

HOLLAND PUBLIC SCHOOLS

REPORT ON FINANCIAL STATEMENTS
**(with required and additional
supplementary information)**

YEAR ENDED JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Holland Public Schools

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Holland Public Schools, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Holland Public Schools' 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, each major fund, and the aggregate remaining fund information of Holland Public Schools, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Holland Public Schools 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Holland Public Schools' 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.

Auditor's 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 auditor's report that includes our opinions. 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 Holland Public Schools' 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 Holland Public Schools' 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 and other required supplementary information, as identified 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 opinions on the financial statements that collectively comprise Holland Public Schools' basic financial statements. The accompanying additional supplementary information, as identified in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 additional supplementary information, including the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2024 on our consideration of Holland Public Schools' 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Holland Public Schools' 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 Holland Public Schools' internal control over financial reporting and compliance.

Maney Costeiran PC

October 9, 2024

**HOLLAND PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

This section of the Holland Public Schools ("District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended on June 30, 2024. Please read it in conjunction with the District's financial statements which immediately follow this section.

District-Wide Financial Statements

The first two statements are District-wide financial statements that provide short-term and long-term financial information about the District's overall financial status. These statements are required by generally accepted accounting principles (GAAP) as described in the Government Accounting Standards Board (GASB) Statement No. 34. The statements are compiled using the full accrual basis of accounting and more closely represent financial statements presented by business and industry. All of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both short- and long-term, are reported. As such, these statements include capital assets, net of related depreciation, as well as the bonded debt and other long-term obligations of the District resulting in total net position.

Over time, increases or decreases in the District's net position is one indicator of whether its financial position is improving or deteriorating. To assess the District's overall financial health, one should consider additional factors which may include the State's and/or region's economic condition, changes in the District's property tax base, and age and condition of its capital assets.

Fund Financial Statements

For the most part, the fund financial statements are comparable to financial statements for the previous fiscal year. The fund level statements are reported on a modified accrual basis in that only those assets that are deemed "measurable" and "currently available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

The formats of the fund statements comply with requirements of the Michigan Department of Education's "Accounting Manual". In the state of Michigan, school districts' major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in various other funds categorized as Special Revenue, Debt Service, and Capital Projects Funds.

In the fund financial statements, capital assets purchased are considered expenditures in the year of acquisition with no asset being reported. The issuance of debt is treated as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. The obligations for future years' debt service are not recorded in the fund financial statements.

**HOLLAND PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Summary of Net Position

The following schedule summarizes the net position for the fiscal years ended June 30, 2024 and 2023:

	2024	2023
ASSETS		
Current and other assets	\$ 87,148,057	\$ 85,818,266
Net other postemployment benefits asset	1,319,367	-
Capital assets	71,669,428	65,993,954
TOTAL ASSETS	160,136,852	151,812,220
DEFERRED OUTFLOWS OF RESOURCES	27,997,317	30,233,868
LIABILITIES		
Long-term debt outstanding	105,996,818	113,060,982
Other liabilities	12,104,908	8,556,565
Net pension liability	68,324,620	77,498,847
Net other postemployment benefits liability	-	4,298,435
TOTAL LIABILITIES	186,426,346	203,414,829
DEFERRED INFLOWS OF RESOURCES	30,084,319	24,767,434
NET POSITION		
Net investment in capital assets	17,053,306	11,333,950
Restricted	12,225,607	9,515,799
Unrestricted	(57,655,409)	(66,985,924)
TOTAL NET POSITION	\$ (28,376,496)	\$ (46,136,175)

**HOLLAND PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Analysis of Financial Position

During the fiscal year ended June 30, 2024, the District's net position increased by \$17,770,298. A few of the more significant factors affecting net position during the year are discussed below:

➤ Cash Equivalents, Deposits, and Investments

At June 30, 2024, the District's cash equivalents, deposits and investments amounted to \$73,367,034. This represented a decrease of \$1,984,738 from the previous year, primarily due to capital outlay spending on the 2021 bond offset by an increase in restricted state and federal funding.

➤ Capital Outlay Acquisitions

For the fiscal year ended June 30, 2024, \$9,062,215 of expenditures were recorded as assets of the District, including \$6,940,282 of assets added to construction in progress, and \$554,304 of new right to use – subscription IT arrangements. The District also placed into service \$6,180,023 of prior years' construction in progress. These additions to the District's capital assets will be depreciated/amortized over time as explained below.

The net effect of the new capital assets, assets disposed of during the fiscal year, and the current year's depreciation/amortization is a net increase to capital assets in the amount of \$5,675,474 for the fiscal year ended June 30, 2024.

➤ Depreciation/Amortization Expense

GASB 34 requires school districts to maintain records of annual depreciation/amortization expense and the accumulation of depreciation/amortization expense over time. The net increase in accumulated depreciation/amortization expense is a reduction in the net position.

➤ Bonded Debt

For the fiscal year ended June 30, 2024, the District's bonded debt decreased by \$7,238,339. During the fiscal year, the District issued \$34,580,000 in bonds to refund \$38,210,000 of outstanding debt due for the 2014 Refunding Bonds. At fiscal year-end, approximately \$105.4 million was outstanding with \$3.6 million due within one year.

➤ Accumulated Compensated Absences

At June 30, 2024, the District had an obligation to employees for the portion of unearned compensated absences that they would be entitled to upon separation in the amount of approximately \$584,000.

**HOLLAND PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Results of Operations

For the fiscal years ended June 30, 2024 and 2023, the results of operations, on a District-wide basis, were:

	Fiscal Year Ended June 30, 2024		Fiscal Year Ended June 30, 2023	
	Amount	%	Amount	%
REVENUES				
General revenues				
Property taxes	\$ 22,278,187	29.2%	\$ 20,895,822	32.3%
State sources, unrestricted	18,493,204	24.2%	16,795,718	26.0%
Investment earnings	3,652,091	4.8%	816,655	1.3%
Other	63,740	0.1%	130,082	0.2%
Total general revenues	44,487,222	58.3%	38,638,277	59.8%
Program revenues				
Charges for services	290,330	0.4%	500,622	0.8%
Operating grants and contributions	31,522,711	41.3%	25,478,219	39.4%
TOTAL REVENUES	76,300,263	100.0%	64,617,118	100.0%
EXPENSES				
Instruction	28,888,332	49.4%	26,715,930	49.2%
Support services	20,398,512	34.8%	19,369,562	35.7%
Community services	2,503,308	4.3%	2,253,041	4.2%
Food services	2,612,332	4.5%	2,335,237	4.3%
Student/school activities	447,007	0.7%	403,752	0.7%
Interest on long-term debt	3,680,474	6.3%	3,185,569	5.9%
TOTAL EXPENSES	58,529,965	100.0%	54,263,091	100.0%
Change in net position	<u>\$ 17,770,298</u>		<u>\$ 10,354,027</u>	

**HOLLAND PUBLIC SCHOOLS
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Analysis of Significant Revenues and Expenses

Significant revenues and expenditures are discussed in the segments below:

➤ Property Taxes

The District levied 18.00 mills, after the impact of the required “Headlee” millage reduction, of property taxes for operations on non-principal residence exempt property for the 2023 tax year. According to Michigan law, the tax levy is based on the taxable valuation of properties. The annual taxable valuation increases are capped at the rate of increase in the prior year’s Consumer Price Index or 5%, whichever is less. At the time that property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is one half of the property’s market value. At June 30, 2024, there were no unpaid property taxes.

➤ State Sources

The majority of the unrestricted state sources of revenues is comprised of the per student foundation allowance. The State of Michigan funds school districts based on a blended student enrollment. For the 2023-2024 fiscal year, the District received \$9,608 per student full time equivalent. The student foundation allowance amount increased \$458 when compared to the 2022-2023 fiscal year.

➤ Operating Grants and Contributions

The District receives a significant portion of its operating revenue from categorical grants. For the fiscal year ended June 30, 2024, federal, state, and other grants amounted to \$31,522,711. This represents a 23.72% increase over the \$25,478,219 received for the 2022-2023 fiscal year. The increase in revenue from categorical grants is primarily due to grants related to COVID-19 including the Secondary School Emergency Relief Fund, and restricted state categorical funding.

Comparative Expenditures

A comparison of the expenditures reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances is shown below:

	<u>2023 - 2024</u>	<u>2022 - 2023</u>	<u>Increase (Decrease)</u>
EXPENDITURES			
Instruction	\$ 32,463,478	\$ 28,580,960	\$ 3,882,518
Supporting services	21,975,175	19,497,784	2,477,391
Community services	2,817,807	2,423,601	394,206
Food service activities	2,689,749	2,417,380	272,369
Student/school activities	447,007	403,752	43,255
Capital outlay	9,189,200	8,451,609	737,591
Debt service	7,843,160	8,004,264	(161,104)
TOTAL EXPENDITURES	<u><u>\$ 77,425,576</u></u>	<u><u>\$ 69,779,350</u></u>	<u><u>\$ 7,646,226</u></u>

**HOLLAND PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

General Fund Budgetary Highlights

The Uniform Budgeting Act of the State of Michigan requires that the local Board of Education approve the annual operating budget prior to the start of the fiscal year on July 1. Any amendments to the original budget must be approved by the Board prior to the close of the fiscal year on June 30, 2024.

The following schedule shows a comparison of the original general fund budget, the final amended budget, and actual totals from operations for the fiscal year ending June 30, 2024.

	Original Budget	Final Budget	Actual	Final Variance with Budget	% Variance
Total revenues	\$ 54,059,500	\$ 60,519,900	\$ 58,845,814	\$ (1,674,086)	-2.77%
Expenditures					
Instruction	\$ 31,339,600	\$ 34,519,600	\$ 32,463,478	\$ 2,056,122	5.96%
Supporting services	19,611,100	22,067,600	21,975,175	92,425	0.42%
Community services	2,521,100	2,741,800	2,817,807	(76,007)	-2.77%
Total expenditures	\$ 53,471,800	\$ 59,329,000	\$ 57,256,460	\$ 2,072,540	3.49%
Other financing sources (uses)	\$ 50,000	\$ (250,000)	\$ (250,000)	\$ -	0.00%

The original budget adopted by the Board in June 2023 was amended twice during the year. The amendments, approved in January and June 2024, reflected necessary changes to both revenues and expenditures based on projections made by the Finance Director.

Capital Asset and Debt Administration

Capital Assets

By the end of the 2023-2024 fiscal year, the District had invested approximately \$134.4 million as the original cost in a broad range of capital assets, including land, school buildings and facilities, school buses and other vehicles, right to use - subscription-based IT arrangements, and equipment. This represents a net increase of \$9,062,215 over the prior fiscal year. Depreciation/amortization expense for the year amounted to \$3,386,741, bringing the accumulated depreciation/amortization to approximately \$62.7 million as of June 30, 2024.

