17,000 |
| Employee benefits | 99,807 | 54,401 | 45,406 |
| Purchased professional and technical services | 4,768 | - | 4,768 |
| Purchased property services | 2,456 | 1,800 | 656 |
| Other purchased services | 25,805 | - | 25,805 |
| Transportation | 2,000 | - | 2,000 |
| Supplies | 5,000 | 5,000 | - |
| Total | <u>199,326</u> | <u>80,271</u> | <u>119,055</u> |
| Capital outlay | | | |
| Instructional equipment | 90,000 | 70,854 | 19,146 |
| Total | <u>90,000</u> | <u>70,854</u> | <u>19,146</u> |
| Total expenditures | <u>\$ 668,790</u> | <u>\$ 483,590</u> | <u>\$ 185,200</u> |

HOLLAND TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Schedule of Preschool Education Aid - Budgetary Basis (continued)
For the Fiscal Year Ended June 30, 2024

Calculation of Budget & Carryover

| | |
|--|--------------------------|
| Total revised 2023 - 2024 preschool education aid allocation | \$ 535,032 |
| Add: actual ECPA/PEA carryover (June 30, 2023) | - |
| Add: budgeted transfer from general fund | <u>133,758</u> |
| Total preschool education aid funds available for 2023 - 2024 budget | 668,790 |
| Less: 2023 - 2024 budgeted preschool education aid | <u>(668,790)</u> |
| Available and unbudgeted preschool education aid funds as of June 30, 2024 | - |
| Add: 2023 - 2024 unexpended preschool education aid | <u>185,200</u> |
| 2023 - 2024 Actual carryover preschool education aid | <u><u>\$ 185,200</u></u> |
| Preschool education aid carryover budgeted for preschool programs 2024 - 2025 | <u><u>\$ -</u></u> |

STATISTICAL SECTION

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Statistical Section J Series

| CONTENTS | PAGE |
|--|--|
| <hr/> | |
| FINANCIAL TRENDS | |
| These schedules contain trend information to help the reader understand how the District's financial performance and wellbeing have changed over time. | J-1 to J-5 |
| REVENUE CAPACITY | |
| These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax. | J-6 to J-9 |
| DEBT CAPACITY | |
| These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future. | J-10 to J-13 |
| DEMOGRAPHIC AND ECONOMIC INFORMATION | |
| These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. | J-14 to J-15 |
| OPERATING INFORMATION | |
| These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs. | J-16 to J-20 |
| Sources: | Unless otherwise noted, the information in these schedules are derived from the Annual Comprehensive Financial Reports (ACFR) for the relevant year. |
| | The District implemented GASB Statement No. 84 in the fiscal year ending June 30, 2021. Schedules presenting information relating to the implementation of GASB Statement No. 84 include information beginning in that year. |

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|----------------------------------|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| Government activities | | | | | | | | | | |
| Net investment in capital assets | \$ 6,965,223 | \$ 6,753,652 | \$ 6,482,904 | \$ 6,129,485 | \$ 5,977,584 | \$ 5,135,721 | \$ 5,110,195 | \$ 5,010,735 | \$ 5,386,721 | \$ 5,763,446 |
| Restricted | 884,835 | 1,572,378 | 1,970,360 | 2,365,470 | 2,605,489 | 3,216,851 | 3,790,937 | 4,220,026 | 3,763,666 | 4,644,148 |
| Unrestricted | (2,692,410) | (2,817,896) | (2,819,825) | (2,886,803) | (2,804,816) | (3,301,936) | (3,048,940) | (2,418,871) | (459,260) | (1,687,470) |
| Total governmental activities | <u>\$ 5,157,648</u> | <u>\$ 5,508,134</u> | <u>\$ 5,633,439</u> | <u>\$ 5,608,152</u> | <u>\$ 5,778,257</u> | <u>\$ 5,050,636</u> | <u>\$ 5,852,192</u> | <u>\$ 6,811,890</u> | <u>\$ 8,691,127</u> | <u>\$ 8,720,124</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 15,713 | \$ 14,148 | \$ 21,315 | \$ 19,447 | \$ 17,267 | \$ 37,519 | \$ 32,748 | \$ 31,948 | \$ 8,428 | \$ 6,207 |
| Unrestricted | 20,685 | 16,988 | 4,362 | 2,092 | (367) | (9,464) | (6,963) | 41,967 | 73,249 | 81,902 |
| Total business-type activities | <u>\$ 36,398</u> | <u>\$ 31,136</u> | <u>\$ 25,677</u> | <u>\$ 21,539</u> | <u>\$ 16,900</u> | <u>\$ 28,055</u> | <u>\$ 25,785</u> | <u>\$ 73,915</u> | <u>\$ 81,677</u> | <u>\$ 88,109</u> |
| District-wide | | | | | | | | | | |
| Net investment in capital assets | \$ 6,980,936 | \$ 6,767,800 | \$ 6,504,219 | \$ 6,148,932 | \$ 5,994,851 | \$ 5,173,240 | \$ 5,142,943 | \$ 5,042,683 | \$ 5,395,149 | \$ 5,769,653 |
| Restricted | 884,835 | 1,572,378 | 1,970,360 | 2,365,470 | 2,605,489 | 3,216,851 | 3,790,937 | 4,220,026 | 3,763,666 | 4,644,148 |
| Unrestricted | (2,671,725) | (2,800,908) | (2,815,463) | (2,884,711) | (2,805,183) | (3,311,400) | (3,055,903) | (2,376,904) | (386,011) | (1,605,568) |
| Total district-wide | <u>\$ 5,194,046</u> | <u>\$ 5,539,270</u> | <u>\$ 5,659,116</u> | <u>\$ 5,629,691</u> | <u>\$ 5,795,157</u> | <u>\$ 5,078,691</u> | <u>\$ 5,877,977</u> | <u>\$ 6,885,805</u> | <u>\$ 8,772,804</u> | <u>\$ 8,808,233</u> |

*

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

* as restated

See independent auditors' report.

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|--|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| Expenses | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular | \$ 5,219,402 | \$ 5,518,906 | \$ 6,310,384 | \$ 6,723,383 | \$ 5,840,160 | \$ 5,568,027 | \$ 6,206,930 | \$ 5,175,497 | \$ 6,169,182 | \$ 6,708,071 |
| Special education | 2,505,305 | 2,702,941 | 2,855,855 | 3,213,582 | 3,073,777 | 2,918,757 | 3,423,798 | 3,298,389 | 2,623,528 | 2,930,709 |
| Other special education | 317,420 | 342,807 | 397,015 | 474,574 | - | - | - | - | 192,783 | 368,728 |
| Other instruction | 94,857 | 105,220 | 112,465 | 139,595 | 413,200 | 251,659 | 234,425 | 323,372 | 68,635 | 167,044 |
| Support services | | | | | | | | | | |
| Tuition | 124,048 | 31,592 | 30,000 | 42,324 | - | - | - | - | 246,705 | 137,905 |
| Student & instruction related services | 1,942,084 | 2,184,084 | 2,324,208 | 2,556,621 | 1,967,946 | 1,488,839 | 1,778,814 | 1,718,313 | 3,341,138 | 3,229,796 |
| General & business administrative services | 931,666 | 960,193 | 817,650 | 847,529 | 792,392 | 771,979 | 826,507 | 752,556 | 834,397 | 854,457 |
| School administration | 338,428 | 364,091 | 406,328 | 447,612 | 330,021 | 297,785 | 377,243 | 314,367 | 227,926 | 291,648 |
| Plant operations & maintenance | 1,036,951 | 1,053,315 | 1,128,427 | 1,394,877 | 1,060,316 | 1,177,581 | 1,183,496 | 1,205,009 | 990,617 | 1,028,980 |
| Pupil transportation | 371,651 | 349,426 | 399,918 | 374,288 | 537,018 | 559,496 | 500,478 | 602,783 | 632,191 | 573,274 |
| Interest on long-term debt | 15,049 | 15,049 | 15,049 | 15,049 | - | - | - | - | 15,049 | 15,049 |
| Total governmental activities expenses | 12,896,861 | 13,627,624 | 14,797,299 | 16,229,434 | 14,014,830 | 13,034,123 | 14,531,691 | 13,390,286 | 15,342,151 | 16,305,661 |
| Business-type activities | | | | | | | | | | |
| Food services | 152,694 | 144,218 | 142,085 | 151,180 | 144,748 | 110,498 | 75,112 | 153,297 | 174,800 | 187,523 |
| Property rental | - | - | - | - | - | - | - | - | - | 5,304 |
| Total business-type activities | 152,694 | 144,218 | 142,085 | 151,180 | 144,748 | 110,498 | 75,112 | 153,297 | 174,800 | 192,827 |
| Total district expenses | \$ 13,049,555 | \$ 13,771,842 | \$ 14,939,384 | \$ 16,380,614 | \$ 14,159,578 | \$ 13,144,621 | \$ 14,606,803 | \$ 13,543,583 | \$ 15,516,951 | \$ 16,498,488 |

