

HOLLAND INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL AND  
COMPLIANCE REPORT

FOR THE YEAR ENDED  
AUGUST 31, 2023



SINGLETON, CLARK  
& COMPANY, PC CERTIFIED PUBLIC ACCOUNTANTS



HOLLAND INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL AND COMPLIANCE REPORT  
FOR THE YEAR ENDED AUGUST 31, 2023

TABLE OF CONTENTS

| <u>Exhibit</u> |  | <u>Page</u> |
|----------------|--|-------------|
|                | <b>CERTIFICATE OF BOARD</b>  | 1           |
|                | <b>FINANCIAL SECTION</b>   |             |
|                | Independent Auditor's Report   | 5           |
|                | Management's Discussion and Analysis   | 9           |
|                | Basic Financial Statements:  |             |
|                | Government-wide Financial Statements:  |             |
| A-1            | Statement of Net Position  | 21          |
| B-1            | Statement of Activities  | 22          |
|                | Governmental Fund Financial Statements:  |             |
| C-1            | Balance Sheet – Governmental Funds   | 24          |
| C-1R           | Reconciliation of the Governmental Funds Balance Sheet<br>to the Statement of Net Position   | 27          |
| C-2            | Statement of Revenues, Expenditures, and Changes in Fund Balance –<br>Governmental Funds   | 28          |
| C-2R           | Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and<br>Changes in Fund Balances to the Statement of Activities | 31          |
| C-3            | Statement of Revenues, Expenditures, and Changes in Fund Balance –<br>Budget and Actual – General Fund                                       | 33          |
|                | Proprietary Fund Financial Statements:   |             |
| D-1            | Statement of Net Position – Proprietary Funds  | 34          |
| D-2            | Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds   | 35          |
| D-3            | Statement of Cash Flows – Proprietary Funds  | 37          |
|                | Fiduciary Fund Financial Statements:   |             |
| E-1            | Statement of Fiduciary Net Position – Fiduciary Funds  | 38          |
| E-2            | Statement of Changes in Fiduciary Net Position – Fiduciary Funds   | 39          |
|                | Notes to the Financial Statements  | 41          |
|                | Required Supplementary Information:  |             |
| G-1            | Schedule of the District's Proportionate Share of the Net Pension Liability –<br>Teacher Retirement System                                   | 68          |
| G-2            | Schedule of District Pension Contributions – Teacher Retirement System   | 70          |
| G-3            | Schedule of the District's Proportionate Share of the Net OPEB Liability –<br>Texas Public School Retired Employees Group Insurance Plan     | 72          |
| G-4            | Schedule of District OPEB Contributions – Texas Public School Retired Employees<br>Group Insurance Plan                                      | 74          |
|                | Notes to Required Supplementary Information  | 77          |
|                | Combining and Individual Fund Statements and Schedules:  |             |
| H-1            | Combining Balance Sheet – Nonmajor Governmental Funds  | 80          |
| H-2            | Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –<br>Nonmajor Governmental Funds                                  | 84          |



HOLLAND INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL AND COMPLIANCE REPORT  
FOR THE YEAR ENDED AUGUST 31, 2023

TABLE OF CONTENTS  
(Continued)

**FINANCIAL SECTION (Continued)**

|     |   |    |
|-----|---|----|
|     | Combining and Individual Fund Statements and Schedules (Continued):   |    |
| J-1 | Schedule of Delinquent Taxes Receivable   | 88 |
| J-2 | Schedule of Revenues, Expenditures, and Changes in Fund Balance –<br>Budget and Actual – Child Nutrition Fund | 90 |
| J-3 | Schedule of Revenues, Expenditures, and Changes in Fund Balance –<br>Budget and Actual – Debt Service Fund    | 91 |
| J-4 | Use of Funds Report – Select State Allotment Programs   | 93 |
| L-1 | Schedule of Required Responses to Selected School First Indicators  | 95 |

**FEDERAL AWARDS SECTION**

|     |   |     |
|-----|---|-----|
|     | Independent Auditor’s Report on Internal Control Over Financial Reporting<br>and on Compliance and Other Matters Based on an Audit of Financial Statements<br>Performed in Accordance with <i>Government Auditing Standards</i> | 99  |
|     | Independent Auditor’s Report on Compliance For Each Major Program and<br>on Internal Control Over Compliance Required by Uniform Guidance and Report<br>on the Schedule of Expenditures of Federal Awards                       | 103 |
| K-1 | Schedule of Expenditures of Federal Awards  | 107 |
|     | Notes to the Schedule of Expenditures of Federal Awards   | 109 |
|     | Schedule of Findings and Questioned Costs   | 111 |



CERTIFICATE OF BOARD

Holland Independent School District  
Name of School District

Bell  
County

014-905  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) \_\_\_\_\_ approved \_\_\_\_\_ disapproved for the year ended August 31, 2023, at a meeting of the Board of Trustees of such school district on the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Signature of Board Secretary

\_\_\_\_\_  
Signature of Board President

If the Board of Trustees disapproved of the auditor's report, the reason(s) for disapproving it is (are):  
(attach list as necessary)

*THIS PAGE LEFT BLANK INTENTIONALLY*



## **FINANCIAL SECTION**

*THIS PAGE LEFT BLANK INTENTIONALLY*



SINGLETON, CLARK  
& COMPANY, PC CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Holland Independent School District

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Holland Independent School District, as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise Holland Independent School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Holland Independent School District, as of August 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund 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 Independent School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Independent School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***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 Independent School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Holland Independent School District's ability to continue as a going concern for a reasonable period of time.