	Cost	Accumulated Depreciation/ Amortization	2024 Net Book Value	2023 Net Book Value
Land	\$ 513,275	\$ -	\$ 513,275	\$ 513,275
Construction in progress	9,976,661	-	9,976,661	9,216,402
Land improvements	8,047,735	5,031,824	3,015,911	3,065,771
Buildings and improvements	98,202,194	43,728,593	54,473,601	50,633,664
Furniture and equipment	14,485,926	11,783,422	2,702,504	2,036,587
Vehicles	2,579,284	2,047,169	532,115	528,255
Right to use - subscription-based IT	554,304	98,943	455,361	-
Total	\$ 134,359,379	\$ 62,689,951	\$ 71,669,428	\$ 65,993,954

**HOLLAND PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Long-term Obligations

At June 30, 2024, the District had approximately \$105.4 million in long-term obligations comprised of outstanding bonded debt. The bonded debt obligations decreased during the year with \$42,095,000 of previously outstanding bonds being redeemed, and \$34,580,000 of new debt being issued. In addition to the bonded debt, the District has obligations for compensated absences estimated at approximately \$584,000.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following items that could significantly affect its financial health in the future:

- After 28 years since Proposal A of 1994 was passed in Michigan, the State's goal of closing the funding gap was achieved with the 2021-22 State Aid Act, bringing the lowest funded districts up to the base per pupil foundation allowance set at \$9,608 for the 2023-24 school year. As a result of this, the District received an increase of \$458 per pupil over the 2022-23 school year.
- During the ongoing COVID-19 pandemic, the Federal Government passed multiple financial relief acts that provided support to states and school districts for the express purpose of addressing educational needs. These educational needs include the new challenges faced in educating students during the pandemic and the ongoing need to address subsequent learning loss. The District anticipates using funds from the Governor's Emergency Education Relief, Supplemental Elementary and Secondary School Emergency Relief, and the American Rescue Plan Elementary and Secondary Schools Emergency Relief Fund as allowed by the legislation. These resources will no longer be available after September 30, 2024.
- With the expected continuation of declining enrollment levels and rising costs in many areas including employee wages, employee health insurance, retirement contribution costs, and utilities, District administration continues to be diligent in its efforts to maintain a reasonable level of reserves (fund balance). Measures to accomplish this include, but are not limited to, restructuring space utilization to match current and projected enrollment levels, cooperative agreements with Ottawa Area Intermediate School District as well as neighboring public and parochial schools, and strategic changes to how the District handles its non-instructional support services.
- In September 2012, the Governor signed P.A. 300 of 2012 - MPSERS Reform into law. This bill is the first step by the lawmakers to reform the Michigan Public Schools Employee Retirement System (MPSERS) in order to make it affordable and sustainable into the future. This law requires current school employees to make choices regarding their pension and retiree healthcare which could impact the District's and employee's contributions. It also sets the stage for addressing the ever-growing unfunded liability that MPSERS is facing. To date, these efforts have worked to reduce the unfunded liability on a state-wide basis.
- On May 4, 2021, the District asked voters to consider a building and site bond proposal to address current and future capital needs. Holland's voters again voiced their support for its public schools in supporting the requested bond issue. As such, the District is using the bond resources along with the existing sinking fund tax levy to provide a safe and appropriate environment for its students, staff, and the Holland community. These resources will help improve and maintain the building and grounds, provide for safety and security, modernize instructional technology capabilities, and ensure proper equipment and transportation needs are addressed now and in the future.

**HOLLAND PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Factors Bearing on the District's Future (continued)

- In the spring of 2023, the District entered into a collective bargaining agreement with its teachers. The contract runs through the 2024-25 school year and provides for annual increases for the teaching staff. Administration believes that this agreement allows financial predictability in its major expenditure component which improves the ability for multi-year financial planning. Negotiations on a successor agreement will begin in the winter of 2025.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional information, please contact the Finance Director at Holland Public Schools, 320 W. 24th Street, Holland, MI 49423.

BASIC FINANCIAL STATEMENTS

**HOLLAND PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2024**

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 2,793,198
Investments	9,915,026
Receivables	
Accounts	118,388
Intergovernmental	13,449,474
Inventories	6,707
Prepays	206,454
Restricted investments - capital projects	60,658,810
Net other postemployment benefits asset	1,319,367
Capital assets not being depreciated	10,489,936
Capital assets, net of accumulated depreciation	61,179,492
TOTAL ASSETS	160,136,852
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions	21,933,545
Related to other postemployment benefits	6,063,772
TOTAL DEFERRED OUTFLOWS OF RESOURCES	27,997,317
LIABILITIES	
Accounts payable	3,313,890
Accrued salaries and related items	3,576,540
Accrued retirement	2,010,982
Accrued interest	772,019
Unearned revenue	2,431,477
Noncurrent liabilities	
Due within one year	3,736,864
Due in more than one year	102,259,954
Net pension liability	68,324,620
TOTAL LIABILITIES	186,426,346
DEFERRED INFLOWS OF RESOURCES	
Deferred gain on refunding, net of amortization	966,150
Related to pensions	12,476,028
Related to other postemployment benefits	11,999,846
Related to state aid funding for pension benefits	4,642,295
TOTAL DEFERRED INFLOWS OF RESOURCES	30,084,319
NET POSITION	
Net investment in capital assets	17,053,306
Restricted for capital projects - sinking fund	8,077,809
Restricted for debt service	2,828,431
Restricted for net other postemployment benefits	1,319,367
Unrestricted	(57,655,409)
TOTAL NET POSITION	\$ (28,376,496)

See notes to financial statements.

**HOLLAND PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	\$ 28,888,332	\$ -	\$ 22,306,722	\$ (6,581,610)
Support services	20,398,512	139,066	6,345,909	(13,913,537)
Community services	2,503,308	-	133,850	(2,369,458)
Food services	2,612,332	151,264	2,119,992	(341,076)
Student/school activities	447,007	-	435,070	(11,937)
Interest on long-term debt	3,680,474	-	181,168	(3,499,306)
Total governmental activities	<u>\$ 58,529,965</u>	<u>\$ 290,330</u>	<u>\$ 31,522,711</u>	<u>(26,716,924)</u>
General revenues				
Property taxes, levied for general purposes				11,974,665
Property taxes, levied for debt service				8,243,946
Property taxes, levied for sinking fund				2,059,576
State sources - unrestricted				18,493,204
Investment earnings				3,652,091
Other revenue				63,740
Total general revenues				<u>44,487,222</u>
CHANGE IN NET POSITION				17,770,298
NET POSITION, beginning of year				<u>(46,146,794)</u>
NET POSITION, end of year				<u>\$ (28,376,496)</u>

See notes to financial statements.

**HOLLAND PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024**

	General Fund	Capital Projects		Total Nonmajor Funds	Total Governmental Funds
		2021 Building and Site	2023 Building and Site		
ASSETS					
Cash and cash equivalents	\$ 551,771	\$ -	\$ -	\$ 2,241,427	\$ 2,793,198
Investments	3,945,352	-	-	5,969,674	9,915,026
Receivables					
Accounts	108,688	-	-	9,700	118,388
Intergovernmental	13,283,117	-	-	166,357	13,449,474
Due from other funds	7,817,408	-	-	6,816,934	14,634,342
Inventories	-	-	-	6,707	6,707
Prepays	206,454	-	-	-	206,454
Restricted investments	-	17,997,662	42,661,148	-	60,658,810
TOTAL ASSETS	\$ 25,912,790	\$ 17,997,662	\$ 42,661,148	\$ 15,210,799	\$ 101,782,399
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 1,543,472	\$ 1,270,329	\$ -	\$ 500,089	\$ 3,313,890
Accrued salaries and related	3,568,560	-	-	7,980	3,576,540
Accrued retirement	2,010,982	-	-	-	2,010,982
Unearned revenue	2,420,635	-	-	10,842	2,431,477
Due to other funds	6,728,504	7,625,953	-	279,885	14,634,342
TOTAL LIABILITIES	16,272,153	8,896,282	-	798,796	25,967,231
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	88,536	-	-	-	88,536
FUND BALANCES					
Nonspendable					
Inventories	-	-	-	6,707	6,707
Prepays	206,454	-	-	-	206,454
Restricted for:					
Food service	-	-	-	44,580	44,580
Capital projects	-	9,101,380	42,661,148	8,077,809	59,840,337
Debt service	-	-	-	3,600,450	3,600,450
Committed					
Student/school activities	-	-	-	931,762	931,762
Assigned for:					
Capital projects	-	-	-	1,750,695	1,750,695
Subsequent expenditures	1,970,800	-	-	-	1,970,800
Unassigned	7,374,847	-	-	-	7,374,847
TOTAL FUND BALANCES	9,552,101	9,101,380	42,661,148	14,412,003	75,726,632
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 25,912,790	\$ 17,997,662	\$ 42,661,148	\$ 15,210,799	\$ 101,782,399

See notes to financial statements.

HOLLAND PUBLIC SCHOOLS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total governmental fund balances		\$ 75,726,632
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred inflows of resources - deferred gain on refunding, net of amortization		(966,150)
Deferred outflows of resources - related to pensions		21,933,545
Deferred inflows of resources - related to pensions		(12,476,028)
Deferred outflows of resources - related to other postemployment benefits		6,063,772
Deferred inflows of resources - related to other postemployment benefits		(11,999,846)
Deferred inflows of resources - related to state funding for pension benefits		(4,642,295)
Some assets are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. Noncurrent assets at year-end consist of:		
Net other postemployment benefits asset		1,319,367
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
The cost of the capital assets is	\$ 134,359,379	
Accumulated depreciation is	<u>(62,689,951)</u>	
		71,669,428
Revenue not recorded in the funds due to not being collected until after September 1st.		
Unavailable revenue		88,536
Long-term liabilities are not due and payable in the current period and are not reported in the funds:		
Long-term debt obligation		(105,412,500)
Compensated absences		(584,318)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid		(772,019)
Net pension liability		<u>(68,324,620)</u>
Net position of governmental activities		<u>\$ (28,376,496)</u>