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|--|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| Program revenues | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Charges for services | \$ 110,476 | \$ 88,089 | \$ 69,995 | \$ 78,438 | \$ - | \$ - | \$ - | \$ - | \$ 407,548 | \$ 154,628 |
| Operating grants & contributions | 184,301 | 286,843 | 216,606 | 195,238 | 3,169,945 | 2,330,232 | 3,633,691 | 2,353,321 | 477,837 | 511,739 |
| Capital grants & contributions | 116,779 | 39,410 | 29,315 | - | - | - | - | - | - | - |
| Total governmental activities | 411,556 | 414,342 | 315,916 | 273,676 | 3,169,945 | 2,330,232 | 3,633,691 | 2,353,321 | 885,385 | 666,367 |
| Business-type activities | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Food service | 109,452 | 102,492 | 99,380 | 106,934 | 103,231 | 69,345 | 2,146 | 3,221 | 109,938 | 118,399 |
| Property rental | - | - | - | - | - | - | - | - | - | 18,050 |
| Operating grants & contributions | 38,124 | 36,360 | 37,115 | 38,766 | 36,620 | 29,700 | 60,692 | 198,193 | 91,981 | 61,804 |
| Total business-type activities | 147,576 | 138,852 | 136,495 | 145,700 | 139,851 | 99,045 | 62,838 | 201,414 | 201,919 | 198,253 |
| Total district-wide program revenues | \$ 559,132 | \$ 553,194 | \$ 452,411 | \$ 419,376 | \$ 3,309,796 | \$ 2,429,277 | \$ 3,696,529 | \$ 2,554,735 | \$ 1,087,304 | \$ 864,620 |
| Net (expense) revenues | | | | | | | | | | |
| Governmental activities | \$ (12,485,305) | \$ (13,213,282) | \$ (14,481,383) | \$ (15,955,758) | \$ (10,844,885) | \$ (10,703,891) | \$ (10,898,000) | \$ (11,036,965) | \$ (14,456,766) | \$ (15,639,294) |
| Business-type activities | (5,118) | (5,366) | (5,590) | (5,480) | (4,897) | (11,453) | (12,274) | 48,117 | 27,119 | 5,426 |
| Total district-wide net expenses | \$ (12,490,423) | \$ (13,218,648) | \$ (14,486,973) | \$ (15,961,238) | \$ (10,849,782) | \$ (10,715,344) | \$ (10,910,274) | \$ (10,988,848) | \$ (14,429,647) | \$ (15,633,868) |
| General revenues & other changes in net position | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Property taxes levied for general purposes | \$ 8,634,029 | \$ 8,771,709 | \$ 8,771,709 | \$ 8,943,061 | \$ 9,025,784 | \$ 9,201,300 | \$ 9,669,135 | \$ 10,146,328 | \$ 10,349,255 | \$ 10,556,240 |
| Unrestricted grants & contributions | 4,180,397 | 4,781,170 | 5,807,579 | 6,925,071 | 1,923,566 | 1,798,496 | 1,753,961 | 1,545,299 | 5,112,689 | 5,016,721 |
| Investment earnings | 8,938 | 10,591 | 18,783 | 49,963 | - | - | - | - | 69,170 | 92,083 |
| Miscellaneous income | 5,668 | 298 | 1,752 | 12,379 | 207,498 | 218,971 | 177,419 | 316,138 | - | 4,902 |
| Loss on disposal of capital assets | (1,066) | - | 6,865 | - | - | - | - | (11,100) | - | (1,655) |
| Total governmental activities | 12,827,966 | 13,563,768 | 14,606,688 | 15,930,474 | 11,156,848 | 11,218,767 | 11,600,515 | 11,996,665 | 15,531,114 | 15,668,291 |

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| General revenues & other changes in net position (cont'd) | | | | | | | | | | |
| Business-type activities | | | | | | | | | | |
| Investment earnings | \$ 103 | \$ 104 | \$ 131 | \$ 260 | \$ 259 | \$ 121 | \$ 4 | \$ 14 | \$ 710 | \$ 1,000 |
| Miscellaneous income | - | - | - | 1,082 | - | - | 10,000 | - | - | 6 |
| Loss on disposal of capital assets | (581) | - | - | - | - | - | - | - | - | - |
| Total business-type activities | (478) | 104 | 131 | 1,342 | 259 | 121 | 10,004 | 14 | 710 | 1,006 |
| Total district-wide | <u>\$ 12,827,488</u> | <u>\$ 13,563,872</u> | <u>\$ 14,606,819</u> | <u>\$ 15,931,816</u> | <u>\$ 11,157,107</u> | <u>\$ 11,218,888</u> | <u>\$ 11,610,519</u> | <u>\$ 11,996,679</u> | <u>\$ 15,531,824</u> | <u>\$ 15,669,297</u> |
| Change in net position | | | | | | | | | | |
| Governmental activities | \$ 342,661 | \$ 350,486 | \$ 125,305 | \$ (25,284) | \$ 311,963 | \$ 514,876 | \$ 702,515 | \$ 959,700 | \$ 1,074,348 | \$ 28,997 |
| Business-type activities | (5,596) | (5,262) | (5,459) | (4,138) | (4,638) | (11,332) | (2,270) | 48,131 | 27,829 | 6,432 |
| Total district | <u>\$ 337,065</u> | <u>\$ 345,224</u> | <u>\$ 119,846</u> | <u>\$ (29,422)</u> | <u>\$ 307,325</u> | <u>\$ 503,544</u> | <u>\$ 700,245</u> | <u>\$ 1,007,831</u> | <u>\$ 1,102,177</u> | <u>\$ 35,429</u> |

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|------------------------------------|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| General fund | | | | | | | | | | |
| Restricted | \$ 1,013,280 | \$ 1,678,050 | \$ 2,085,256 | \$ 2,693,860 | \$ 2,605,489 | \$ 3,216,851 | \$ 3,745,290 | \$ 4,175,411 | \$ 4,241,209 | \$ 4,876,814 |
| Committed | 134,126 | 57,122 | 312,602 | 367,057 | - | - | - | 180,914 | 768,265 | 265,042 |
| Assigned | - | - | - | 144,846 | 740,848 | 278,919 | 70,151 | 34,727 | 606,687 | - |
| Unassigned | 193,236 | 177,724 | 274,055 | 134,599 | 183,026 | 205,887 | 564,607 | 611,598 | 395,562 | 353,923 |
| Total general fund | <u>\$ 1,340,642</u> | <u>\$ 1,912,896</u> | <u>\$ 2,671,913</u> | <u>\$ 3,340,362</u> | <u>\$ 3,529,363</u> | <u>\$ 3,701,657</u> | <u>\$ 4,380,048</u> | <u>\$ 5,002,650</u> | <u>\$ 6,011,723</u> | <u>\$ 5,495,779</u> |
| | | | | | | * | | | | |
| All other governmental funds | | | | | | | | | | |
| Restricted, reported in | | | | | | | | | | |
| Special revenue fund | \$ 129,195 | \$ 185,824 | \$ 130,109 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 22,457 | \$ 17,334 |
| Capital projects fund | - | - | - | - | - | - | 45,646 | 44,615 | - | - |
| Unrestricted, reported in | | | | | | | | | | |
| Special revenue fund | - | - | - | - | - | - | - | - | - | (178,344) |
| Total all other governmental funds | <u>\$ 129,195</u> | <u>\$ 185,824</u> | <u>\$ 130,109</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 45,646</u> | <u>\$ 44,615</u> | <u>\$ 22,457</u> | <u>\$ (161,010)</u> |
| | | | | | | * | | | | |

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

* as restated

See independent auditors' report.