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis section which precedes the basic financial statements and the pension and other post-employment benefits liabilities related schedules following the notes to the financial statements 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 Independent School District's basic financial statements. The accompanying combining schedules of non-major governmental funds, and 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 combining schedules of non-major governmental funds and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

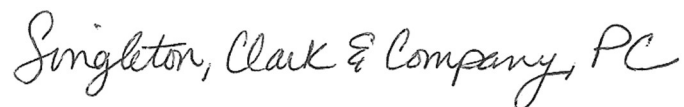
### ***Other Information***

Management is responsible for the other information included within the annual report. The other information comprises exhibits required by the Texas Education Agency which present property tax collection and receivable information, budget-to-actual comparisons for the Child Nutrition Fund and Debt Service Fund, and information related to expenditure levels of selected state funding allotments. Our opinions on the basic financial statements do not cover this other information, and we do not express an opinion or any form of assurance thereon.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2023 on our consideration of Holland Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Holland Independent School District's internal control over financial reporting and compliance.



Singleton, Clark & Company, PC  
Cedar Park, Texas

October 27, 2023

*THIS PAGE LEFT BLANK INTENTIONALLY*

HOLLAND INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2023

## MANAGEMENT’S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Holland Independent School District (the “District”) discuss and analyze the financial performance of the District for the fiscal year ended August 31, 2023. Please read this information in conjunction with the District’s basic financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The District’s net position for governmental activities decreased by \$133,126 as a result of this year’s current operations, to end at \$1,963,420.
- Total governmental funds of the District (the General Fund plus all Special Revenue Funds and the Debt Service Fund) reported an overall fund balance decrease of \$295,027, to end at \$3,118,104.
- The General Fund of the District reported a fund balance decrease of \$384,233 for the year, to end at \$2,010,373.

### OVERVIEW OF THE FINANCIAL SECTION

The Financial Section is the most substantial part of this Annual Financial and Compliance Report. It consists of the independent auditor’s report, management’s discussion and analysis (this section), a set of basic financial statements with required note disclosures, and finally, required supplementary information and other supporting statements and schedules as applicable.

#### Independent Auditor’s Report

State law requires the District’s financial statements to be audited by an independent certified public accountant each year. The primary purpose of the annual audit is for the auditor to express an opinion as to whether the financial statements of the District appear to be free from material misstatement. The audit is required to be conducted 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. The District received an *Unmodified* opinion on its financial statements this year.

#### Management’s Discussion and Analysis

The Management’s Discussion and Analysis (MD&A) section of the report is intended to introduce the financial statements and to provide discussion and analysis regarding the financial performance of the District during the year. The MD&A is written by management of the District and provides for a less formal presentation of the financial activities of the District than is found within the basic financial statements themselves.

#### Basic Financial Statements

The Basic Financial Statements consist of a series of financial statements and required note disclosures. These statements include government-wide financial statements which present the District in a consolidated and long-term manner using full-accrual accounting similar to that of a business enterprise, and fund financial statements which present a more detailed view of the District using a more short-term view and traditional modified-accrual governmental accounting. These financial statements are followed with detailed notes which provide narrative explanations and additional data for full disclosure of information.

HOLLAND INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2023

Required Supplementary Information

The previously discussed Management's Discussion and Analysis section is considered to be required supplementary information, however, the governmental reporting framework requires that it be presented before the financial statements. When applicable, additional required supplementary information must follow the financial statements. Within this financial report, the District presents required schedules related to its participation in the Teacher Retirement System of Texas and the Texas Public School Retired Employees Group Insurance Plan.

Combining and Individual Fund Statements and Schedules

The combining statements provide detailed information about the District's nonmajor funds. While the primary financial statements present the nonmajor funds in a consolidated manner, the combining statements list all of the nonmajor funds separately, each in its own column. In addition, this section also includes schedules required by the Texas Education Agency to report tax collection information and budget to actual information for the District's child nutrition and debt service functions.

**OVERVIEW OF THE FEDERAL AWARDS SECTION**

Report on Internal Controls and Compliance

In accordance with *Government Auditing Standards*, the auditor is required to consider the internal controls the District has in place over financial reporting and whether any noncompliance with rules, laws, and regulations was noted during the audit. This report describes the scope of the testing of internal control and compliance, however, it does not provide an opinion on the effectiveness of internal control or on compliance.

Report on Compliance and Internal Control for Each Major Program

Because the District expended more than \$750,000 in federal grant awards, an additional independent auditor's report on compliance and internal control over the District's major federal grant programs was required. This report provides an opinion by the independent audit firm that the District complied, in all material respects, with the requirements applicable to the federal grants received and expended.