**HOLLAND PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024**

	General Fund	Capital Projects		Total Nonmajor Funds	Total Governmental Funds
		2021 Building and Site	2023 Building and Site		
REVENUES					
Local sources					
Property taxes	\$ 11,974,665	\$ -	\$ -	\$ 10,303,522	\$ 22,278,187
Food sales	-	-	-	151,264	151,264
Student/school activities	-	-	-	435,070	435,070
Investment earnings	498,992	840,963	1,891,226	420,910	3,652,091
Other	202,806	-	-	-	202,806
Total local sources	12,676,463	840,963	1,891,226	11,310,766	26,719,418
State sources	32,000,150	-	-	797,490	32,797,640
Federal sources	6,696,971	-	-	2,069,762	8,766,733
Incoming transfers and other	7,472,230	-	-	-	7,472,230
TOTAL REVENUES	58,845,814	840,963	1,891,226	14,178,018	75,756,021
EXPENDITURES					
Current					
Instruction	32,463,478	-	-	-	32,463,478
Supporting services	21,975,175	-	-	-	21,975,175
Community services	2,817,807	-	-	-	2,817,807
Food service activities	-	-	-	2,689,749	2,689,749
Student/school activities	-	-	-	447,007	447,007
Capital outlay	-	7,683,303	-	1,505,897	9,189,200
Debt service					
Principal repayment	-	-	-	3,885,000	3,885,000
Interest	-	-	-	3,609,375	3,609,375
Other	-	17,118	-	331,667	348,785
TOTAL EXPENDITURES	57,256,460	7,700,421	-	12,468,695	77,425,576
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,589,354	(6,859,458)	1,891,226	1,709,323	(1,669,555)
OTHER FINANCING SOURCES (USES)					
Proceeds from bond issuance	-	-	-	34,580,000	34,580,000
Proceeds from bond premium	-	-	-	3,756,956	3,756,956
Payments to escrow agent	-	-	-	(38,872,771)	(38,872,771)
Transfers in	-	-	-	892,651	892,651
Transfers out	(250,000)	-	-	(642,651)	(892,651)
TOTAL OTHER FINANCING SOURCES (USES)	(250,000)	-	-	(285,815)	(535,815)
NET CHANGE IN FUND BALANCES	1,339,354	(6,859,458)	1,891,226	1,423,508	(2,205,370)
FUND BALANCES					
Beginning of year	8,212,747	15,960,838	40,769,922	12,988,495	77,932,002
End of year	\$ 9,552,101	\$ 9,101,380	\$ 42,661,148	\$ 14,412,003	\$ 75,726,632

See notes to financial statements.

HOLLAND PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

Net change in fund balances total governmental funds \$ (2,205,370)

Amounts reported for governmental activities in the statement of activities differ because:

Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation/ amortization:

Depreciation/amortization expense	(3,386,741)
Capital outlay	9,062,215

Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued interest payable, beginning of the year	700,920
Accrued interest payable, end of the year	(772,019)

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences is the treatment of long-term debt and related items and are as follows:

Proceeds from bond issuance	(34,580,000)
Proceeds from bond premium	(3,756,956)
Payments on debt obligations	42,095,000
Amortization of bond premium	3,480,295
Deferred gain on refunding	(990,923)
Amortization of deferred charge on refunding	(1,260,075)
Amortization of deferred gain on refunding	24,773

Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available.

Unavailable revenue, beginning of the year	(20,000)
Unavailable revenue, end of the year	88,536

Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:

Accrued compensated absences, beginning of the year	410,143
Accrued compensated absences, end of the year	(584,318)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Pension related items	4,126,236
Other postemployment benefits related items	4,862,876

Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension benefits contributions subsequent to the measurement period:

Pension benefit related items, beginning of year	5,118,001
Pension benefit related items, end of year	(4,642,295)

Change in net position of governmental activities **\$ 17,770,298**

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Holland Public Schools (the “District”) is governed by the Holland Public Schools Board of Education (the “Board”), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District’s reporting entity does not contain any component units as defined in Governmental Accounting Standards Board Statements (GASB).

Description of Government-wide 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 activities of the District. *Governmental activities* normally are supported by taxes, and intergovernmental revenues.

Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District’s funds. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following *Major Governmental Funds*:

The *General Fund* is the District’s primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *2021 and 2023 Building and Site Funds* include capital project activities funded with bonds. For these capital projects, the school district has complied with the applicable provisions of Section 1351a of the Revised School Code. The funds are not yet considered substantially complete, and subsequent year audits are expected.

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

Major Governmental Funds (continued):

The following is a summary of the cumulative revenue, other financing sources (uses), and expenditures for the 2021 and 2023 building and site funds activity since inception:

	2021 Capital Projects	2023 Capital Projects
Revenue and other financing sources	\$ 27,286,333	\$ 42,931,148
Expenditures and other financing uses	\$ 18,184,953	\$ 270,000

Revenue and other financing sources include the bond proceeds and premium of \$26,054,844 and \$41,449,142 for the 2021 and 2023 capital projects funds, respectively.

The District reports the following *Other Nonmajor Funds*:

The *Special Revenue Funds* account for revenue sources that are legally restricted or committed to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service and student/school activities in special revenue funds.

The *Debt Service Funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *Capital Projects Sinking Fund* accounts for the receipt of property taxes levied for sinking fund and subsequent expenditures of those funds. The fund has complied with the applicable provisions of Section 1212 of the Revised School Code and the State of Michigan Department of Treasury Letter No. 2023-1.

The *Property Sales Fund* accounts for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital projects. Resources are from the sale of property.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, deferred inflows of resources, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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.

The 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 generally 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, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, state and federal aid, 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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the current year ended, the foundation allowance was based on pupil membership counts.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by Non-PRE property taxes which may be levied at a rate of up to 18 mills as well as 6 mills for Commercial Personal Property Tax. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as an intergovernmental receivable.

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

The District also receives revenue from the state to administer certain categorical education programs. State rules required that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received and accrued, which are not expended by the close of the fiscal years are recorded as unearned revenue.

All other revenue items are generally considered to be measurable and available only when cash is received by the District.

Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue funds. Other funds do not have appropriated budgets.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executor) contracts for goods or services (i.e., purchase orders, contracts, and commitments). The District does not utilize encumbrance accounting.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.
- d. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
- e. The budget was amended twice during the year. The final budget was approved prior to the June 30, 2024 year-end with more than originally expected revenues and appropriations due to previous uncertainty in state and federal funding when the original budget was adopted. Although the district does consider these amendments to be significant, they were deemed necessary due to considerable uncertainty at the time the original budget was adopted.

HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of 3 months or less from the date of acquisition.

Investments

In accordance with Michigan Compiled Laws, the District is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
- c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services, and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers' acceptances of United States banks.
- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Capital Assets

Capital assets, which include property, plant, equipment, and transportation vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Group purchases are evaluated on a case-by-case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and construction in progress, if any, are not depreciated. Right to use assets of the district are amortized using the straight-line method over the shorter of the lease/subscription period or the estimated useful lives. The other property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Classes	Lives
Land improvements	5 - 30
Buildings and improvements	20 - 45
Furniture and equipment	5 - 20
Vehicles	5 - 20
Right to use - subscription-based IT	5

Defined Benefit Plans

For purposes of measuring the net pension liability and other postemployment benefit asset, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefits expense, information about the fiduciary net position of the Michigan Public Employees' Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows

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 assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. They are the pension, and other postemployment benefits related items reported in the government-wide statement of net position. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expensed in the plan year in which they apply.

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Deferred Inflows

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 assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has five items that qualify for reporting in this category. The first is the deferred gain on refunding. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the refunded or refunding debt. The second is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension benefit contributions subsequent to the measurement period. The third and fourth items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary. The fifth item arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from receipts that are received after 60 days of year-end. These amounts are deferred and recognized as inflow of resources in the period that the amount becomes available.

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Fund Balance Policies (continued)

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District that can, by adoption of a board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action remains in place until a similar action is taken (the adoption of another board action) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Subscription-based IT Arrangements (SBITA)

Lessee/subscriber: The District is a lessee for a noncancelable subscription of an IT arrangement. The District recognizes a SBITA liability and an intangible right-to-use lease/SBITA asset in the government-wide financial statements.

At the commencement of a subscription, the District initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The SBITA asset is initially measured as the initial amount of the SBITA liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the SBITA asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases included how the District determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for SBITA.
- The SBITA term includes the noncancelable period of the lease/subscription. Lease/SBITA payments included in the measurement of the lease/SBITA liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability. During the current year, the District prepaid the full amount of its subscription and therefore does not record a SBITA liability.

SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term obligations on the statement of net position.

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

For the year ended June 30, 2024, the District levied the following amounts per \$1,000 of assessed valuation:

Fund	Mills
General fund	
Non-Principal Residence Exemption (PRE)	18.0000
Commercial Personal Property	6.0000
Debt service fund	
PRE, Non-PRE, Commercial Personal Property	4.7300
Sinking fund	
PRE, Non-PRE, Commercial Personal Property	1.1819

Compensated Absences

The District’s policy permits employees to accumulate earned but unused sick leave benefits, which are eligible for payment upon separation from service. The liability for such leave is reported and incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the 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 over the term of the related debt. Bond issuance costs are reported as expenditures in the year in which they are incurred.

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 issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2024, the District had deposits and investments subject to the following risk:

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2024, \$2,072,387 of the District's bank balance of \$2,572,387 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was \$2,793,198.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the District will do business.

Interest Rate Risk

In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

Investment Type	Fair Value	Weighted Average Maturity (Years)
Money Market Obligation Trust	\$ 28,125,401	N/A
U.S. Treasury Notes	32,533,390	1.3792
MILAF MAX	44,007	N/A
Michigan Class Investment Pool	9,871,038	0.0810
Total fair value	\$ 70,573,836	
Portfolio weighted average maturity		1.0770

One day maturity equals 0.0027, one year equals 1.00.

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Concentration of Credit Risk

The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Agency</u>
Money Market Obligation Trust	\$ 28,125,401	AAAm	Standard & Poor's
U.S. Treasury Notes	32,533,390	AAAm	Standard & Poor's
MILAF MAX	44,007	AAAm	Standard & Poor's
Michigan Class Investment Pool	<u>9,871,038</u>	AAAm	Standard & Poor's
	<u>\$ 70,573,836</u>		

Foreign Currency Risk

The District is not authorized to invest in investments which have this type of risk.

Fair Value Measurement

The District is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Balance at June 30, 2024</u>
Investments by fair value level				
U.S. Treasury Notes	<u>\$ 32,533,390</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,533,390</u>

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement (continued)

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. The pooled investment funds utilized by the District are a Money Market Obligation Trust and the Michigan Investment Liquid Asset Fund (MILAF). These funds are considered external investment pools as defined by the GASB and as such are recorded at amortized cost which approximate fair value. The MILAF (MAX Class) fund requires notification of redemptions prior to 14 days to avoid penalties. These funds are not subject to the fair value disclosures.