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|--|----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| Revenues | | | | | | | | | | |
| Tax levy | \$ 8,634,029 | \$ 8,771,709 | \$ 8,771,709 | \$ 8,943,061 | \$ 9,025,784 | \$ 9,201,300 | \$ 9,669,135 | \$ 10,146,328 | \$ 10,349,255 | \$ 10,556,240 |
| Tuition charges | 78,595 | 63,497 | 44,155 | 67,831 | 132,006 | 146,536 | 165,762 | 312,769 | 366,910 | 87,011 |
| Interest earnings | 8,938 | 10,591 | 18,783 | 49,963 | 15,328 | 9,041 | 1,126 | 606 | 69,170 | 92,083 |
| Miscellaneous | 31,158 | 21,124 | 16,244 | 18,110 | 60,472 | 64,601 | 20,491 | 25,552 | 40,638 | 72,519 |
| State sources | 2,878,453 | 2,995,655 | 3,241,611 | 3,261,783 | 3,471,209 | 3,277,843 | 3,656,695 | 3,883,620 | 4,115,103 | 4,067,331 |
| State sources - capital projects | 116,779 | 39,410 | 29,315 | - | - | - | - | - | - | - |
| Federal sources | 167,131 | 273,897 | 211,576 | 193,282 | 226,539 | 197,251 | 263,639 | 288,744 | 451,635 | 329,928 |
| Total revenues | 11,915,083 | 12,175,883 | 12,333,393 | 12,534,030 | 12,931,338 | 12,896,572 | 13,776,848 | 14,657,619 | 15,392,711 | 15,205,112 |
| Expenditures | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular instruction | 2,970,766 | 2,891,039 | 3,112,048 | 2,833,115 | 2,889,562 | 2,865,570 | 2,958,666 | 2,852,495 | 3,214,958 | 3,128,920 |
| Special education instruction | 1,453,918 | 1,470,252 | 1,388,692 | 1,454,651 | 1,559,043 | 1,599,407 | 1,663,881 | 1,747,647 | 1,320,383 | 1,454,522 |
| Other special instruction | 166,687 | 166,533 | 177,386 | 185,953 | 196,574 | 129,066 | 93,137 | 169,316 | 75,543 | 168,405 |
| Other instruction | 59,721 | 67,482 | 68,572 | 77,764 | - | - | - | - | 54,940 | 75,512 |
| Support services | | | | | | | | | | |
| Tuition | 4,448 | 1,592 | - | 42,324 | 263,748 | 161,343 | 198,540 | 298,114 | 136,189 | 37,905 |
| Student & instructional related services | 1,183,047 | 1,194,228 | 1,177,542 | 1,196,982 | 1,407,585 | 1,143,840 | 1,296,464 | 1,450,985 | 2,138,737 | 2,200,569 |
| General administration | 322,320 | 357,609 | 333,814 | 329,121 | 325,186 | 321,690 | 333,288 | 397,979 | 350,248 | 412,733 |
| School administration services | 200,886 | 203,726 | 205,289 | 206,906 | 157,479 | 148,780 | 174,334 | 167,392 | 123,394 | 162,511 |
| Central services | 244,365 | 255,511 | 188,551 | 221,804 | 221,060 | 219,663 | 199,926 | 198,756 | 204,862 | 211,269 |
| Administrative Information Technology | 33,091 | - | - | - | - | - | - | - | - | - |
| Plant operations & maintenance | 841,088 | 841,255 | 865,005 | 1,107,644 | 878,468 | 986,847 | 948,373 | 1,037,867 | 878,666 | 889,792 |
| Pupil transportation | 371,651 | 349,426 | 380,290 | 374,288 | 474,258 | 523,397 | 464,924 | 570,018 | 632,191 | 573,274 |
| Employee benefits | 2,205,172 | 2,228,342 | 2,169,946 | 2,325,177 | 4,071,999 | 3,906,563 | 4,535,526 | 4,945,699 | 2,167,546 | 2,387,119 |
| On-behalf TPAF Pension & Social Security contributions | 969,181 | 1,085,132 | 1,241,537 | 1,377,101 | - | - | - | - | 2,482,063 | 2,665,174 |
| Capital outlay | 52,731 | 29,040 | 11,599 | 48,798 | 297,375 | 718,113 | 284,792 | 199,780 | 70,394 | 625,188 |
| Capital projects | 310,333 | 103,941 | 85,030 | - | - | - | - | - | - | - |
| Special revenue funds | 184,301 | 286,843 | 216,606 | 199,013 | - | - | - | - | 540,633 | 896,581 |
| Debt service | | | | | | | | | | |
| Interest & other charges | 15,049 | 15,049 | 15,049 | 15,049 | - | - | - | - | 15,049 | 15,049 |
| Total expenditures | 11,588,755 | 11,547,000 | 11,636,956 | 11,995,690 | 12,742,337 | 12,724,279 | 13,151,851 | 14,036,048 | 14,405,796 | 15,904,523 |

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| Excess (deficiency) of revenues over (under) expenditures | \$ 326,328 | \$ 628,883 | \$ 696,437 | \$ 538,340 | \$ 189,001 | \$ 172,293 | \$ 624,997 | \$ 621,571 | \$ 986,915 | \$ (699,411) |
| Other financing sources (uses) | | | | | | | | | | |
| Proceeds from sale of assets | - | - | 6,865 | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | 6,865 | - | - | - | - | - | - | - |
| Net change in fund balances | <u>\$ 326,328</u> | <u>\$ 628,883</u> | <u>\$ 703,302</u> | <u>\$ 538,340</u> | <u>\$ 189,001</u> | <u>\$ 172,293</u> | <u>\$ 624,997</u> | <u>\$ 621,571</u> | <u>\$ 986,915</u> | <u>\$ (699,411)</u> |
| Debt service as a percentage of non-capital expenditures | 0.13% | 0.13% | 0.13% | 0.13% | 0.00% | 0.00% | 0.00% | 0.00% | 0.11% | 0.10% |

Source: District Records

Note: 1) Non-capital expenditures are total expenditures less capital outlay.
2) During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|------------------------------|----------------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| Interest income | \$ 8,938 | \$ 10,591 | \$ 18,783 | \$ 49,963 | \$ 62,273 | \$ 40,171 | \$ 4,887 | \$ 2,762 | \$ 69,170 | \$ 92,083 |
| Tuition | 78,595 | 63,497 | 44,155 | 67,831 | 132,006 | 146,536 | 165,762 | 312,769 | 366,910 | 87,011 |
| Canceled | | | | | | | | | | |
| Prior year accounts payable | - | 185 | 1,295 | 650 | - | - | - | - | - | - |
| Old outstanding checks | 574 | - | - | - | - | - | - | - | - | - |
| Account balances | 28 | - | - | - | - | - | - | - | - | - |
| Prior year refunds | 5,066 | - | 29 | 2,802 | - | - | - | - | - | 902 |
| Miscellaneous other | - | 113 | 428 | - | 13,528 | 32,264 | 16,730 | 606 | - | - |
| Sale of assets | - | - | 2,376 | 1,760 | - | - | - | - | - | 4,000 |
| Chromebook use rental income | 7,720 | 7,120 | 7,086 | 7,167 | - | - | - | - | - | - |
| Bid specification fees | 600 | 760 | - | - | - | - | - | - | - | - |
| Annual totals | <u>\$ 101,521</u> | <u>\$ 82,266</u> | <u>\$ 74,152</u> | <u>\$ 130,173</u> | <u>\$ 207,807</u> | <u>\$ 218,971</u> | <u>\$ 187,379</u> | <u>\$ 316,137</u> | <u>\$ 436,080</u> | <u>\$ 183,996</u> |