Schedule of Expenditures of Federal Awards

The Schedule of Expenditures of Federal Awards (SEFA) provides a detailed listing of the federal grant awards received by the District during the year. This listing includes federal grant names, identification numbers, and amounts expended.

Schedule of Findings and Questioned Costs

The Schedule of Findings and Questioned Costs provides an overall summary of auditor results, including identification of the type of opinion on the financial statements, whether any significant deficiencies or material weaknesses in internal controls were observed by the audit firm, and whether any material noncompliance was noted. This schedule also lists information related to the audit of the District's major federal programs and lists any audit findings reported by the audit firm for the year.



HOLLAND INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2023

**Reporting the District as a Whole**

***The Statement of Net Position and the Statement of Activities***

The analysis of the District's overall financial condition and operations begins with the government-wide financial statements which immediately follow this section. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. The primary purpose of these financial statements is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets, deferred outflows, liabilities, and deferred inflows at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the District and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by the State of Texas in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

The Statement of Net Position and the Statement of Activities report the District's net position and changes in net position. The District's net position (the difference between assets, deferred outflows, liabilities, and deferred inflows) provides one measure of the District's financial health. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, school districts divide up their financial activities as follows:

- Governmental activities – School districts report basic services here, including the instruction of students, counseling, co-curricular activities, child nutrition services, transportation, maintenance, community services, and general administration. Property taxes, state block grants based on student attendance and demographics, and other state and federal grants finance most of these activities.
- Business-type activities – School districts may charge a fee to "customers" to help it cover all or most of the cost of services it provides for child care programs or other activities that closely model a business venture.

HOLLAND INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2023

## Reporting the District's Most Significant Funds

### *Fund Financial Statements*

The fund financial statements follow the government-wide statements and provide detailed information about the most significant funds of the District, not the District as a whole. Laws and regulations require the District to establish separate funds, such as for grants received from the state and federal government, money received from bond issues for capital projects, or for money raised specifically for debt service purposes, in order to clearly display financial accountability for use of these funds.

School districts use two different kinds of funds for operations, governmental funds and proprietary funds, which use different accounting approaches.

- A school district will use *governmental funds* to account for basic services. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.
- A school district will use *proprietary funds* to account for the activities for which it charges users (whether outside customers or other units of the District). Proprietary funds use the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, when a district utilizes enterprise funds, (one category of proprietary funds) these are the business-type activities reported in the government-wide statements but they contain more detail and additional information, such as cash flows. Internal service funds (the other category of proprietary funds) report activities that provide supplies and services for a district's other programs and activities, such as a district's self-insurance programs.

## The District as Trustee

### *Reporting the District's Fiduciary Responsibilities*

The District is the trustee, or fiduciary, for money raised by student activities and alumni scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages that follow the governmental fund and proprietary fund financial statements. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is however responsible for applying sound financial internal controls over these funds and for ensuring that these resources are used for their intended purposes.

HOLLAND INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2023

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities and business-type activities.

Net position of the District's governmental activities decreased from \$2,096,546 to \$1,963,420. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was (\$2,452,296) at August 31, 2023.

**TABLE I  
HOLLAND INDEPENDENT SCHOOL DISTRICT  
NET POSITION**

|                               | Governmental<br>Activities<br>2023 | Governmental<br>Activities<br>2022 | Change       | Business-<br>Type<br>Activities<br>2023 | Business-<br>Type<br>Activities<br>2022 | Change   |
|-------------------------------|------------------------------------|------------------------------------|--------------|---|---|----------|
| Current & Other Assets        | \$ 4,258,430                       | \$ 4,254,184                       | \$ 4,246     | \$ 15,913                               | \$ 14,039                               | \$ 1,874 |
| Capital Assets                | 11,159,618                         | 11,593,487                         | (433,869)    | -                                       | -                                       | -        |
| Total Assets                  | 15,418,048                         | 15,847,671                         | (429,623)    | 15,913                                  | 14,039                                  | 1,874    |
| Def. Outflows of Resources    | 3,261,981                          | 1,919,865                          | 1,342,116    | -                                       | -                                       | -        |
| Current Liabilities           | 1,044,064                          | 780,474                            | 263,590      | 11,382                                  | 9,876                                   | 1,506    |
| Long-Term Liabilities         | 11,953,682                         | 11,692,388                         | 261,294      | -                                       | -                                       | -        |
| Total Liabilities             | 12,997,746                         | 12,472,862                         | 524,884      | 11,382                                  | 9,876                                   | 1,506    |
| Def. Inflows of Resources     | 3,718,863                          | 3,198,128                          | 520,735      | -                                       | -                                       | -        |
| Net Position:                 |                                    |                                    |              |   |   |          |
| Net Invest. in Capital Assets | 3,380,536                          | 3,325,384                          | 55,152       | -                                       | -                                       | -        |
| Restricted                    | 1,035,180                          | 943,345                            | 91,835       | -                                       | -                                       | -        |
| Unrestricted                  | (2,452,296)                        | (2,172,183)                        | (280,113)    | 4,531                                   | 4,163                                   | 368      |
| Total Net Position            | \$ 1,963,420                       | \$ 2,096,546                       | \$ (133,126) | \$ 4,531                                | \$ 4,163                                | \$ 368   |