	Amortized Cost
Money Market Obligation Trust	\$ 28,125,401
MILAF External Investment Pool - MAX	44,007
	\$ 28,169,408

Investments in Entities that Calculate Net Asset Value per Share

The District holds shares or interests in the Michigan CLASS investment pool where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

The Michigan CLASS investment pool invest in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated “A1” or better), collateralized bank deposits, repurchase agreements (collateralized at 102% by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statues and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

At the year ended June 30, 2024, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Michigan Class Investment Pool	\$ 9,871,038	\$ -	No restrictions	None

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Investments in Entities that Calculate Net Asset Value per Share (continued)

The cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the financial statements, based upon criteria disclosed in Note 1.

The following summarizes the categorization of these amounts as of June 30, 2024:

Cash and cash equivalents	\$ 2,793,198
Investments	9,915,026
Restricted investments - capital projects	<u>60,658,810</u>
	<u><u>\$ 73,367,034</u></u>

NOTE 3 - CAPITAL ASSETS

A summary of changes in the District's capital assets are as follows:

	Balance July 1, 2023	Additions/ Reclassification	Deletions/ Reclassification	Balance June 30, 2024
Capital assets not being depreciated				
Land	\$ 513,275	\$ -	\$ -	\$ 513,275
Construction in progress	<u>9,216,402</u>	<u>6,940,282</u>	<u>6,180,023</u>	<u>9,976,661</u>
Subtotal	<u>9,729,677</u>	<u>6,940,282</u>	<u>6,180,023</u>	<u>10,489,936</u>
Capital assets, being depreciated/amortized				
Land improvements	7,809,826	237,909	-	8,047,735
Buildings and improvements	92,014,072	6,188,122	-	98,202,194
Furniture and equipment	13,266,856	1,219,070	-	14,485,926
Vehicles	2,476,733	102,551	-	2,579,284
Right to use - subscription-based IT	<u>-</u>	<u>554,304</u>	<u>-</u>	<u>554,304</u>
Subtotal	<u>115,567,487</u>	<u>8,301,956</u>	<u>-</u>	<u>123,869,443</u>
Accumulated depreciation/amortization				
Land improvements	4,744,055	287,769	-	5,031,824
Buildings and improvements	41,380,408	2,348,185	-	43,728,593
Furniture and equipment	11,230,269	553,153	-	11,783,422
Vehicles	1,948,478	98,691	-	2,047,169
Right to use - subscription-based IT	<u>-</u>	<u>98,943</u>	<u>-</u>	<u>98,943</u>
Total accumulated depreciation/amortization	<u>59,303,210</u>	<u>3,386,741</u>	<u>-</u>	<u>62,689,951</u>
Net capital assets being depreciated/amortized	<u>56,264,277</u>	<u>4,915,215</u>	<u>-</u>	<u>61,179,492</u>
Net governmental capital assets	<u><u>\$ 65,993,954</u></u>	<u><u>\$ 11,855,497</u></u>	<u><u>\$ 6,180,023</u></u>	<u><u>\$ 71,669,428</u></u>

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - CAPITAL ASSETS (continued)

Depreciation/amortization for the fiscal year ended June 30, 2024 amounted to \$3,386,741 which was allocated in the following manner:

Instruction	\$ 1,972,679
Support services	1,085,282
Food service	164,390
Community services	<u>164,390</u>
	<u><u>\$ 3,386,741</u></u>

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2024 consist of the following:

Governmental units	
State revenue	\$ 5,959,372
Federal revenue	6,559,725
Intermediate and other sources	<u>930,377</u>
	<u><u>\$ 13,449,474</u></u>

Because of the District's favorable collection experience, no allowance for doubtful accounts has been recorded.

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2024 are as follows:

Receivable Fund		Payable Fund	
General fund	\$ 7,817,408	General fund	\$ 6,728,504
Nonmajor funds	<u>6,816,934</u>	2021 building and site fund	7,625,953
		Nonmajor funds	<u>279,885</u>
	<u><u>\$ 14,634,342</u></u>		<u><u>\$ 14,634,342</u></u>

The outstanding balances between funds results mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations for the District for the year ended June 30, 2024:

	General Obligation Bonds	Compensated Absences	Total
Balance, July 1, 2023	\$ 112,650,839	\$ 410,143	\$ 113,060,982
Additions	38,336,956	174,175	38,511,131
Deletions	(45,575,295)	-	(45,575,295)
Balance, June 30, 2024	105,412,500	584,318	105,996,818
Due within one year	3,620,000	116,864	3,736,864
Due in more than one year	<u>\$ 101,792,500</u>	<u>\$ 467,454</u>	<u>\$ 102,259,954</u>

Long-term obligations at June 30, 2024 is comprised of the following issues:

General Obligation Bonds

2010 Building and Site Bonds, Series A - \$3,525,000, due in a single principal payment on May 1, 2026, with interest at 6.30%.	\$ 3,525,000
2021 Building and Site Bonds - due in annual installments of \$165,000 to \$1,920,000 through November 1, 2044, with interest at 3.00% to 5.00%.	20,575,000
2023 Building and Site Bonds - due in annual installments of \$200,000 to \$2,245,000 through November 1, 2044, with interest at 4.00% to 5.00%.	36,385,000
2024 Refunding Bonds - due in annual installments of \$3,050,000 to \$3,420,000 through November 1, 2034, with interest at 5.00%.	34,580,000
Add issuance premiums	<u>10,347,500</u>
Total general obligation bonds	105,412,500
Compensated absences	<u>584,318</u>
Total general long-term obligations	<u>\$ 105,996,818</u>

The District has designated the 2010 Building and Site Bonds, Series A as “Qualified School Construction Bonds”, therefore, the District expects to receive a direct payment from the U.S. Treasury to cover a portion of the interest to be paid on the bonds. For the year ended June 30, 2024, the District recognized \$181,168 in interest rate subsidy from the U.S. Treasury.

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

The annual requirement to amortize long-term obligations outstanding, exclusive of compensated absences payments, as of June 30, 2024 are as follows:

Year Ending June 30,	General Obligation Bonds		Compensated Absences	Total
	Principal	Interest		
2025	\$ 3,620,000	\$ 4,378,320	\$ -	\$ 7,998,320
2026	7,300,000	4,030,151	-	11,330,151
2027	4,455,000	3,602,325	-	8,057,325
2028	4,555,000	3,377,075	-	7,932,075
2029	4,760,000	3,144,200	-	7,904,200
2030 - 2034	26,470,000	11,891,050	-	38,361,050
2035 - 2039	22,095,000	5,997,575	-	28,092,575
2040 - 2044	19,820,000	2,048,025	-	21,868,025
2045	1,990,000	34,800	-	2,024,800
	95,065,000	38,503,521	-	133,568,521
Issuance premium	10,347,500	-	-	10,347,500
Compensated absences	-	-	584,318	584,318
	<u>\$ 105,412,500</u>	<u>\$ 38,503,521</u>	<u>\$ 584,318</u>	<u>\$ 144,500,339</u>

Interest expense (all funds) for the year ended June 30, 2024 was approximately \$3,609,000.

As a result of the 2024 refunding, the District reduced its total debt service requirements by \$3,992,262, creating an economic gain (difference between the present value of the debt service payment on the old and new debt) of \$2,895,380.

The District has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2024, \$77,960,000 of bonds outstanding are considered defeased.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Michigan Public School Employees' Retirement System (MPSERS) (System) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the Board's authority to promulgate or amend the provisions of the System. MPSERS issues a publicly available Annual Comprehensive Financial Report that can be obtained at www.michigan.gov/orsschools.

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Plan Description (continued)

The System's pension plan was established by the State to provide retirement, survivor, and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act.

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State of Michigan Investment Board serves as the investment fiduciary and custodian for the System.

Benefits Provided - Overall

Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of the plans offered by MPSERS is as follows:

<u>Plan Name</u>	<u>Plan Type</u>	<u>Plan Status</u>
Basic	Defined Benefit	Closed
Member Investment Plan (MIP)	Defined Benefit	Closed
Pension Plus	Hybrid	Closed
Pension Plus 2	Hybrid	Open
Defined Contribution	Defined Contribution	Open

Benefits Provided - Pension

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Retirement benefits for DB plan members are determined by final average compensation and years of service. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

Prior to Pension reform of 2010 there were two plans commonly referred to as Basic and the Member Investment Plan (MIP). Basic plan member's contributions range from 0% - 4%. On January 1, 1987, the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990, contribute at a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990, or later including Pension Plus Plan members, contribute at various graduated permanently fixed contribution rates from 3.0% - 7.0%.

Pension Reform 2010

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of the Michigan Public School Employees' Retirement System (MPSERS) who became a member of MPSERS after June 30, 2010, is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded, up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010, and who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their pension. Any changes to a member's pension are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

An amount determined by the member's election of Option 1, 2, 3, or 4 described below:

Option 1 - Members voluntarily elected to increase their contributions to the pension fund as noted below and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they terminate public school employment.

- Basic Plan Members: 4% contribution
- Member Investment Plan (MIP)-Fixed, MIP-Graded, and MIP-Plus members: a flat 7% contribution

Option 2 - Members voluntarily elected to increase their contribution to the pension fund as stated in Option 1 and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they reach 30 years of service. If and when they reach 30 years of service, their contribution rates will return to the previous level in place as of the day before their transition date (0% for Basic plan members, 3.9% for MIP-Fixed, up to 4.3% for MIP-Graded, or up to 6.4% for MIP-Plus). The pension formula for any service thereafter would include a 1.25% pension factor.

Option 3 - Members voluntarily elected not to increase their contribution to the pension fund and maintain their current level of contribution to the pension fund. The pension formula for their years of service as of the day before their transition date will include a 1.5% pension factor. The pension formula for any service thereafter will include a 1.25% pension factor.

Option 4 - Members voluntarily elected to no longer contribute to the pension fund and therefore are switched to the Defined Contribution plan for future service as of their transition date. As a DC participant they receive a 4% employer contribution to the tax-deferred 401(k) account and can choose to contribute up to the maximum amounts permitted by the IRS to a 457 account. They vest in employer contributions and related earnings in their 401(k)-account based on the following schedule: 50% at 2 years, 75% at 3 years, and 100% at 4 years of service. They are 100% vested in any personal contributions and related earnings in their 457 account. Upon retirement, if they meet age and service requirements (including their total years of service), they would also receive a pension (calculated based on years of service and final average compensation as of the day before their transition date and a 1.5% pension factor).

Members who did not make an election before the deadline defaulted to Option 3 as described above. Deferred or nonvested public school employees on September 3, 2012, who return to public school employment on or after September 4, 2012, will be considered as if they had elected Option 3 above. Returning members who made the retirement plan election will retain whichever option they chose.

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012 (continued)

Employees who first work on or after September 4, 2012, choose between two retirement plans: The Pension Plus Plan and a Defined Contribution that provides a 50% employer match up to 3% of salary on employee contributions.

Final Average Compensation (FAC) - Average of highest 60 consecutive months for Basic Plan members and Pension Plus members (36 months for MIP members). FAC is calculated as of the last day worked unless the member elected Option 4, in which case the FAC is calculated at the transition date.