Source: District records

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|--|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| Vacant land | \$ 6,975,500 | \$ 7,439,600 | \$ 8,046,300 | \$ 7,665,900 | \$ 7,302,800 | \$ 9,831,500 | \$ 9,500,900 | \$ 8,791,500 | \$ 9,986,700 | \$ 9,986,700 |
| Residential | 524,687,600 | 526,884,100 | 527,053,100 | 524,938,100 | 524,979,900 | 526,398,500 | 525,715,700 | 526,881,200 | 529,114,500 | 528,674,200 |
| Farm regular | 65,808,400 | 64,633,400 | 62,836,000 | 64,907,400 | 64,915,900 | 63,918,100 | 65,028,100 | 66,460,300 | 65,687,800 | 65,675,700 |
| Qualified farm | 2,658,190 | 2,602,380 | 2,569,630 | 2,733,430 | 2,736,830 | 2,633,930 | 2,634,730 | 2,635,730 | 2,619,730 | 2,623,080 |
| Commercial | 15,119,411 | 13,883,911 | 14,136,311 | 14,447,811 | 14,458,811 | 14,565,111 | 13,813,111 | 13,867,311 | 13,660,211 | 13,660,200 |
| Industrial | 11,231,600 | 11,231,600 | 10,488,100 | 10,448,100 | 10,448,100 | 10,198,100 | 10,198,100 | 10,198,100 | 10,198,100 | 10,198,100 |
| Apartment | 429,300 | 429,300 | 429,300 | 429,300 | 429,300 | 429,300 | 429,300 | 429,300 | 429,300 | 429,300 |
| Total assessed value | 626,910,001 | 627,104,291 | 625,558,741 | 625,570,041 | 625,271,641 | 627,974,541 | 627,319,941 | 629,263,441 | 631,696,341 | 631,247,280 |
| Public utilities (a) | 1,504,717 | 1,464,110 | 1,506,110 | 1,136,595 | 1,124,474 | 1,127,501 | 1,261,048 | 1,188,633 | 1,125,381 | 1,077,621 |
| Net valuation taxable | \$ 628,414,718 | \$ 628,568,401 | \$ 627,064,851 | \$ 626,706,636 | \$ 626,396,115 | \$ 629,102,042 | \$ 628,580,989 | \$ 630,452,074 | \$ 632,821,722 | \$ 632,324,901 |
| Estimated actual county equalized value | \$ 660,724,128 | \$ 659,360,538 | \$ 659,551,604 | \$ 668,986,588 | \$ 677,890,301 | \$ 691,678,093 | \$ 690,957,089 | \$ 733,834,917 | \$ 807,582,596 | \$ 886,229,714 |
| Percentage of net valuation to estimated actual equalized value | 95.11% | 95.33% | 95.07% | 93.68% | 92.40% | 90.95% | 90.97% | 85.91% | 78.36% | 71.35% |
| Total direct school tax rate (b) | \$ 1.400 | \$ 1.400 | \$ 1.420 | \$ 1.440 | \$ 1.471 | \$ 1.537 | \$ 1.614 | \$ 1.642 | \$ 1.668 | \$ 1.702 |

Source: Municipal Tax Assessor

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

(a) Taxable value of machinery, implements and equipment of telephone and messenger system companies.

(b) Tax rates are per \$100.

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate Per \$100 of Assessed Value)

| Assessment Year | School District Direct Rate | | | | Regional School Rate | Overlapping Rates | | Fire District | Total Direct & Overlapping Tax Rate |
|--------------------|-----------------------------|--------------------------------|-----------------|--------------|----------------------------|-------------------|--------|------------------|--|
| | Basic | General | (From J-6) | Total Direct | | Municipality | County | | |
| | Rate (a) | Obligation Debt Service (b) | School Tax Rate | | | | | | |
| 2015 | \$ 1.400 | \$ - | \$ 1.400 | \$ 0.580 | \$ 0.190 | \$ 0.390 | \$ - | \$ 2.560 | |
| 2016 | 1.400 | - | 1.400 | 0.610 | 0.190 | 0.390 | - | 2.590 | |
| 2017 | 1.420 | - | 1.420 | 0.650 | 0.190 | 0.390 | - | 2.650 | |
| 2018 | 1.440 | - | 1.440 | 0.601 | 0.190 | 0.403 | - | 2.634 | |
| 2019 | 1.471 | - | 1.471 | 0.668 | 0.190 | 0.409 | - | 2.738 | |
| 2020 | 1.537 | - | 1.537 | 0.723 | 0.190 | 0.415 | - | 2.865 | |
| 2021 | 1.614 | - | 1.614 | 0.738 | 0.190 | 0.415 | - | 2.957 | |
| 2022 | 1.642 | - | 1.642 | 0.786 | 0.189 | 0.440 | - | 3.057 | |
| 2023 | 1.668 | - | 1.668 | 0.795 | 0.189 | 0.481 | - | 3.133 | |
| 2024 | 1.702 | - | 1.702 | 0.830 | 0.189 | 0.519 | - | 3.240 | |

Sources: Municipal Tax Collector

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

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

See independent auditors' report.

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

| | 2024 | | | 2015 | | |
|---------------------------|----------------------|------|--------------------------------|----------------------|------|--------------------------------|
| | Taxable | Rank | % of Total | Taxable | Rank | % of Total |
| | Assessed Value | | District Net Assessed Value | Assessed Value | | District Net Assessed Value |
| Gilbert Power, LLC | \$ 6,160,700 | 1 | 0.97% | \$ - | | 0.00% |
| Individual Property Owner | 3,693,900 | 2 | 0.58% | 4,388,600 | 2 | 0.70% |
| Fiberville Estates LLC | 3,621,500 | 3 | 0.57% | 1,368,700 | 7 | 0.22% |
| Georgia-Pacific Corp. | 2,789,400 | 4 | 0.44% | 2,789,400 | 4 | 0.44% |
| Oak Hill Golf Club, Inc. | 2,049,200 | 5 | 0.32% | 3,904,200 | 3 | 0.62% |
| Columbia Gas | 1,897,400 | 6 | 0.30% | 1,897,400 | 5 | 0.30% |
| Spring Mills LLC | 1,778,600 | 7 | 0.28% | - | | 0.00% |
| Holland 2MG LLC | 1,540,200 | 8 | 0.24% | - | | 0.00% |
| Individual Property Owner | 1,516,500 | 9 | 0.24% | 1,463,000 | 6 | 0.23% |
| Individual Property Owner | 1,255,800 | 10 | 0.20% | 1,159,500 | 10 | 0.18% |
| Genon Energy Services | - | | 0.00% | 6,515,900 | 1 | 1.04% |
| Holland Retail LLC | - | | 0.00% | 1,228,700 | 8 | 0.20% |
| KJA Holdings Inc. | - | | 0.00% | 1,178,500 | 9 | 0.19% |
| | <u>\$ 26,303,200</u> | | <u>4.14%</u> | <u>\$ 25,893,900</u> | | <u>4.12%</u> |

Source: Municipal Tax Assessor

See independent auditors' report.