HOLLAND INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2023

**TABLE II**  
**HOLLAND INDEPENDENT SCHOOL DISTRICT**  
**CHANGES IN NET POSITION**

|                                       | Governmental<br>Activities<br>2023 | Governmental<br>Activities<br>2022 | Change       | Business-<br>Type<br>Activities<br>2023 | Business-<br>Type<br>Activities<br>2022 | Change      |
|---------------------------------------|------------------------------------|------------------------------------|--------------|---|---|-------------|
| Revenues:                             |                                    |                                    |              |   |   |             |
| Program Revenues:                     |                                    |                                    |              |   |   |             |
| Charges for Services                  | \$ 378,013                         | \$ 310,930                         | \$ 67,083    | \$ 51,248                               | \$ 65,247                               | \$ (13,999) |
| Operating Grants & Contributions      | 2,597,999                          | 1,920,055                          | 677,944      | -                                       | -                                       | -           |
| General Revenues:                     |                                    |                                    |              |   |   |             |
| Maintenance & Operations Taxes        | 1,604,443                          | 1,417,257                          | 187,186      | -                                       | -                                       | -           |
| Debt Service Taxes                    | 561,195                            | 520,877                            | 40,318       | -                                       | -                                       | -           |
| State Aid - Formula Grants            | 5,493,990                          | 6,066,640                          | (572,650)    | -                                       | -                                       | -           |
| Grants & Contributions not Restricted | 50,783                             | 20,945                             | 29,838       | 8,288                                   | 8,079                                   | 209         |
| Investment Earnings                   | 183,454                            | 22,887                             | 160,567      | -                                       | -                                       | -           |
| Miscellaneous                         | 550,358                            | 530,881                            | 19,477       | -                                       | -                                       | -           |
| Total Revenue                         | 11,420,235                         | 10,810,472                         | 609,763      | 59,536                                  | 73,326                                  | (13,790)    |
| Expenses:                             |                                    |                                    |              |   |   |             |
| Instruction                           | 5,322,825                          | 4,844,435                          | 478,390      | -                                       | -                                       | -           |
| Instructional Resources & Media Serv. | 2,532                              | 2,196                              | 336          | -                                       | -                                       | -           |
| Curriculum & Instructional Staff Dev. | 156,614                            | 111,947                            | 44,667       | -                                       | -                                       | -           |
| Instructional Leadership              | 154,131                            | 133,763                            | 20,368       | -                                       | -                                       | -           |
| School Leadership                     | 729,467                            | 594,528                            | 134,939      | -                                       | -                                       | -           |
| Guidance, Counseling, & Eval. Serv.   | 816,495                            | 696,528                            | 119,967      | -                                       | -                                       | -           |
| Health Services                       | 185,645                            | 182,348                            | 3,297        | -                                       | -                                       | -           |
| Student Transportation                | 193,604                            | 163,862                            | 29,742       | -                                       | -                                       | -           |
| Food Services                         | 402,223                            | 366,226                            | 35,997       | -                                       | -                                       | -           |
| Extracurricular Activities            | 662,067                            | 601,492                            | 60,575       | -                                       | -                                       | -           |
| General Administration                | 505,112                            | 456,776                            | 48,336       | -                                       | -                                       | -           |
| Facilities Maintenance and Operations | 1,095,732                          | 1,047,973                          | 47,759       | -                                       | -                                       | -           |
| Security and Monitoring Services      | 315,194                            | 21,773                             | 293,421      | -                                       | -                                       | -           |
| Data Processing Services              | 219,021                            | 183,181                            | 35,840       | -                                       | -                                       | -           |
| Community Services                    | 64,172                             | 28,866                             | 35,306       | -                                       | -                                       | -           |
| Debt Service                          | 279,803                            | 296,897                            | (17,094)     | -                                       | -                                       | -           |
| Payments to Member Dist. of SSA       | 393,724                            | 469,813                            | (76,089)     | -                                       | -                                       | -           |
| Business-Type Activities              | -                                  | -                                  | -            | 114,168                                 | 122,891                                 | (8,723)     |
| Total Expenses                        | 11,498,361                         | 10,202,604                         | 1,295,757    | 114,168                                 | 122,891                                 | (8,723)     |
| Transfers In/(Out)                    | (55,000)                           | (53,198)                           | (1,802)      | 55,000                                  | 53,198                                  | 1,802       |
| Change in Net Position                | (133,126)                          | 554,670                            | (687,796)    | 368                                     | 3,633                                   | (3,265)     |
| Net Position at 9/1/22 and 9/1/21     | 2,096,546                          | 1,541,876                          | 554,670      | 4,163                                   | 530                                     | 3,633       |
| Net Position at 8/31/23 and 8/31/22   | \$ 1,963,420                       | \$ 2,096,546                       | \$ (133,126) | \$ 4,531                                | \$ 4,163                                | \$ 368      |

HOLLAND INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2023

## THE DISTRICT'S FUNDS

As the District completed this annual period, the General Fund reported an ending fund balance of \$2,010,373, which is \$384,233 less than last year's total of \$2,394,606. This decrease in fund balance is primarily attributable to less than originally anticipated state program revenues.