Pension Reform of 2017

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law. The legislation closed the Pension Plus Plan to newly hired employees as of February 1, 2018, and created a new, optional Pension Plus 2 Plan with similar plan benefit calculations but containing a 50/50 cost share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the Pension Plus 2 Plan is 6%. Further, under certain adverse actuarial conditions, the Pension Plus 2 Plan will close to new employees if the actuarial funded ratio falls below 85% for two consecutive years. The law included other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

Benefits Provided - Other Postemployment Benefit (OPEB)

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree health care recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP-Graded plan members), the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008, (MIP-Plus plan members), have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date.

Retiree Healthcare Reform of 2012

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees' Retirement System, who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013.

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Retiree Healthcare Reform of 2012 (continued)

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions will be deposited into their 401(k) accounts.

Regular Retirement (no reduction factor for age)

Eligibility - A Basic plan member may retire at age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, age 46 with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through their 60th birthday and has credited service in each of the last 5 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

Annual Amount - The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012.

Member Contributions

Depending on the plan selected, member contributions range from 0% - 7% for pension and 0% - 3% for other postemployment benefits. Plan members electing the Defined Contribution Plan are not required to make additional contributions.

Employer Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of pension benefits and OPEB. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The normal cost is the annual cost assigned under the actuarial funding method, to the current and subsequent plan years. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

Pension and OPEB contributions made in the fiscal year ending September 30, 2023 were determined as of the September 30, 2020 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2020 are amortized over an 16-year period beginning October 1, 2022 and ending September 30, 2038.

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions (continued)

School districts' contributions are determined based on employee elections. There are several different benefit options included in the plan available to employees based on date of hire. Contribution rates are adjusted annually by the ORS. The range of rates is as follows:

	Pension	Other Postemployment Benefit
October 1, 2023 - September 30, 2024	13.90% - 23.03%	7.06% - 8.31%
October 1, 2022 - September 30, 2023	13.75% - 20.16%	7.21% - 8.07%

The District's pension contributions for the year ended June 30, 2024 were equal to the required contribution total. Total pension contributions were approximately \$10,375,000. Of the total pension contributions, approximately \$9,899,000 was contributed to fund the Defined Benefit Plan and approximately \$476,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2024 were equal to the required contribution total. Total OPEB contributions were approximately \$2,412,000. Of the total OPEB contributions, approximately \$2,166,000 was contributed to fund the Defined Benefit Plan and approximately \$246,000 was contributed to fund the Defined Contribution Plan.

These amounts, for both pension and OPEB benefit, include contributions funded from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate (100% for pension and 0% for OPEB).

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

The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2022, and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

<i>MPSERS (Plan) Non-university Employers</i>	September 30, 2023	September 30, 2022
Total pension liability	\$ 94,947,828,557	\$ 95,876,795,620
Plan fiduciary net position	\$ 62,581,762,238	\$ 58,268,076,344
Net pension liability	\$ 32,366,066,319	\$ 37,608,719,276
Proportionate share	0.21110%	0.20607%
Net pension liability for the District	\$ 68,324,620	\$ 77,498,847

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2024, the District recognized pension expense of \$5,773,049.

At June 30, 2024, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 1,199,835	\$ 5,635,099
Differences between expected and actual experience	2,156,800	104,662
Changes of assumptions	9,258,297	5,338,124
Net difference between projected and actual plan investments earnings	-	1,398,143
Reporting Unit's contributions subsequent to the measurement date	9,318,613	-
	\$ 21,933,545	\$ 12,476,028

\$9,318,613, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

Year Ending September 30,	Amount
2024	\$ (760,917)
2025	(759,940)
2026	2,523,828
2027	(864,067)
	\$ 138,904

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

OPEB Liabilities (Asset), OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation date of September 30, 2022 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability (asset) was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined.

<u>MPSEERS (Plan) Non-university Employers</u>	<u>September 30, 2023</u>	<u>September 30, 2022</u>
Total other postemployment benefit liability	\$ 11,223,648,949	\$ 12,522,713,324
Plan fiduciary net position	\$ 11,789,347,341	\$ 10,404,650,683
Net other postemployment benefit liability (asset)	\$ (565,698,392)	\$ 2,118,062,641
Proportionate share	0.23323%	0.20294%
Net other postemployment benefits liability (asset) for the District	\$ (1,319,367)	\$ 4,298,435

For the year ended June 30, 2024, the District recognized OPEB benefit of \$2,697,154.

At June 30, 2024, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 1,181,376	\$ 1,676,347
Differences between expected and actual experience	-	9,969,812
Changes of assumptions	2,937,140	353,687
Net difference between projected and actual plan investments earnings	4,023	-
Reporting Unit's contributions subsequent to the measurement date	<u>1,941,233</u>	<u>-</u>
	<u>\$ 6,063,772</u>	<u>\$ 11,999,846</u>

\$1,941,233, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability (asset) in the subsequent fiscal year.

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

OPEB Liabilities (Asset), OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB (continued)

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

Year Ending September 30,	Amount
2024	\$ (2,622,461)
2025	(2,504,582)
2026	(1,036,984)
2027	(960,183)
2028	(522,103)
2029	(230,994)
	\$ (7,877,307)

Actuarial Assumptions

Investment Rate of Return for Pension - 6.00% a year, compounded annually net of investment and administrative expenses for the MIP, Basic, Pension Plus, and Pension Plus 2 Plan groups.

Investment Rate of Return for OPEB - 6.00% a year, compounded annually net of investment and administrative expenses.

Salary Increases - The rate of pay increase used for individual members is 2.75% - 11.55%, including wage inflation at 2.75%.

Inflation - 3.0%.

Mortality Assumptions -

Retirees: PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Active: PubT-2010 Male and Female Employee Mortality Tables scaled 100% and MP-202 adjusted for mortality improvements using projection scale from 2010.

Disabled Retirees: PubNS-2010 Male and Female Disabled Retiree Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Experience Study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2022. Assumption changes as a result of an experience study for the periods 2017 through 2022 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2023, valuation.

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

The Long-Term Expected Rate of Return on Pension and Other Postemployment Benefit Plan Investments - The pension rate was 6.00% (MIP, Basic, Pension Plus Plan, and Pension Plus 2 Plan), and the other postemployment benefit rate was 6.00%, net of investment and administrative expenses determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension and OPEB 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.

Cost of Living Pension Adjustments - 3.0% annual non-compounded for MIP members.

Healthcare Cost Trend Rate for Other Postemployment Benefit - Pre 65, 7.50% for year one and graded to 3.5% in year fifteen. Post 65, 6.25% for year one and graded to 3.5% in year fifteen.

Additional Assumptions for Other Postemployment Benefit Only - Applies to Individuals Hired Before September 4, 2012:

Opt Out Assumption - 21% of eligible participants hired before July 1, 2008, and 30% of those hired after June 30, 2008, are assumed to opt out of the retiree health plan.

Survivor Coverage - 80% of male retirees and 67% of female retirees electing two-person coverage are assumed to have coverage continuing after the retiree's death.

Coverage Election at Retirement - 75% of male and 60% of female future retirees who elected coverage are assumed to elect coverage for 1 or more dependents.

The target asset allocation at September 30, 2023 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Investment Category</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
Domestic Equity Pools	25.0%	5.8%
International Equity Pools	15.0%	6.8%
Private Equity Pools	16.0%	9.6%
Real Estate and Infrastructure Pools	10.0%	6.4%
Fixed Income Pools	13.0%	1.3%
Absolute Return Pools	9.0%	4.8%
Real Return/Opportunistic Pools	10.0%	7.3%
Short Term Investment Pools	2.0%	0.3%
	<u>100.0%</u>	

* Long term rates of return are net of administrative expenses and 2.7% inflation.

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Rate of Return - For fiscal year ended September 30, 2023, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 8.29% and 7.94%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Discount Rate - A single discount rate of 6.00% was used to measure the total pension liability. This discount rate was based on the expected rate of return on pension plan investments of 6.00%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions from school districts will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

OPEB Discount Rate - A single discount rate of 6.00% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that school districts contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net pension liability calculated using a single discount rate of 6.00%, as well as what the Reporting Unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Pension		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	\$ 92,306,362	\$ 68,324,620	\$ 48,358,953

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net OPEB liability (asset) calculated using a single discount rate of 6.00%, as well as what the Reporting Unit's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Other Postemployment Benefits		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability (asset)	\$ 1,367,787	\$ (1,319,367)	\$ (3,628,712)

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Sensitivity to the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates - The following presents the Reporting Unit's proportionate share of the net other postemployment benefit liability (asset) calculated using the healthcare cost trend rate, as well as what the Reporting Unit's proportionate share of the net other postemployment benefit liability (asset) would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Other Postemployment Benefits		
	1% Trend Decrease	Healthcare Cost Trend Rates	1% Trend Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability (asset)	\$ (3,634,470)	\$ (1,319,367)	\$ 1,186,334

Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension and OPEB's fiduciary net position is available in the separately issued Michigan Public School Employees' Retirement System Annual Comprehensive Financial Report.

Payable to the Pension and OPEB Plan - At year end the School District is current on all required pension and other postemployment benefit plan payments. Amounts accrued at year end for accounting purposes are separately stated in the financial statements as a liability titled accrued retirement. These amounts represent current payments for June paid in July, accruals for summer pay primarily for teachers, and the contributions due from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District purchases commercial insurance to cover any losses that may result from the above-described activities. No settlement has occurred in excess of coverage for the year ended June 30, 2024.

NOTE 9 - TRANSFERS

The general fund transferred \$250,000 to the nonmajor funds to subsidize current year activities. The nonmajor 2014 refunding bond debt service fund transferred \$642,651 to the nonmajor 2024 refunding bond debt service fund to close out the fund in conjunction with the issuance of the 2024 refunding bonds.

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - TAX ABATEMENTS

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions, Brownfield Redevelopment Agreements, and Payments in Lieu of Taxes (PILOT) granted by cities, villages, and townships. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield Redevelopment Agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties; PILOT programs apply to multiple unit housing for citizens of low income and the elderly.

The property taxes abated for all funds by municipality under these programs are as follows:

Municipality	Taxes Abated
City of Holland	\$ 426,198
Holland Township	175,053
Laketown Township	5,855
Park Township	1,364
	\$ 608,470

The taxes abated for the general fund operating millage is considered by the State of Michigan when determining the District's Section 22 Funding of the State School Aid Act.

There are no abatements made by the District.