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

| Year Ending June 30, | Taxes Levied for the Year | Collected within the Year of the Levy (a) | |
|-------------------------|------------------------------|--|-----------------------|
| | | Amount | Percentage of Levy |
| 2015 | \$ 8,634,029 | \$ 8,634,029 | 100.00% |
| 2016 | 8,771,709 | 8,771,709 | 100.00% |
| 2017 | 8,771,709 | 8,771,709 | 100.00% |
| 2018 | 8,943,061 | 8,943,061 | 100.00% |
| 2019 | 9,025,784 | 9,025,784 | 100.00% |
| 2020 | 9,201,300 | 9,201,300 | 100.00% |
| 2021 | 9,669,135 | 9,669,135 | 100.00% |
| 2022 | 10,146,328 | 10,146,328 | 100.00% |
| 2023 | 10,349,255 | 10,349,255 | 100.00% |
| 2024 | 10,556,240 | 10,556,240 | 100.00% |

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

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

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

| Fiscal Year Ending June 30, | Governmental Activities | | | | Business-Type Activities Leases | Total District | % of Personal Income (a) | Per Capita (a) |
|-----------------------------------|--------------------------------|-------------------------------------|--------|--------------------------------------|---------------------------------------|-------------------|--------------------------------|-------------------|
| | General Obligation Bonds | Certificates of Participation | Leases | Bond Anticipation Notes (BANs) | | | | |
| 2015 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 0.00% | \$ - |
| 2016 | - | - | - | - | - | - | 0.00% | - |
| 2017 | - | - | - | - | - | - | 0.00% | - |
| 2018 | - | - | - | - | - | - | 0.00% | - |
| 2019 | - | - | - | - | - | - | 0.00% | - |
| 2020 | - | - | - | - | - | - | 0.00% | - |
| 2021 | - | - | - | - | - | - | 0.00% | - |
| 2022 | - | - | - | - | - | - | 0.00% | - |
| 2023 | - | - | - | - | - | - | 0.00% | - |
| 2024 | - | - | - | - | - | - | N/A | - |

Notes: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

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

N/A Information is not available

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

| Fiscal Year Ending June 30, | General Bonded Debt Outstanding | | | % of Actual Taxable Value of Property (a) | Per Capita (b) |
|-----------------------------------|---------------------------------|------------|---|--|-------------------|
| | General Obligation Bonds | Deductions | Net General Bonded Debt Outstanding | | |
| 2015 | \$ - | \$ - | \$ - | 0.00% | \$ - |
| 2016 | - | - | - | 0.00% | - |
| 2017 | - | - | - | 0.00% | - |
| 2018 | - | - | - | 0.00% | - |
| 2019 | - | - | - | 0.00% | - |
| 2020 | - | - | - | 0.00% | - |
| 2021 | - | - | - | 0.00% | - |
| 2022 | - | - | - | 0.00% | - |
| 2023 | - | - | - | 0.00% | - |
| 2024 | - | - | - | 0.00% | - |

Notes: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

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

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2023

| Governmental Unit | <u>Debt Outstanding</u> | <u>Estimated % Applicable (a)</u> | <u>Estimated Share of Debt</u> |
|-----------------------------------|-----------------------------|---------------------------------------|--|
| Debt repaid with property taxes | | | |
| Municipality | \$ - | 0.00% | \$ - |
| Regional High School | - | 29.10% | - |
| County general obligation debt | 71,347,396 | 3.22% | <u>2,297,386</u> |
| Subtotal, overlapping debt | | | 2,297,386 |
| School District direct debt | | | <u>-</u> |
| Total direct and overlapping debt | | | <u><u>\$ 2,297,386</u></u> |

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

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

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

See independent auditors' report.

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

Legal Debt Margin Calculation for Fiscal Year 2024

| | Equalized Valuation Basis | |
|---|---------------------------|-------------------------|
| | 2023 | \$ 885,348,761 |
| | 2022 | 803,041,655 |
| | 2021 | 731,568,444 |
| | | <u>\$ 2,419,958,860</u> |
| Average equalized valuation of taxable property | | <u>\$ 806,652,953</u> |
| Debt limit (3.0% of average equalization value) | (a) | \$ 24,199,589 |
| Total net debt applicable to limit | | <u>-</u> |
| Legal debt margin | | <u>\$ 24,199,589</u> |

| | Fiscal Year | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2020 | 2021 | 2022 | 2023 | 2024 |
| Debt limit | \$ 20,334,060 | \$ 20,573,655 | \$ 21,113,968 | \$ 22,262,882 | \$ 24,199,589 |
| Total net debt applicable | - | - | - | - | - |
| Legal debt margin | <u>\$ 20,334,060</u> | <u>\$ 20,573,655</u> | <u>\$ 21,113,968</u> | <u>\$ 22,262,882</u> | <u>\$ 24,199,589</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

| | Fiscal Year | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| Debt limit | \$ 20,264,280 | \$ 19,915,786 | \$ 19,786,380 | \$ 19,865,629 | \$ 20,064,791 |
| Total net debt applicable | - | - | - | - | - |
| Legal debt margin | <u>\$ 20,264,280</u> | <u>\$ 19,915,786</u> | <u>\$ 19,786,380</u> | <u>\$ 19,865,629</u> | <u>\$ 20,064,791</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

Source: Equalized valuation basis obtained from the annual report of the State of New Jersey Department of Treasury, Division of Taxation.

(a) Limit set by N.J.S.A. 18A:24-19.

See independent auditors' report.

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

| Year | Population (a) | Personal Income (b) | Per Capita Personal Income (c) | Unemployment Rate (d) |
|------|----------------|------------------------|--------------------------------------|--------------------------|
| 2015 | 5,204 | \$ 410,397,848 | \$ 78,862 | 4.6% |
| 2016 | 5,182 | 419,643,542 | 80,981 | 4.2% |
| 2017 | 5,146 | 431,044,398 | 83,763 | 3.5% |
| 2018 | 5,139 | 436,362,768 | 84,912 | 3.4% |
| 2019 | 5,119 | 450,134,146 | 87,934 | 2.7% |
| 2020 | 5,108 | 469,660,168 | 91,946 | 7.2% |
| 2021 | 5,077 | 482,761,776 | 95,088 | 4.7% |
| 2022 | 5,193 | 520,795,584 | 100,288 | 3.1% |
| 2023 | 5,218 | 532,465,592 | 102,044 | 3.1% |
| 2024 | 5,208 | N/A | N/A | N/A |

Sources:

- (a) Population information provided by the NJ Dept of Labor and Workforce Development.
- (b) Personal income has been estimated based upon the Municipal population and per capita personal income presented.
- (c) Per capita personal income by County estimated based upon the 2020 census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development.

N/A Information is not available

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

2024

| | | | Percentage of |
|----------|-----------|------|-----------------|
| | | | Total Municipal |
| Employer | Employees | Rank | Employment |

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

2015

| | | | Percentage of |
|----------|-----------|------|-----------------|
| | | | Total Municipal |
| Employer | Employees | Rank | Employment |

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

See independent auditors' report.

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

| Function/Program | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|---|--------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Instruction | | | | | | | | | | |
| Regular | 43.9 | 46.7 | 45.2 | 38.8 | 38.6 | 41.0 | * | 43.0 | 38.0 | 43.0 |
| Special education | 31.1 | 26.2 | 25.2 | 31.9 | 35.2 | 29.3 | * | 24.6 | 18.5 | 25.0 |
| Support services | | | | | | | | | | |
| Student and instruction related services | 15.2 | 16.4 | 16.5 | 14.1 | 12.7 | 8.9 | * | 8.7 | 16.0 | 13.0 |
| General administration | 2.0 | 2.0 | 2.0 | 2.0 | 2.1 | 2.1 | * | 2.1 | 2.1 | 2.1 |
| School administration services | 3.0 | 3.0 | 3.0 | 3.0 | 2.3 | 2.3 | * | 2.0 | 2.0 | 2.0 |
| Central services | 3.4 | 3.4 | 3.4 | 3.0 | 2.5 | 2.5 | * | 2.5 | 2.5 | 1.5 |
| Plant operations and maintenance | 5.8 | 5.8 | 5.8 | 6.7 | 5.8 | 5.8 | * | 5.5 | 5.5 | 5.5 |
| Total | <u>104.4</u> | <u>103.5</u> | <u>101.1</u> | <u>99.5</u> | <u>99.2</u> | <u>91.9</u> | <u>*</u> | <u>88.4</u> | <u>84.6</u> | <u>92.1</u> |