The District's Elementary & Secondary School Emergency Relief III (ESSER III) Fund, a major fund for the year ended August 31, 2023, reported \$223,148 in federal program revenues and expenditures and an ending fund balance of -\$0-. The purpose of the ESSER III Fund is to account for federal funding intended to help school districts across the country respond to challenges brought on by the COVID-19 pandemic.

The District's SSA, IDEA-Part B, Formula Grant Fund, a major fund for the year ended August 31, 2023, reported \$924,851 in federal program revenues and expenditures and an ending fund balance of -\$0-. The purpose of the IDEA Part B, Formula Grant Fund is to provide special education and related services to children with disabilities. The District is the fiscal agent for the Bell County Co-Op, through which this program is administered.

The District's SSA, Special Education Grant Fund reported an ending fund balance of \$540,469, which is \$128,936 greater than last year's total of \$411,533. This fund is also part of the Bell County Co-Op for which the District is the fiscal agent. This fund is used to record the Local and State Program Revenues that support the Co-Op.

The District's Debt Service Fund reported an ending fund balance of \$376,627, which is \$10,395 greater than last year's total of \$366,232. The purpose of the Debt Service Fund is to provide for the payment of bond principal and interest payments as it becomes due.

The District's other governmental funds reported combined ending fund balances of \$190,635. This combined balance represents a decrease in fund balance of \$50,125 and primarily relates to the Child Nutrition Fund where federal program revenues fell slightly short of original expectations.

The District's Daycare Program Fund reported an ending net position of \$4,531 as a result of this year's operations. This ending net position represents an increase of \$368 from the previous year.

Over the course of the year, the Board of Trustees generally revises the District's budget based on financial updates provided by management of the District. These amendments involve moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs, or to react to originally unforeseen circumstances, such as unanticipated new revenues or unavoidable new costs. None of the budget amendments made during the year were considered significant.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

As of August 31, 2023, the District had \$11,159,618 (net of accumulated depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance.

A summary of the ending balances of capital assets by major category for both 2023 and 2022 is as follows:

|                                     | Governmental<br>Activities<br>2023 | Governmental<br>Activities<br>2022 | Change       |
|-------------------------------------|------------------------------------|------------------------------------|--------------|
| Land                                | \$ 816,357                         | \$ 816,357                         | \$ -         |
| Construction in Progress            | -                                  | 180,460                            | (180,460)    |
| Buildings                           | 16,349,493                         | 16,214,877                         | 134,616      |
| Furniture and Equipment             | 1,236,637                          | 1,158,019                          | 78,618       |
| Right to Use Lease Assets           | 233,312                            | 220,787                            | 12,525       |
| Total                               | 18,635,799                         | 18,590,500                         | 45,299       |
| Less Accumulated Depreciation       | (7,476,181)                        | (6,997,013)                        | (479,168)    |
| Capital Assets, Net of Depreciation | \$ 11,159,618                      | \$ 11,593,487                      | \$ (433,869) |

*THIS PAGE LEFT BLANK INTENTIONALLY*

**HOLLAND INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**Debt**

At year-end, the District had \$7,779,082 in bonds and other long-term debt outstanding versus \$8,268,103 last year. The decrease is attributable to the District making scheduled payments on its long-term debt during the year.

A summary of the ending balances of long-term debt by type for both 2023 and 2022 is as follows:

|                                   | Governmental<br>Activities<br>2023 | Governmental<br>Activities<br>2022 | Change              |
|-----------------------------------|------------------------------------|------------------------------------|---------------------|
| Bonds Payable                     | \$ 7,738,304                       | \$ 8,191,016                       | \$ (452,712)        |
| Right to Use Lease Assets Payable | 40,778                             | 77,087                             | (36,309)            |
| Total                             | <u>\$ 7,779,082</u>                | <u>\$ 8,268,103</u>                | <u>\$ (489,021)</u> |

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The District's elected and appointed officials considered many factors when setting the fiscal year 2023- 2024 budget and tax rates. Those factors include property values, changes in enrollment, the economy, projections of future budget years, and legislative mandates. The District has adopted a General Fund budget of approximately \$8.45 million for the 2023-2024 fiscal year. This reflects an approximate increase of \$380,000 in originally budgeted expenditures from the fiscal year 2022-2023 adopted budget to fiscal year 2023-2024.

For the 2023-2024 budget year, the District has decreased its maintenance and operations tax rate at \$0.6692 per hundred of taxable value. The District adopted a debt service tax rate of \$0.2935 for the 2023-2024 budget year in order to fund required debt payments in the coming year. The combined tax rate of the District for the 2023-2024 budget year is \$0.9627 per hundred of taxable value.