NOTE 11 - CONTINGENT LIABILITIES

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

NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

**HOLLAND PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of circumstances disclosed and the government's vulnerability to the risk of substantial impact. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement establishes new accounting and financial reporting requirements - or modifies existing requirements - related to the following:

- a. Management's discussion and analysis (MD&A);
 - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
 - 1) Overview of the Financial Statements,
 - 2) Financial Summary,
 - 3) Detailed Analyses,
 - 4) Significant Capital Asset and Long-Term Financing Activity,
 - 5) Currently Known Facts, Decisions, or Conditions;
 - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
 - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
 - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
 - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;
- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

**HOLLAND PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2024**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	\$ 11,848,500	\$ 12,812,200	\$ 12,676,463	\$ (135,737)
State sources	29,587,400	31,849,200	32,000,150	150,950
Federal sources	5,917,800	8,132,000	6,696,971	(1,435,029)
Incoming transfers and other	6,705,800	7,726,500	7,472,230	(254,270)
TOTAL REVENUES	54,059,500	60,519,900	58,845,814	(1,674,086)
EXPENDITURES				
Current				
Instruction				
Basic programs	21,999,300	23,852,500	22,654,686	1,197,814
Added needs	9,340,300	10,667,100	9,808,792	858,308
Total instruction	31,339,600	34,519,600	32,463,478	2,056,122
Supporting services				
Pupil support	5,946,800	7,023,100	6,559,339	463,761
Instructional staff	1,878,800	2,375,900	3,041,068	(665,168)
General administration	626,200	696,000	618,981	77,019
School administration	2,398,600	2,478,700	2,378,944	99,756
Business services	573,100	749,900	841,713	(91,813)
Operations and maintenance	4,821,000	4,669,000	4,601,896	67,104
Pupil transportation	1,270,300	1,488,400	1,461,010	27,390
Central services	1,206,500	1,396,400	1,431,519	(35,119)
Athletics and other	889,800	1,190,200	1,040,705	149,495
Total supporting services	19,611,100	22,067,600	21,975,175	92,425
Community services	2,521,100	2,741,800	2,817,807	(76,007)
TOTAL EXPENDITURES	53,471,800	59,329,000	57,256,460	2,072,540
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	587,700	1,190,900	1,589,354	398,454
OTHER FINANCING SOURCES				
Transfers in	50,000	-	-	-
Transfers out	-	(250,000)	(250,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	50,000	(250,000)	(250,000)	-
NET CHANGE IN FUND BALANCE	\$ 637,700	\$ 940,900	1,339,354	\$ 398,454
FUND BALANCE				
Beginning of year			8,212,747	
End of year			\$ 9,552,101	

HOLLAND PUBLIC SCHOOLS
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Reporting Unit's proportion of net pension liability (%)	0.21110%	0.20607%	0.23346%	0.23844%	0.24443%	0.24822%	0.25817%	0.26938%	0.27014%	0.26935%
Reporting Unit's proportionate share of net pension liability	\$ 68,324,620	\$ 77,498,847	\$ 55,273,297	\$ 81,905,854	\$ 80,947,948	\$ 74,618,192	\$ 66,901,596	\$ 67,208,009	\$ 65,982,925	\$ 59,327,915
Reporting Unit's covered-employee payroll	\$ 23,529,207	\$ 20,004,812	\$ 21,067,861	\$ 20,844,356	\$ 20,990,969	\$ 21,303,461	\$ 21,950,188	\$ 22,126,619	\$ 21,075,186	\$ 22,878,618
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	290.38%	387.40%	262.36%	392.94%	385.63%	350.26%	304.79%	303.74%	313.08%	259.32%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

HOLLAND PUBLIC SCHOOLS
SCHEDULE OF THE REPORTING UNIT'S PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required pension contributions	\$ 9,899,285	\$ 9,255,425	\$ 7,415,001	\$ 6,864,632	\$ 6,486,851	\$ 6,464,832	\$ 6,473,769	\$ 5,068,762	\$ 4,667,502	\$ 3,871,319
Pension contributions in relation to statutorily required contributions	<u>9,899,285</u>	<u>9,255,425</u>	<u>7,415,001</u>	<u>6,864,632</u>	<u>6,486,851</u>	<u>6,464,832</u>	<u>6,473,769</u>	<u>5,068,762</u>	<u>4,667,502</u>	<u>3,871,319</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll (pension)	\$ 26,863,151	\$ 23,561,169	\$ 19,419,948	\$ 19,366,324	\$ 20,307,750	\$ 21,271,715	\$ 21,387,306	\$ 21,716,769	\$ 21,369,670	\$ 21,371,357
Pension contributions as a percentage of covered-employee payroll	36.85%	39.28%	38.18%	35.45%	31.94%	30.39%	30.27%	23.34%	21.84%	18.11%

**HOLLAND PUBLIC SCHOOLS
SCHEDULE OF THE REPORTING UNIT'S
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Reporting Unit's proportion of net other postemployment benefits liability (asset) (%)	0.23323%	0.20294%	0.23315%	0.23450%	0.24048%	0.23524%	0.25886%
Reporting Unit's proportionate share of net other postemployment benefits liability (asset)	\$ (1,319,367)	\$ 4,298,435	\$ 3,558,702	\$ 12,563,040	\$ 17,287,046	\$ 18,698,784	\$ 22,923,658
Reporting Unit's covered-employee payroll	\$ 23,529,207	\$ 20,004,812	\$ 21,067,861	\$ 20,844,356	\$ 20,990,969	\$ 21,303,461	\$ 21,950,188
Reporting Unit's proportionate share of net other postemployment benefits liability (asset) as a percentage of its covered-employee payroll	5.61%	21.49%	16.89%	60.27%	82.35%	87.77%	104.43%
Plan fiduciary net position as a percentage of total other postemployment benefits liability (Non-university employers)	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

**HOLLAND PUBLIC SCHOOLS
SCHEDULE OF THE REPORTING UNIT'S OPEB CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE PLAN YEAR ENDED JUNE 30)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required other postemployment benefits contributions	\$ 2,165,722	\$ 1,833,244	\$ 1,835,666	\$ 1,809,429	\$ 1,791,375	\$ 1,765,988	\$ 1,750,248
Other postemployment benefits contributions in relation to statutorily required contributions	<u>2,165,722</u>	<u>1,833,244</u>	<u>1,835,666</u>	<u>1,809,429</u>	<u>1,791,375</u>	<u>1,765,988</u>	<u>1,750,248</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll (OPEB)	\$ 26,863,151	\$ 23,561,169	\$ 19,419,948	\$ 19,366,324	\$ 20,307,750	\$ 21,271,715	\$ 21,387,306
Other postemployment benefits contributions as a percentage of covered-employee payroll	8.06%	7.78%	9.45%	9.34%	8.82%	8.30%	8.18%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

HOLLAND PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2024

NOTE 1 - PENSION INFORMATION

Benefit Changes - there were no changes of benefit terms in 2023.

Changes of Assumptions - the assumption changes for 2023 were:

- Mortality assumptions were updated to the Pub-2010 Male and Female Retiree Mortality Tables from the RP-2014 Male and Female Healthy Annuitant table.

NOTE 2 - OPEB INFORMATION

Benefit Changes - there were no changes of benefit terms in 2023.

Changes of Assumptions - the assumption changes for 2023 were:

- Healthcare Cost Trend Rate
 - Pre 65 decreased to 7.50% for year one graded to 3.50% for year fifteen from 7.75% for year one graded to 3.50% for year fifteen.
 - Post 65 increased to 6.25% for year one and graded to 3.5% for year fifteen from 5.25% for year one and graded to 3.5% for year fifteen.
- Mortality assumptions were updated to the Pub-2010 Male and Female Retiree Mortality Tables from the RP-2014 Male and Female Healthy Annuitant table.

ADDITIONAL SUPPLEMENTARY INFORMATION

**HOLLAND PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2024**

	Special Revenue		Debt Service				Capital Projects		Totals	
	Food Service	Student/School Activities	2010 Building and Site Bond	2014 Refunding Bond	2021 Building and Site Bond	2023 Building and Site Bond	2024 Refunding Bond	Sinking Fund		Property Sales
ASSETS										
Cash and cash equivalents	\$ 54,270	\$ 894,599	\$ 544,869	\$ 2,421	\$ 11,395	\$ 1,000	\$ -	\$ 732,873	\$ -	\$ 2,241,427
Investments	-	266,341	-	-	-	-	-	3,952,638	1,750,695	5,969,674
Receivables										
Accounts	9,700	-	-	-	-	-	-	-	-	9,700
Intergovernmental	77,249	-	89,108	-	-	-	-	-	-	166,357
Due from other funds	-	-	1,007,230	-	567,365	736,832	642,651	3,862,856	-	6,816,934
Inventories	6,707	-	-	-	-	-	-	-	-	6,707
TOTAL ASSETS	\$ 147,926	\$ 1,160,940	\$ 1,641,207	\$ 2,421	\$ 578,760	\$ 737,832	\$ 642,651	\$ 8,548,367	\$ 1,750,695	\$ 15,210,799
LIABILITIES AND FUND BALANCES										
LIABILITIES										
Accounts payable	\$ 6,949	\$ 22,582	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 470,558	\$ -	\$ 500,089
Accrued salaries and related items	7,980	-	-	-	-	-	-	-	-	7,980
Unearned revenue	10,842	-	-	-	-	-	-	-	-	10,842
Due to other funds	70,868	206,596	-	2,421	-	-	-	-	-	279,885
TOTAL LIABILITIES	96,639	229,178	-	2,421	-	-	-	470,558	-	798,796
FUND BALANCES										
Nonspendable										
Inventories	6,707	-	-	-	-	-	-	-	-	6,707
Restricted for:										
Food service	44,580	-	-	-	-	-	-	-	-	44,580
Capital projects	-	-	-	-	-	-	-	8,077,809	-	8,077,809
Debt service	-	-	1,641,207	-	578,760	737,832	642,651	-	-	3,600,450
Committed										
Student/school activities	-	931,762	-	-	-	-	-	-	-	931,762
Assigned for:										
Capital projects	-	-	-	-	-	-	-	-	1,750,695	1,750,695
TOTAL FUND BALANCES	51,287	931,762	1,641,207	-	578,760	737,832	642,651	8,077,809	1,750,695	14,412,003
TOTAL LIABILITIES AND FUND BALANCES	\$ 147,926	\$ 1,160,940	\$ 1,641,207	\$ 2,421	\$ 578,760	\$ 737,832	\$ 642,651	\$ 8,548,367	\$ 1,750,695	\$ 15,210,799