* Information not available

Source: District Personnel Records

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years

| Fiscal Year | June 30 Enrollment | Operating Expenditures (a) | Cost Per Pupil | Percentage Change | Teaching Staff (b) | Teacher Ratio | Average Daily Enrollment (ADE) (c) | Average Daily Attendance (ADA) (c) | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|--------------------|----------------------------|----------------|-------------------|----------------------|---------------|--------------------------------------|--------------------------------------|--------------------------------------|-------------------------------|
| 2015 | 592 | \$ 11,210,642 | \$ 18,937 | 3.43% | 66.0 | 1 to 8.97 | 585.0 | 559.0 | -2.82% | 95.56% |
| 2016 | 559 | 11,398,970 | 20,392 | 7.68% | 66.0 | 1 to 8.47 | 557.0 | 534.0 | -4.79% | 95.87% |
| 2017 | 551 | 11,525,278 | 20,917 | 2.57% | 68.0 | 1 to 8.10 | 548.0 | 525.0 | -1.62% | 95.80% |
| 2018 | 568 | 11,931,843 | 21,007 | 0.43% | 68.0 | 1 to 8.35 | 564.0 | 538.0 | 2.92% | 95.39% |
| 2019 | 531 | 12,444,962 | 23,437 | 11.57% | 74.0 | 1 to 7.18 | 534.0 | 508.0 | -5.32% | 95.13% |
| 2020 | 501 | 12,006,166 | 23,964 | 2.25% | 70.0 | 1 to 7.16 | 529.0 | 510.0 | -0.94% | 96.41% |
| 2021 | * | 12,867,059 | * | * | * | * | * | * | * | * |
| 2022 | 507 | 13,836,268 | 27,290 | 13.88% | 68.0 | 1 to 7.46 | 511.5 | 497.0 | -3.31% | 97.17% |
| 2023 | 517 | 14,320,353 | 27,699 | 1.50% | 69.0 | 1 to 7.49 | 516.8 | 482.5 | 1.04% | 93.36% |
| 2024 | 523 | 15,264,286 | 29,186 | 5.37% | 68.0 | 1 to 7.69 | 523.7 | 493.6 | 1.33% | 94.25% |

Source: District Records

- (a) Operating expenditures equal total expenditures less debt service and capital outlay.
- (b) Teaching staff includes only full-time equivalents or certificated staff.
- (c) Average Daily Enrollment and Average Daily Attendance are obtained from the School Register Summary.

* Information not available

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

| District Building | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Elementary (1948) | | | | | | | | | | |
| Square feet | 112,840 | 112,840 | 112,840 | 112,840 | 112,840 | 112,840 | 112,840 | 112,840 | 112,840 | 112,840 |
| Capacity (students) | 770.0 | 770.0 | 770.0 | 770.0 | 770.0 | 770.0 | 770.0 | 770.0 | 770.0 | 770.0 |
| Average daily enrollment | 585.0 | 557.0 | 548.0 | 564.0 | 534.0 | 529.0 | * | 511.5 | 516.8 | 523.7 |
| Number of schools at June 30, 2024: | | | | | | | | | | |
| Elementary | 1 | | | | | | | | | |
| Middle School | - | | | | | | | | | |
| High School | - | | | | | | | | | |
| Other | - | | | | | | | | | |

Source: District Facilities Office
 * Information not available

Note: Year of original construction is shown in parentheses. Increase in square footage and capacity are the result of renovations and additions.

See independent auditors' report.

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

Undistributed Expenditures - Required Maintenance for School Facilities

| <u>Fiscal Year Ending</u> | <u>Amount</u> |
|---------------------------|----------------------------|
| 2015 | \$ 102,835 |
| 2016 | 175,332 |
| 2017 | 189,414 |
| 2018 | 374,948 |
| 2019 | 167,906 |
| 2020 | 294,376 |
| 2021 | 179,073 |
| 2022 | 263,976 |
| 2023 | 125,989 |
| 2024 | 126,652 |
| Total school facilities | <u><u>\$ 2,000,501</u></u> |

Source: District Records

Note: School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2024
(Unaudited)

| | Coverage | Deductible |
|--|------------------|------------|
| Commercial Package Policy - School Alliance Insurance Fund | | |
| <u>PROPERTY SECTION</u> | | |
| Blanket building and contents (fund limit) | \$ 500,000,000 | \$ 2,500 |
| Accounts receivable | In Blanket Limit | 2,500 |
| Automobile physical damage | In Blanket Limit | 1,000 |
| Builders risk | 25,000,000 | 2,500 |
| Electronic data processing equipment | In Blanket Limit | 2,500 |
| <u>LIABILITY SECTION</u> | | |
| Comprehensive general liability | 10,000,000 | - |
| Automobile liability | 10,000,000 | - |
| Employee benefit liability | 5,000,000 | - |
| <u>EXCESS LIABILITY</u> | | |
| Includes general/auto liability/school board legal liability | 5,000,000 | - |
| <u>CRIME</u> | | |
| Blanket employee dishonesty | 500,000 | 1,000 |
| Forgery | 50,000 | 1,000 |
| Theft/disappearance/destruction: | | |
| Inside | 50,000 | 1,000 |
| Outside | 50,000 | 1,000 |
| Computer fraud | 50,000 | 1,000 |
| Funds transfer fraud | 50,000 | 1,000 |
| <u>SCHOOL BOARD LEGAL LIABILITY</u> | 5,000,000 | 5,000 |
| <u>ENVIRONMENTAL IMPAIRMENT LIABILITY - (ACE)</u> | | |
| Limit of liability | | |
| Incident | 1,000,000 | 50,000 |
| Fund annual aggregate | 10,000,000 | - |
| <u>WORKERS' COMPENSATION (SAIF)</u> | | |
| (a) Statutory benefits | Included | - |
| (a) Employer's liability | 5,000,000 | - |
| Supplemental coverage (optional) | Included | - |
| Public employees' faithful performance blanket position bond | | |
| Business Administrator - O'Brien | 200,000 | - |
| Treasurer - Albert | 200,000 | - |

Source: District records

See independent auditors' report.

SINGLE AUDIT SECTION

**OTHER REPORTING REQUIRED BY
GOVERNMENT AUDITING STANDARDS - PART I**



Certified Public Accountants, PC
www.bkc-cpa.com

**Independent Auditors' Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Holland Township School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2024, and the related Notes to the Financial Statements, which collectively comprise the District's Basic Financial Statements, and have issued our report thereon dated November 20, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

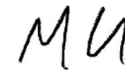
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



BKC, CPAs, PC



Michael A. Holk, CPA, PSA

NO. 20CS00265600

November 20, 2024
Flemington, New Jersey



Certified Public Accountants, PC
www.bkc-cpa.com

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

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Holland Township School District's (the District) compliance with the types of compliance requirements as subject to audit in the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2024. The District's major state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2024.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and New Jersey OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the New Jersey OMB's Circulars 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the New Jersey OMB's Circulars 15-08, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

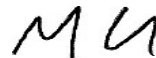
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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