**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 show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Office, at Holland Independent School District, P.O. Box 217, Holland, Texas 76534, or by calling (254) 657-0175.

*THIS PAGE LEFT BLANK INTENTIONALLY*



## **BASIC FINANCIAL STATEMENTS**

*THIS PAGE LEFT BLANK INTENTIONALLY*

HOLLAND INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AUGUST 31, 2023

| Data<br>Control<br>Codes                      | Primary Government              |                                  |              |
|---|---------------------------------|----------------------------------|--------------|
|   | 1<br>Governmental<br>Activities | 2<br>Business-Type<br>Activities | 3<br>Total   |
| <b>ASSETS</b>                                 |                                 |                                  |              |
| 1110 Cash and Cash Equivalents                | \$ 3,470,143                    | \$ 15,913                        | \$ 3,486,056 |
| 1225 Property Taxes Receivable, net           | 87,854                          | -                                | 87,854       |
| 1240 Due from Other Governments               | 699,988                         | -                                | 699,988      |
| 1290 Other Receivables, net                   | 445                             | -                                | 445          |
| Capital Assets:                               |                                 |                                  |              |
| 1510 Land Purchase and Improvements           | 816,357                         | -                                | 816,357      |
| 1520 Buildings and Improvements, net          | 10,011,603                      | -                                | 10,011,603   |
| 1530 Furniture and Equipment, net             | 291,685                         | -                                | 291,685      |
| 1550 Right to Use Assets, net                 | 39,973                          | -                                | 39,973       |
| 1000 Total Assets                             | 15,418,048                      | 15,913                           | 15,433,961   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>         |                                 |                                  |              |
| 1700 Deferred Outflows-Bond Refundings        | 314,897                         | -                                | 314,897      |
| 1705 Deferred Outflows-Pension                | 1,927,105                       | -                                | 1,927,105    |
| 1706 Deferred Outflows-OPEB                   | 1,019,979                       | -                                | 1,019,979    |
| Total Deferred Outflows of Resources          | 3,261,981                       | -                                | 3,261,981    |
| <b>LIABILITIES</b>                            |                                 |                                  |              |
| 2110 Accounts Payable                         | 57,022                          | -                                | 57,022       |
| 2140 Interest Payable                         | 12,716                          | -                                | 12,716       |
| 2150 Payroll Deductions and Withholdings      | 3,445                           | -                                | 3,445        |
| 2160 Accrued Wages Payable                    | 666,351                         | 11,146                           | 677,497      |
| 2180 Due to Other Governments                 | 117,339                         | -                                | 117,339      |
| 2200 Accrued Expenses                         | 41,028                          | 236                              | 41,264       |
| 2300 Unearned Revenue                         | 146,163                         | -                                | 146,163      |
| Noncurrent Liabilities:                       |                                 |                                  |              |
| 2501 Due Within One Year                      | 451,377                         | -                                | 451,377      |
| 2502 Due in More Than One Year                | 7,327,705                       | -                                | 7,327,705    |
| 2540 Net Pension Liability                    | 2,551,748                       | -                                | 2,551,748    |
| 2545 Other Post-Employment Benefits Liability | 1,622,852                       | -                                | 1,622,852    |
| 2000 Total Liabilities                        | 12,997,746                      | 11,382                           | 13,009,128   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>          |                                 |                                  |              |
| 2605 Deferred Inflows-Pension                 | 974,488                         | -                                | 974,488      |
| 2606 Deferred Inflows-OPEB                    | 2,744,375                       | -                                | 2,744,375    |
| Total Deferred Inflows of Resources           | 3,718,863                       | -                                | 3,718,863    |
| <b>NET POSITION</b>                           |                                 |                                  |              |
| 3200 Net Investment in Capital Assets         | 3,380,536                       | -                                | 3,380,536    |
| Restricted for:                               |                                 |                                  |              |
| 3820 Federal & State Programs                 | 636,898                         | -                                | 636,898      |
| 3850 Debt Service                             | 398,282                         | -                                | 398,282      |
| 3900 Unrestricted                             | (2,452,296)                     | 4,531                            | (2,447,765)  |
| 3000 Total Net Position                       | \$ 1,963,420                    | \$ 4,531                         | \$ 1,967,951 |

The notes to the financial statements are an integral part of this statement.