**HOLLAND PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2024**

	Special Revenue		Debt Service				Capital Projects		Total	
	Food Service	Student/School Activities	2010 Building and Site Bond	2014 Refunding Bond	2021 Building and Site Bond	2023 Building and Site Bond	2024 Refunding Bond	Sinking Fund		Property Sales
REVENUES										
Local sources										
Property taxes	\$ -	\$ -	\$ 87,167	\$ 4,949,833	\$ 418,345	\$ 2,788,601	\$ -	\$ 2,059,576	\$ -	\$ 10,303,522
Food sales	151,264	-	-	-	-	-	-	-	-	151,264
Student/school activities	-	435,070	-	-	-	-	-	-	-	435,070
Investment earnings	12,745	36,754	13,363	8,828	7,435	991	-	247,895	92,899	420,910
Total local sources	164,009	471,824	100,530	4,958,661	425,780	2,789,592	-	2,307,471	92,899	11,310,766
State sources	231,398	-	4,788	271,943	22,981	153,208	-	113,172	-	797,490
Federal sources	1,888,594	-	181,168	-	-	-	-	-	-	2,069,762
TOTAL REVENUES	2,284,001	471,824	286,486	5,230,604	448,761	2,942,800	-	2,420,643	92,899	14,178,018
EXPENDITURES										
Current										
Food service activities	2,689,749	-	-	-	-	-	-	-	-	2,689,749
Student/school activities	-	447,007	-	-	-	-	-	-	-	447,007
Capital outlay	-	-	-	-	-	-	-	1,505,897	-	1,505,897
Debt service										
Principal repayment	-	-	-	3,385,000	-	500,000	-	-	-	3,885,000
Interest	-	-	222,075	1,034,782	647,550	1,704,968	-	-	-	3,609,375
Other	-	-	651	300	1,000	-	329,716	-	-	331,667
TOTAL EXPENDITURES	2,689,749	447,007	222,726	4,420,082	648,550	2,204,968	329,716	1,505,897	-	12,468,695
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(405,748)	24,817	63,760	810,522	(199,789)	737,832	(329,716)	914,746	92,899	1,709,323
OTHER FINANCING SOURCES (USES)										
Proceeds from bond issuance	-	-	-	-	-	-	34,580,000	-	-	34,580,000
Proceeds from bond premium	-	-	-	-	-	-	3,756,956	-	-	3,756,956
Payment to escrow agent	-	-	-	(865,531)	-	-	(38,007,240)	-	-	(38,872,771)
Transfers in	250,000	-	-	-	-	-	642,651	-	-	892,651
Transfers out	-	-	-	(642,651)	-	-	-	-	-	(642,651)
TOTAL OTHER FINANCING SOURCES (USES)	250,000	-	-	(1,508,182)	-	-	972,367	-	-	(285,815)
NET CHANGE IN FUND BALANCES	(155,748)	24,817	63,760	(697,660)	(199,789)	737,832	642,651	914,746	92,899	1,423,508
FUND BALANCES										
Beginning of year	207,035	906,945	1,577,447	697,660	778,549	-	-	7,163,063	1,657,796	12,988,495
End of year	\$ 51,287	\$ 931,762	\$ 1,641,207	\$ -	\$ 578,760	\$ 737,832	\$ 642,651	\$ 8,077,809	\$ 1,750,695	\$ 14,412,003

**HOLLAND PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2024**

2010 Building and Site Bonds - Series A

Principal Due May 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30,	Amount
\$ -	\$ 111,038	\$ 111,038	2025	\$ 222,076
<u>3,525,000</u>	<u>111,038</u>	<u>111,038</u>	2026	<u>3,747,076</u>
<u>\$ 3,525,000</u>	<u>\$ 222,076</u>	<u>\$ 222,076</u>		<u>\$ 3,969,152</u>

The above bonds were issued May 4, 2010, for the purpose of erecting, furnishing and equipping additions to and remodeling, refurnishing, and re-equipping, including HVAC controls and boilers, two former elementary buildings for new educational purposes, and remodeling, refurnishing, and re-equipping K-7 buildings; acquiring and installing educational technology system improvements; and developing and improving sites. The bonds carry an interest rate of 6.30%. The amount of the original issue was \$15,000,000.

**HOLLAND PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2024**

2021 Building and Site Bonds

Principal Due November 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30,	Amount
\$ -	\$ 323,775	\$ 323,775	2025	\$ 647,550
-	323,775	323,775	2026	647,550
165,000	319,650	323,775	2027	808,425
270,000	312,900	319,650	2028	902,550
270,000	306,150	312,900	2029	889,050
270,000	299,400	306,150	2030	875,550
270,000	292,650	299,400	2031	862,050
270,000	285,900	292,650	2032	848,550
270,000	281,850	285,900	2033	837,750
270,000	277,800	281,850	2034	829,650
270,000	273,750	277,800	2035	821,550
1,920,000	244,950	273,750	2036	2,438,700
1,920,000	216,150	244,950	2037	2,381,100
1,920,000	187,350	216,150	2038	2,323,500
1,915,000	158,625	187,350	2039	2,260,975
1,915,000	129,900	158,625	2040	2,203,525
1,915,000	101,175	129,900	2041	2,146,075
1,915,000	72,450	101,175	2042	2,088,625
1,915,000	43,725	72,450	2043	2,031,175
1,915,000	15,000	43,725	2044	1,973,725
1,000,000	-	15,000	2045	1,015,000
<u>\$ 20,575,000</u>	<u>\$ 4,466,925</u>	<u>\$ 4,790,700</u>		<u>\$ 29,832,625</u>

The above bonds were issued June 30, 2021, for the purpose of erecting additions to school buildings; remodeling, including security improvements to, furnishing and refurnishing and equipping, and re-equipping school buildings; erecting school support buildings; acquiring and installing instructional technology and instructional technology equipment for school buildings; purchasing school buses; equipping, developing and improving playgrounds, play fields, athletic fields and facilities, driveways, parking areas and sites. The bonds carry an interest rate of 3.00% to 5.00%. The amount of the original issue was \$23,355,000.

**HOLLAND PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2024**

2023 Building and Site Bonds

Principal Due November 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30,	Amount
\$ 200,000	\$ 848,450	\$ 853,450	2025	\$ 1,901,900
675,000	831,575	848,450	2026	2,355,025
1,190,000	801,825	831,575	2027	2,823,400
1,180,000	772,325	801,825	2028	2,754,150
1,350,000	738,575	772,325	2029	2,860,900
1,680,000	696,575	738,575	2030	3,115,150
1,895,000	649,200	696,575	2031	3,240,775
1,790,000	604,450	649,200	2032	3,043,650
2,000,000	554,450	604,450	2033	3,158,900
2,115,000	501,575	554,450	2034	3,171,025
2,145,000	447,950	501,575	2035	3,094,525
2,225,000	392,325	447,950	2036	3,065,275
2,245,000	336,200	392,325	2037	2,973,525
2,235,000	280,325	336,200	2038	2,851,525
2,225,000	224,700	280,325	2039	2,730,025
2,195,000	180,800	224,700	2040	2,600,500
2,155,000	137,700	180,800	2041	2,473,500
2,115,000	95,400	137,700	2042	2,348,100
2,080,000	53,800	95,400	2043	2,229,200
1,700,000	19,800	53,800	2044	1,773,600
990,000	-	19,800	2045	1,009,800
<u>\$ 36,385,000</u>	<u>\$ 9,168,000</u>	<u>\$ 10,021,450</u>		<u>\$ 55,574,450</u>

The above bonds were issued May 4, 2023, for the purpose of erecting additions to school buildings; remodeling, including security improvements to, furnishing and refurbishing and equipping and re-equipping school buildings; erecting school support buildings; acquiring and installing instructional technology and instructional technology equipment for school buildings; purchasing school buses; equipping, developing and improving playgrounds, play fields, athletic fields and facilities, driveways, parking areas and sites; and paying the cost of issuing the Bonds. The bonds carry an interest rate of 4.00% to 5.00%. The amount of the original issue was \$36,885,000.

**HOLLAND PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2024**

2024 Refunding Bonds

Principal Due November 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30,	Amount
\$ 3,420,000	\$ 779,000	\$ 1,027,794	2025	\$ 5,226,794
3,100,000	701,500	779,000	2026	4,580,500
3,100,000	624,000	701,500	2027	4,425,500
3,105,000	546,375	624,000	2028	4,275,375
3,140,000	467,875	546,375	2029	4,154,250
3,050,000	391,625	467,875	2030	3,909,500
3,095,000	314,250	391,625	2031	3,800,875
3,175,000	234,875	314,250	2032	3,724,125
3,160,000	155,875	234,875	2033	3,550,750
3,160,000	76,875	155,875	2034	3,392,750
3,075,000	-	76,875	2035	3,151,875
<u>\$ 34,580,000</u>	<u>\$ 4,292,250</u>	<u>\$ 5,320,044</u>		<u>\$ 44,192,294</u>

The above bonds were issued March 27, 2024, for the purpose of refunding the 2014 Refunding Bonds. The bonds carry an interest rate of 5.00%. The amount of the original issue was \$34,580,000.

**HOLLAND PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued (Unearned) Revenue 7/1/2023	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue 6/30/2024
U.S. Department of Agriculture									
Passed through Michigan Department of Education									
Child Nutrition Cluster									
Non-cash assistance (donated foods)									
National School Lunch Program	10.555	N/A	\$ 146,805	\$ -	\$ -	\$ -	\$ 146,805	\$ 146,805	\$ -
National School Lunch Program - Bonus		N/A	1,491	-	-	-	1,491	1,491	-
Total ALN 10.555 Non-cash Assistance			148,296	-	-	-	148,296	148,296	-
Cash Assistance									
National School Lunch Program	10.555	241960	990,211	-	-	-	990,211	990,211	-
National School Lunch Program		231960	895,312	7,977	724,903	-	170,409	178,386	-
National School Lunch Program		240910	78,636	-	-	-	78,636	78,636	-
National School Lunch Program		241980	4,019	-	-	-	4,019	4,019	-
National School Lunch Program		231980	4,603	-	4,071	-	532	532	-
Total ALN 10.555 Cash Assistance			1,972,781	7,977	728,974	-	1,243,807	1,251,784	-
Total ALN 10.555			2,121,077	7,977	728,974	-	1,392,103	1,400,080	-
School Breakfast Program	10.553	241970	274,847	-	-	-	274,847	274,847	-
School Breakfast Program		231970	239,230	4,464	197,148	-	42,082	46,546	-
Total ALN 10.553			514,077	4,464	197,148	-	316,929	321,393	-
Summer Food Service Program for Children	10.559	240900	28,614	-	-	-	28,614	-	28,614
Summer Food Service Program for Children		230900	82,340	23,968	23,968	-	58,372	82,340	-
Total ALN 10.559			110,954	23,968	23,968	-	86,986	82,340	28,614
Total cash assistance			2,597,812	36,409	950,090	-	1,647,722	1,655,517	28,614
Total Child Nutrition Cluster			2,746,108	36,409	950,090	-	1,796,018	1,803,813	28,614
Child and Adult Care Food Program	10.558	241920	76,679	-	-	-	76,680	71,163	5,517
Child and Adult Care Food Program		231920	74,634	314	65,012	-	9,622	9,936	-
Child and Adult Care Food Program		242010	5,322	-	-	-	5,322	4,939	383
Child and Adult Care Food Program		232010	5,508	23	4,840	-	668	691	-
Total ALN 10.558			162,143	337	69,852	-	92,292	86,729	5,900
Local Food for Schools Cooperative Agreement Program	10.185	230985	12,880	12,596	12,596	-	284	12,880	-
Total U.S. Department of Agriculture			2,921,131	49,342	1,032,538	-	1,888,594	1,903,422	34,514

The accompanying notes are an integral part of this schedule.