BKC, CPAs, PC



Michael A. Holk, CPA,
PSA NO. 20CS00265600

November 20, 2024
Flemington, New Jersey

SUPPLEMENTARY INFORMATION

HOLLAND TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2024

| Grantor/Program Title | Federal | FAIN | Program | | | Balance June 30, 2023 | | Cash | Budgetary | Adjustment | Repayment | Balance June 30, 2024 | | | |
|--|---------|---------------|------------|--------------|----------|-----------------------|-----------|------------|------------|------------|-----------|-----------------------|------------|----------|---------|
| | AL | | or Award | Grant Period | | (Acct Rec) | Carryover | | | | | of Prior Year | Accounts | Deferred | Due to |
| | Number | Number | Amount | From | To | Def Revenue | Amount | | | | | Balance | Receivable | Revenue | Grantor |
| U.S. Department of Education passed through State Department of Education Special Revenue Fund | | | | | | | | | | | | | | | |
| Special education cluster (IDEA) | | | | | | | | | | | | | | | |
| IDEA Basic | 84.027A | H027A230100 | \$ 131,516 | 07/01/22 | 06/30/23 | \$ (2,223) | \$ - | \$ 2,223 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| IDEA Basic | 84.027A | H027A240100 | 138,591 | 07/01/23 | 06/30/24 | - | - | 138,591 | 138,591 | - | - | - | - | - | |
| IDEA Preschool | 84.173A | H173A230114 | 5,777 | 07/01/22 | 06/30/23 | (5,777) | - | 5,777 | - | - | - | - | - | - | |
| IDEA Preschool | 84.173A | H173A240114 | 5,757 | 07/01/23 | 06/30/24 | - | - | 5,757 | 5,757 | - | - | - | - | - | |
| Total special education cluster (IDEA) | | | | | | (8,000) | - | 152,348 | 144,348 | - | - | - | - | - | |
| Title I A | 84.010 | S010A230030 | 25,000 | 07/01/22 | 06/30/23 | (25,000) | - | 25,000 | - | - | - | - | - | - | |
| Title I A | 84.010 | S010A240030 | 10,700 | 07/01/23 | 06/30/24 | - | - | 10,700 | 10,700 | - | - | - | - | - | |
| Title II A | 84.367A | S367A220029 | 5,295 | 07/01/21 | 06/30/22 | (419) | - | 419 | - | - | - | - | - | - | |
| Title II A | 84.367A | S367A230029 | 6,239 | 07/01/22 | 06/30/23 | (6,239) | - | 6,239 | - | - | - | - | - | - | |
| Title II A | 84.367A | S367A240029 | 5,433 | 07/01/23 | 06/30/24 | - | - | 5,433 | 5,433 | - | - | - | - | - | |
| Title IV | 84.424 | S424A240031 | 10,000 | 07/01/23 | 06/30/24 | - | - | 10,000 | 10,000 | - | - | - | - | - | |
| COVID-19 | | | | | | | | | | | | | | | |
| CRRSA - ESSER II | 84.425D | S425D210027 | 53,660 | 03/13/20 | 09/30/23 | (239) | - | 239 | - | - | - | - | - | - | |
| CRRSA - Learning Acceleration | 84.425D | S425D210027 | 25,000 | 03/13/20 | 09/30/23 | (3,081) | - | 3,081 | - | - | - | - | - | - | |
| CRRSA - Mental Health | 84.425D | S425D210027 | 45,000 | 03/13/20 | 09/30/23 | (12,869) | - | 12,869 | - | - | - | - | - | - | |
| ARP - ESSER | | | | | | | | | | | | | | | |
| ARP - ESSER | 84.425U | S425U210027 | 120,597 | 03/13/20 | 09/30/24 | - | - | 43,200 | 43,200 | - | - | - | - | - | |
| Accelerated Learning Coach and Educator Support | 84.425U | S425U210027 | 40,000 | 03/13/20 | 09/30/24 | - | - | 40,000 | 40,000 | - | - | - | - | - | |
| Evidenced Based Comprehensive Beyond the School Day | 84.425U | S425U210027 | 40,000 | 03/13/20 | 09/30/24 | 6,290 | - | 10,620 | 16,910 | - | - | - | - | - | |
| ARP IDEA Preschool | 84.027X | H027X210114 | 1,858 | 03/13/20 | 09/30/24 | 1,405 | - | - | 1,405 | - | - | - | - | - | |
| Small, Rural School Achievement Program | 84.358 | S358B230030 | 57,931 | 07/01/22 | 09/30/23 | - | - | 57,931 | 57,931 | - | - | - | - | - | |
| Total Special Revenue Fund | | | | | | (48,152) | - | 378,079 | 329,927 | - | - | - | - | - | |
| U.S. Department of Agriculture passed through State Department of Agriculture Enterprise Fund | | | | | | | | | | | | | | | |
| Child Nutrition Cluster | | | | | | | | | | | | | | | |
| National School Lunch Program | | | | | | | | | | | | | | | |
| Non-Cash Assistance (Commodities) | 10.555 | 231NJ304N1099 | 16,054 | 07/01/22 | 06/30/23 | 781 | - | - | 781 | - | - | - | - | - | |
| Non-Cash Assistance (Commodities) | 10.555 | 241NJ304N1099 | 19,121 | 07/01/23 | 06/30/24 | - | - | 19,121 | 16,306 | - | - | - | 2,815 | - | |
| Cash Assistance | 10.555 | 231NJ304N1099 | 49,022 | 07/01/22 | 06/30/23 | (981) | - | 981 | - | - | - | - | - | - | |
| Cash Assistance | 10.555 | 241NJ304N1099 | 25,804 | 07/01/23 | 06/30/24 | - | - | 25,126 | 25,804 | - | - | (678) | - | - | |
| Total Child Nutrition Cluster | | | | | | (200) | - | 45,228 | 42,891 | - | - | (678) | 2,815 | - | |
| P-EBT Administrative | 10.649 | 2022225900941 | 653 | 07/01/22 | 06/30/23 | - | - | 653 | 653 | - | - | - | - | - | |
| Supply Chain Assistance | 10.555 | 241NJ304N1099 | 16,459 | 07/01/23 | 06/30/24 | - | - | 16,459 | 16,459 | - | - | - | - | - | |
| Total Enterprise Fund | | | | | | (200) | - | 62,340 | 60,003 | - | - | (678) | 2,815 | - | |
| Total Federal Awards | | | | | | \$ (48,352) | \$ - | \$ 440,419 | \$ 389,930 | \$ - | \$ - | \$ (678) | \$ 2,815 | \$ - | |