HOLLAND INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2023

| Data<br>Control<br>Codes                                | 1                    | Program Revenues        |  |
|---|----------------------|-------------------------|--|
|   |                      | 3                       | 4  |
|   | Expenses             | Charges for<br>Services | Operating<br>Grants and<br>Contributions |
| <b>Primary Government:</b>                              |                      |                         |  |
| GOVERNMENTAL ACTIVITIES:                                |                      |                         |  |
| 11 Instruction  | \$ 5,322,825         | \$ 240,000              | \$ 859,363                               |
| 12 Instructional Resources & Media Services             | 2,532                | -                       | -  |
| 13 Curriculum & Instructional Staff Development         | 156,614              | -                       | 95,061                                   |
| 21 Instructional Leadership                             | 154,131              | -                       | 113,492                                  |
| 23 School Leadership                                    | 729,467              | -                       | 20,034                                   |
| 31 Guidance, Counseling, & Evaluation Services          | 816,495              | -                       | 551,346                                  |
| 33 Health Services                                      | 185,645              | -                       | 52,578                                   |
| 34 Student Transportation                               | 193,604              | -                       | 4,579                                    |
| 35 Food Services  | 402,223              | 82,168                  | 241,702                                  |
| 36 Extracurricular Activities                           | 662,067              | 41,049                  | 4,773                                    |
| 41 General Administration                               | 505,112              | 14,796                  | 44,465                                   |
| 51 Facilities Maintenance and Operations                | 1,095,732            | -                       | 49,257                                   |
| 52 Security and Monitoring Services                     | 315,194              | -                       | 212,181                                  |
| 53 Data Processing Services                             | 219,021              | -                       | 15,652                                   |
| 61 Community Services                                   | 64,172               | -                       | 30,725                                   |
| 72 Interest on Long-Term Debt                           | 278,803              | -                       | 154,167                                  |
| 73 Bond Issuance Cost & Fees                            | 1,000                | -                       | -  |
| 93 Payments to Member Districts of SSA                  | 393,724              | -                       | 148,624                                  |
| TG Total Governmental Activities:                       | <u>11,498,361</u>    | <u>378,013</u>          | <u>2,597,999</u>                         |
| BUSINESS-TYPE ACTIVITIES:                               |                      |                         |  |
| 01 Enterprise Fund - Daycare Program                    | 114,168              | 51,248                  | -  |
| TB Total Business-Type Activities:                      | <u>114,168</u>       | <u>51,248</u>           | <u>-</u>                                 |
| TP TOTAL PRIMARY GOVERNMENT:                            | <u>\$ 11,612,529</u> | <u>\$ 429,261</u>       | <u>\$ 2,597,999</u>                      |
| General Revenues:                                       |                      |                         |  |
| Taxes:  |                      |                         |  |
| MT Property Taxes, Levied for General Purposes          |                      |                         |  |
| DT Property Taxes, Levied for Debt Service              |                      |                         |  |
| SF State Aid - Formula Grants                           |                      |                         |  |
| GC Grants and Contributions, not Restricted             |                      |                         |  |
| IE Investment Earnings                                  |                      |                         |  |
| MI Miscellaneous Local and Intermediate Revenue         |                      |                         |  |
| Total General Revenues                                  |                      |                         |  |
| FR Transfers In/(Out)                                   |                      |                         |  |
| TR Total General Revenues, Special Items, and Transfers |                      |                         |  |
| CN Change in Net Position                               |                      |                         |  |
| NB Net Position -- Beginning                            |                      |                         |  |
| NE Net Position -- Ending                               |                      |                         |  |

The notes to the financial statements are an integral part of this statement.

| Net (Expense)<br>Rev. & Changes<br>in Net Position |                             |                |
|--|-----------------------------|----------------|
| 6  | 7                           | 8              |
| Primary Gov.<br>Governmental<br>Activities         | Business-Type<br>Activities | Total          |
| \$ (4,223,462)                                     | \$ -                        | \$ (4,223,462) |
| (2,532)  | -                           | (2,532)        |
| (61,553)   | -                           | (61,553)       |
| (40,639)   | -                           | (40,639)       |
| (709,433)  | -                           | (709,433)      |
| (265,149)  | -                           | (265,149)      |
| (133,067)  | -                           | (133,067)      |
| (189,025)  | -                           | (189,025)      |
| (78,353)   | -                           | (78,353)       |
| (616,245)  | -                           | (616,245)      |
| (445,851)  | -                           | (445,851)      |
| (1,046,475)  | -                           | (1,046,475)    |
| (103,013)  | -                           | (103,013)      |
| (203,369)  | -                           | (203,369)      |
| (33,447)   | -                           | (33,447)       |
| (124,636)  | -                           | (124,636)      |
| (1,000)  | -                           | (1,000)        |
| (245,100)  | -                           | (245,100)      |
| (8,522,349)  | -                           | (8,522,349)    |
| -  | (62,920)                    | (62,920)       |
| -  | (62,920)                    | (62,920)       |
| (8,522,349)  | (62,920)                    | (8,585,269)    |
| 1,604,443  | -                           | 1,604,443      |
| 561,195  | -                           | 561,195        |
| 5,493,990  | -                           | 5,493,990      |
| 50,783   | 8,288                       | 59,071         |
| 183,454  | -                           | 183,454        |
| 550,358  | -                           | 550,358        |
| 8,444,223  | 8,288                       | 8,452,511      |
| (55,000)   | 55,000                      | -              |
| 8,389,223  | 63,288                      | 8,452,511      |
| (133,126)  | 368                         | (132,758)      |
| 2,096,546  | 4,163                       | 2,100,709      |
| \$ 1,963,420                                       | \$ 4,531                    | \$ 1,967,951   |