HOLLAND PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued (Unearned) Revenue 7/1/2023	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue 6/30/2024
U.S. Department of Education									
Passed through Michigan Department of Education									
Title I Grants to Local Educational Agencies	84.010	241530-2324	\$ 900,264	\$ -	\$ -	\$ 2,223	\$ 763,289	\$ -	\$ 765,512
Title I Grants to Local Educational Agencies		231530-2223	1,114,830	441,700	923,290	(22,223)	-	419,477	-
Passed through Calhoun Intermediate School District									
Title I Grants to Local Educational Agencies		N/A	20,000	-	20,000	20,000	-	20,000	-
Passed through Ottawa Area Intermediate School District									
Title I Grants to Local Educational Agencies		N/A	151,689	-	-	-	151,689	-	151,689
Total ALN 84.010			<u>2,186,783</u>	<u>441,700</u>	<u>943,290</u>	<u>-</u>	<u>914,978</u>	<u>439,477</u>	<u>917,201</u>
Passed through Michigan Department of Education									
English Language Acquisition State Grants	84.365	240580-2324	85,557	-	-	-	53,828	-	53,828
English Language Acquisition State Grants		230580-2223	84,377	15,100	-	-	-	15,100	-
English Language Acquisition State Grants		220580-2122	83,097	-	43,190	(2,288)	-	(2,288)	-
English Language Acquisition State Grants		240570-2324	17,490	-	-	-	1,824	-	1,824
English Language Acquisition State Grants		230570-2223	17,680	10,602	-	-	-	10,602	-
Total ALN 84.365			<u>288,201</u>	<u>25,702</u>	<u>43,190</u>	<u>(2,288)</u>	<u>55,652</u>	<u>23,414</u>	<u>55,652</u>
Supporting Effective Instruction State Grants	84.367	240520-2324	138,936	-	-	-	97,033	-	97,033
Supporting Effective Instruction State Grants		230520-2223	254,287	158,864	196,281	-	58,006	216,870	-
Supporting Effective Instruction State Grants		220520-2122	344,415	-	-	(700)	-	(700)	-
Total ALN 84.367			<u>737,638</u>	<u>158,864</u>	<u>196,281</u>	<u>(700)</u>	<u>155,039</u>	<u>216,170</u>	<u>97,033</u>
Student Support and Academic Enrichment	84.424	240750-2324	89,967	-	-	9,931	67,857	-	77,788
Student Support and Academic Enrichment		230750-2223	65,681	17,992	43,917	3,000	-	20,992	-
Student Support and Academic Enrichment		220750-2122	77,205	-	-	(12,931)	-	(12,931)	-
Student Support and Academic Enrichment	84.424F	234010-456789	52,818	-	-	-	1,032	-	1,032
Total ALN 84.424			<u>285,671</u>	<u>17,992</u>	<u>43,917</u>	<u>-</u>	<u>68,889</u>	<u>8,061</u>	<u>78,820</u>
Education Stabilization Fund									
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II - Formula)	84.425D	213712-2021	2,481,597	1,408,344	1,418,053	-	-	1,408,344	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II - 98c)	84.425D	213782-2223	162,430	152,218	152,218	-	10,212	162,430	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER III - Formula)	84.425U	213713-2122	3,292,700	337,941	545,730	-	3,845,931	337,941	3,845,931
COVID-19 Elementary and Secondary School Emergency Relief Fund (ARP Homeless I & II)	84.425W	211012-2122	75,186	46,287	46,287	-	-	46,287	-
Total ALN 84.425			<u>6,011,913</u>	<u>1,944,790</u>	<u>2,162,288</u>	<u>-</u>	<u>3,856,143</u>	<u>1,955,002</u>	<u>3,845,931</u>

The accompanying notes are an integral part of this schedule.

**HOLLAND PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued (Unearned) Revenue 7/1/2023	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue 6/30/2024
<u>U.S. Department of Education (continued)</u>									
Passed through Ottawa Area Intermediate School District									
Special Education Cluster									
Special Education Grants to States	84.027A	240450-2324	\$ 1,138,158	\$ -	\$ -	\$ -	\$ 1,138,158	\$ -	\$ 1,138,158
Special Education Grants to States		230450-2223	1,186,779	1,099,225	1,099,225	-	87,553	1,186,778	-
COVID-19 Special Education Grants to States (ARP)	84.027X	221280-2122	254,627	67,512	181,510	-	-	67,512	-
Total ALN 84.027			<u>2,579,564</u>	<u>1,166,737</u>	<u>1,280,735</u>	<u>-</u>	<u>1,225,711</u>	<u>1,254,290</u>	<u>1,138,158</u>
Special Education Preschool Grants	84.173A	240460-2324	27,087	-	-	-	27,087	-	27,087
Special Education Preschool Grants		230460-2223	43,683	43,683	43,683	-	-	43,683	-
Total ALN 84.173			<u>70,770</u>	<u>43,683</u>	<u>43,683</u>	<u>-</u>	<u>27,087</u>	<u>43,683</u>	<u>27,087</u>
Total Special Education Cluster			<u>2,650,334</u>	<u>1,210,420</u>	<u>1,324,418</u>	<u>-</u>	<u>1,252,798</u>	<u>1,297,973</u>	<u>1,165,245</u>
McKinney Vento	84.196	N/A	3,441	3,394	3,394	-	3,441	3,394	3,441
Total U.S. Department of Education			<u>12,163,981</u>	<u>3,802,862</u>	<u>4,716,778</u>	<u>(2,988)</u>	<u>6,306,940</u>	<u>3,943,491</u>	<u>6,163,323</u>
<u>U.S. Department of Health and Human Services</u>									
Passed through Ottawa Area Intermediate School District									
Medicaid Cluster									
Medical Assistance Program	93.778	N/A	17,378	-	-	-	17,378	11,131	6,247
Passed through Michigan Department of Education									
COVID - 19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	242810-HRA2024	536,000	359,878	359,878	-	355,641	359,878	355,641
Total U.S. Department of Health and Human Services			<u>553,378</u>	<u>359,878</u>	<u>359,878</u>	<u>-</u>	<u>373,019</u>	<u>371,009</u>	<u>361,888</u>
TOTAL FEDERAL AWARDS			<u>\$ 15,638,490</u>	<u>\$ 4,212,082</u>	<u>\$ 6,109,194</u>	<u>\$ (2,988)</u>	<u>\$ 8,568,553</u>	<u>\$ 6,217,922</u>	<u>\$ 6,559,725</u>

The accompanying notes are an integral part of this schedule.

**HOLLAND PUBLIC SCHOOLS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Holland Public Schools under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Holland Public Schools, it is not intended to and does not present the financial position or changes in net position of Holland Public Schools.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. Holland Public Schools has elected to not use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

Management has utilized the NexSys cash management system and the Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards. The District does not pass-through federal awards.

NOTE 3 - RECONCILING WITH AUDITED FINANCIAL STATEMENTS

Federal expenditures are reported as revenue in the following funds in the financial statements for the year ending June 30, 2024:

General fund	\$ 6,696,971
Other nonmajor governmental funds	2,069,762
	8,766,733
 Total federal revenue in the fund financial statements	 8,766,733
 Plus: Adjustments	 2,988
Less: Federal assistance funding not subject to single audit act	(181,168)
Less: Prior year unavailable revenue recognized as revenue in current year	(20,000)
	\$ 8,568,553
 Expenditures per schedule of expenditures of federal awards	 \$ 8,568,553

NOTE 4 - ADJUSTMENTS

Adjustments were made for Assistance Listing #84.010, pass-through grantor #241530 (\$2,223) and #231530 (\$22,223); Assistance Listing #84.365, pass-through grantor #220580 (\$2,288); Assistance Listing #84.367, pass-through grantor #220520 (\$700); and Assistance Listing #84.424, pass through grantor #240750 (\$9,931), 230750 (\$3,000), and 220750 (\$12,931) to properly classify the grant year of prior year receivables.



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

To the Board of Education of
Holland Public Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Holland Public Schools, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Holland Public Schools' basic financial statements, and have issued our report thereon dated October 9, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Holland Public Schools' internal control over financial reporting (internal control) as a basis for designing 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 Holland Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Holland Public Schools' internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Holland Public Schools' 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Maney Costeiran PC

October 9, 2024



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Education of
Holland Public Schools

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Holland Public Schools' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Holland Public Schools' major federal programs for the year ended June 30, 2024. Holland Public Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal 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 of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Holland Public Schools 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 federal program. Our audit does not provide a legal determination of Holland Public Schools' 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 Holland Public Schools' federal programs.

Auditor's 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 Holland Public Schools' 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 Uniform Guidance 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 Holland Public Schools' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, 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 Holland Public Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Holland Public Schools' 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Holland Public Schools' 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.

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 federal 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 federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Manes Costeiran PC

October 9, 2024

**HOLLAND PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued based on financial statements prepared in accordance with generally accepted accounting principles:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings that are required to be reported in accordance with Title 2 CFR Section 200.516(a)? _____ Yes X No

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
10.553, 10.555, 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Question Costs

None

**HOLLAND PUBLIC SCHOOLS
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024**

There were no audit findings in the prior audit period.



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October 9, 2024

To the Board of Education
Holland Public Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Holland Public Schools for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Holland Public Schools are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during fiscal year 2024. We noted no transactions entered into by Holland Public Schools during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements of the governmental activities were:

Estimates have been used to calculate the net pension liability and the net other postemployment benefit asset. We evaluated the key factors and assumptions used to develop the balance of the net pension liability and net other postemployment benefit asset in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate in calculating the liability for employee compensated absences. We evaluated the key factors and assumptions used to develop the balance of employee compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's determination of the estimated life span of the capital assets. We evaluated the key factors and assumptions used by management to develop the estimated life span of the capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We did not identify any sensitive disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 9, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Holland Public Schools financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Holland Public Schools auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on other supplementary information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the management and members of the Board of Education of Holland Public Schools and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Maney Costeiron PC