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2024

| Grantor/Program Title | Project Number | Program or Award Amount | Grant Period | | Balance June 30, 2023 | | | | | Balance June 30, 2024 | | | | | Memo | |
|--|---------------------|-------------------------------|--------------|----------|-------------------------------|-------------------|------------------|--------------------------|------------------|------------------------|---------------------|-------------------|-------------------------|---------------------------|------|--|
| | | | | | Deferred Rev. (Accts. Rec) | Due to Grantor | Cash Received | Budgetary Expenditure | Adjust- ments | Accounts Receivable | Deferred Revenue | Due to Grantor | Budgetary Receivable | Cumulative Expenditure | | |
| | | | From | To | | | | | | | | | | | | |
| State Department of Education | | | | | | | | | | | | | | | | |
| General Fund | | | | | | | | | | | | | | | | |
| Transportation Aid | 24-495-034-5120-014 | \$ 36,300 | 07/01/23 | 06/30/24 | \$ - | \$ - | \$ 33,396 | \$ 36,300 | \$ - | \$ - | \$ - | \$ - | \$ 2,904 | \$ 36,300 | | |
| Special Education Categorical Aid | 24-495-034-5120-089 | 373,356 | 07/01/23 | 06/30/24 | - | - | 343,484 | 373,356 | - | - | - | - | 29,872 | 373,356 | | |
| Equalization Aid | 24-495-034-5120-078 | 473,643 | 07/01/23 | 06/30/24 | - | - | 435,747 | 473,643 | - | - | - | - | 37,896 | 473,643 | | |
| School Choice Aid | 24-495-034-5120-068 | 121,500 | 07/01/23 | 06/30/24 | - | - | 111,778 | 121,500 | - | - | - | - | 9,722 | 121,500 | | |
| Security Aid | 24-495-034-5120-084 | 9,453 | 07/01/23 | 06/30/24 | - | - | 8,697 | 9,453 | - | - | - | - | 756 | 9,453 | | |
| Extraordinary Special Education Costs Aid | 23-495-034-5120-044 | 246,335 | 07/01/22 | 06/30/23 | (246,335) | - | 246,335 | - | - | - | - | - | - | 246,335 | | |
| Extraordinary Special Education Costs Aid | 24-495-034-5120-044 | 182,350 | 07/01/23 | 06/30/24 | - | - | - | 182,350 | - | (182,350) | - | - | - | 182,350 | | |
| Non-Public Transportation Aid | 23-495-034-5120-014 | 936 | 07/01/22 | 06/30/23 | (936) | - | 936 | - | - | - | - | - | - | 936 | | |
| Non-Public Transportation Aid | 24-495-034-5120-014 | 3,185 | 07/01/23 | 06/30/24 | - | - | - | 3,185 | - | (3,185) | - | - | - | 3,185 | | |
| Reimbursed TPAF Social Security Contribution | 23-495-034-5094-003 | 379,241 | 07/01/22 | 06/30/23 | (18,733) | - | 18,733 | - | - | - | - | - | - | 379,241 | | |
| Reimbursed TPAF Social Security Contribution | 24-495-034-5094-003 | 395,975 | 07/01/23 | 06/30/24 | - | - | 376,578 | 395,975 | - | (19,397) | - | - | - | 395,975 | | |
| On-Behalf TPAF Pension Contribution - Teacher's Pension & Annuity Fund | 24-495-034-5094-002 | 1,763,084 | 07/01/23 | 06/30/24 | - | - | 1,763,084 | 1,763,084 | - | - | - | - | - | 1,763,084 | | |
| On-Behalf TPAF Pension Contribution - Non-Contributory Insurance | 24-495-034-5094-004 | 20,107 | 07/01/23 | 06/30/24 | - | - | 20,107 | 20,107 | - | - | - | - | - | 20,107 | | |
| On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance | 24-495-034-5094-002 | 689 | 07/01/23 | 06/30/24 | - | - | 689 | 689 | - | - | - | - | - | 689 | | |
| On-Behalf TPAF Pension Contribution - Postretirement Medical | 24-495-034-5094-001 | 485,319 | 07/01/23 | 06/30/24 | - | - | 485,319 | 485,319 | - | - | - | - | - | 485,319 | | |
| Total General Fund | | | | | (266,004) | - | 3,844,883 | 3,864,961 | - | (204,932) | - | - | 81,150 | 4,491,473 | | |
| State Department of Education | | | | | | | | | | | | | | | | |
| Special Revenue Fund | | | | | | | | | | | | | | | | |
| School Climate Change Pilot | 23-WB01-G02 | 6,660 | 07/01/22 | 06/30/23 | (4,073) | - | 6,660 | 279 | - | - | 2,308 | - | - | 4,352 | | |
| Preschool Expansion Aid | 24-495-034-5120-086 | 535,032 | 07/01/23 | 06/30/24 | - | - | 356,688 | 349,832 | - | - | 185,200 | - | 178,344 | 349,832 | | |
| SDA Emergent and Capital Maintenance Needs | 23-100-034-5120-519 | 22,854 | 07/01/22 | 06/30/23 | (22,854) | - | 22,854 | - | - | - | - | - | - | 22,854 | | |
| SDA Emergent and Capital Maintenance Needs | 24-100-034-5120-519 | 10,860 | 07/01/23 | 06/30/24 | - | - | 10,860 | 10,860 | - | - | - | - | - | 10,860 | | |
| Total Special Revenue Fund | | | | | (26,927) | - | 397,062 | 360,971 | - | - | 187,508 | - | 178,344 | 387,898 | | |
| State Department of Agriculture | | | | | | | | | | | | | | | | |
| Enterprise Fund | | | | | | | | | | | | | | | | |
| State School Lunch Program | 23-100-010-3350-023 | 1,812 | 07/01/22 | 06/30/23 | (52) | - | 52 | - | - | - | - | - | - | 1,812 | | |
| State School Lunch Program | 24-100-010-3350-023 | 1,801 | 07/01/23 | 06/30/24 | - | - | 1,761 | 1,801 | - | (40) | - | - | - | 1,801 | | |
| Total Enterprise Fund | | | | | (52) | - | 1,813 | 1,801 | - | (40) | - | - | - | 3,613 | | |
| Total State Financial Assistance | | | | | \$ (292,983) | \$ - | \$ 4,243,758 | 4,227,733 | \$ - | \$ (204,972) | \$ 187,508 | \$ - | \$ 259,494 | \$ 4,882,984 | | |
| Less: On-Behalf TPAF Pension System Contributions | | | | | | | | | | | | | | | | |
| On-Behalf TPAF Pension Contribution - Teacher's Pension & Annuity Fund | 24-495-034-5094-002 | 1,763,084 | 07/01/23 | 06/30/24 | | | | 1,763,084 | | | | | | | | |
| On-Behalf TPAF Pension Contribution - Non-Contributory Insurance | 24-495-034-5094-004 | 20,107 | 07/01/23 | 06/30/24 | | | | 20,107 | | | | | | | | |
| On-Behalf TPAF Pension Contribution - Postretirement Medical | 24-495-034-5094-001 | 485,319 | 07/01/23 | 06/30/24 | | | | 485,319 | | | | | | | | |
| On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance | 24-495-034-5094-002 | 689 | 07/01/23 | 06/30/24 | | | | 689 | | | | | | | | |
| Total for State Financial Assistance - Major Program Determination | | | | | | | | \$ 1,958,534 | | | | | | | | |

See independent auditors' report.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2024

Note 1 - General

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

Note 2 - Basis of accounting

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1 (C) and 1 (D) to the District's Basic Financial Statements.

Note 3 - Relationship of financial statements

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$20,559 for the general fund and (\$179,159) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2024

Note 3 - Relationship of financial statement (continued)

Financial assistance revenues are reported in the District's Basic Financial Statements on a GAAP basis as follows:

| | Federal | State | Total |
|---------------------------------------|-------------------|---------------------|---------------------|
| General fund | \$ - | \$ 3,885,520 | \$ 3,885,520 |
| Special revenue fund | 329,928 | 181,811 | 511,739 |
| Food service fund | 60,003 | 1,801 | 61,804 |
| Total awards and financial assistance | <u>\$ 389,931</u> | <u>\$ 4,069,132</u> | <u>\$ 4,459,063</u> |

Note 4 - Relationship to federal and state financial reports

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

Note 5 - Other

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions, respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2024. TPAF Social Security Contribution represents the amount reimbursed by the state for the employer's share of Social Security Contributions for TPAF members for the year ended June 30, 2024.

Note 6 - Indirect Costs

The District has elected not to utilize the 10% de minimis indirect cost rate.

**OTHER REPORTING REQUIRED BY
GOVERNMENT AUDITING STANDARDS - PART II**

HOLLAND TOWNSHIP SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued

Unmodified

Internal Control Over Financial Reporting:

1. Were material weakness(es) identified?

Yes X No

2. Were significant deficiencies identified?

Yes X None reported

Noncompliance material to Basic
Financial Statements noted?

Yes X No

Federal Awards

Not Applicable

Internal Control Over Major Programs:

1. Were material weakness(es) identified?

Yes No

2. Were significant deficiencies identified?

| | |
|-----|---------------|
| Yes | None reported |
|-----|---------------|

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

Not Applicable

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

Yes No

Identification of Major Programs:

AL Number(s)

FAIN Number(s)

Name of Federal Program or Cluster

Not Applicable

Not Applicable

Not Applicable

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

Did the auditee qualify as a low-risk auditee?

Yes No

HOLLAND TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

Section I - Summary of Auditors' Results (continued)

State Awards

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

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

Internal Control Over Major Programs:

1. Were material weakness(es) identified? Yes X No

2. Were there significant deficiencies identified that are not
considered to be material weaknesses? Yes X None reported

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

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

Identification of Major Programs:

| State Grant/Project Numbers | Name of State Program |
|-----------------------------|--|
| | <i>State Aid Public Cluster:</i> |
| <i>24-495-034-5120-089</i> | <i>Special Education Categorical Aid</i> |
| <i>24-495-034-5120-078</i> | <i>Equalization Aid</i> |
| <i>24-495-034-5120-084</i> | <i>Security Aid</i> |
| <i>24-495-034-5120-068</i> | <i>School Choice Aid</i> |
| | |
| | |

HOLLAND TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

Section II - Financial Statement Findings

There were no findings or questioned costs for the fiscal year ended June 30, 2024.

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

There were no findings or questioned costs for the fiscal year ended June 30, 2024.

HOLLAND TOWNSHIP SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2024

Status of Prior Year Findings

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations including findings. Corrective action has been taken on all prior year findings.