HOLLAND INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2023

|                                      |   | 10                  |                   |                                 |
|--------------------------------------|---|---------------------|-------------------|---------------------------------|
| Data<br>Control<br>Codes             |   | General<br>Fund     | ESSER III         | SSA,<br>IDEA-Part B,<br>Formula |
| <b>ASSETS</b>                        |   |                     |                   |                                 |
| 1110                                 | Cash and Cash Equivalents                                 | \$ 2,003,829        | \$ 170,839        | \$ 104,511                      |
| 1220                                 | Property Taxes - Delinquent                               | 94,573              | -                 | -                               |
| 1230                                 | Allowance for Uncollectible Taxes (Credit)                | (28,374)            | -                 | -                               |
| 1240                                 | Due from Other Governments                                | 507,010             | 10,206            | 95,790                          |
| 1260                                 | Due from Other Funds                                      | 508,228             | -                 | -                               |
| 1290                                 | Other Receivables   | 445                 | -                 | -                               |
| 1000                                 | Total Assets  | <u>\$ 3,085,711</u> | <u>\$ 181,045</u> | <u>\$ 200,301</u>               |
| <b>LIABILITIES</b>                   |   |                     |                   |                                 |
| 2110                                 | Accounts Payable  | \$ 40,807           | \$ -              | \$ 11,016                       |
| 2150                                 | Payroll Deductions and Withholdings                       | 1,321               | -                 | 2,124                           |
| 2160                                 | Accrued Wages Payable                                     | 517,295             | 8,908             | 76,131                          |
| 2170                                 | Due to Other Funds  | 302,268             | 171,111           | 102,580                         |
| 2180                                 | Due to Other Governments                                  | -                   | -                 | -                               |
| 2200                                 | Accrued Expenditures                                      | 11,164              | 1,026             | 8,450                           |
| 2300                                 | Unavailable Revenues                                      | 136,284             | -                 | -                               |
| 2000                                 | Total Liabilities   | <u>1,009,139</u>    | <u>181,045</u>    | <u>200,301</u>                  |
| <b>DEFERRED INFLOWS OF RESOURCES</b> |   |                     |                   |                                 |
| 2600                                 | Deferred Inflows-Unavailable Revenues                     | 66,199              | -                 | -                               |
|                                      | Total Deferred Inflows of Resources                       | <u>66,199</u>       | <u>-</u>          | <u>-</u>                        |
| <b>FUND BALANCES</b>                 |   |                     |                   |                                 |
|                                      | Restricted for:   |                     |                   |                                 |
| 3450                                 | Federal or State Funds Restricted                         | -                   | -                 | -                               |
| 3480                                 | Retirement of Long-Term Debt                              | -                   | -                 | -                               |
|                                      | Committed for:  |                     |                   |                                 |
| 3545                                 | Other Committed Fund Balance                              | -                   | -                 | -                               |
| 3600                                 | Unassigned Fund Balance                                   | 2,010,373           | -                 | -                               |
| 3000                                 | Total Fund Balances                                       | <u>2,010,373</u>    | <u>-</u>          | <u>-</u>                        |
| 4000                                 | Total Liabilities, Deferred Inflows,<br>and Fund Balances | <u>\$ 3,085,711</u> | <u>\$ 181,045</u> | <u>\$ 200,301</u>               |

The notes to the financial statements are an integral part of this statement.

| 50                           |                      | 98                |                                |
|------------------------------|----------------------|-------------------|--------------------------------|
| SSA,<br>Special<br>Education | Debt<br>Service Fund | Other<br>Funds    | Total<br>Governmental<br>Funds |
| \$ 446,216                   | \$ 486,845           | \$ 257,903        | \$ 3,470,143                   |
| -                            | 30,936               | -                 | 125,509                        |
| -                            | (9,281)              | -                 | (37,655)                       |
| -                            | -                    | 86,982            | 699,988                        |
| 117,130                      | 7,873                | -                 | 633,231                        |
| -                            | -                    | -                 | 445                            |
| <u>\$ 563,346</u>            | <u>\$ 516,373</u>    | <u>\$ 344,885</u> | <u>\$ 4,891,661</u>            |
|                              |                      |                   |                                |
| \$ 1,583                     | \$ -                 | \$ 3,616          | \$ 57,022                      |
| -                            | -                    | -                 | 3,445                          |
| 18,912                       | -                    | 45,105            | 666,351                        |
| 2,009                        | 752                  | 92,404            | 671,124                        |
| -                            | 117,339              | -                 | 117,339                        |
| 373                          | -                    | 3,246             | 24,259                         |
| -                            | -                    | 9,879             | 146,163                        |
| <u>22,877</u>                | <u>118,091</u>       | <u>154,250</u>    | <u>1,685,703</u>               |
|                              |                      |                   |                                |
| -                            | 21,655               | -                 | 87,854                         |
| -                            | 21,655               | -                 | 87,854                         |
|                              |                      |                   |                                |
| 540,469                      | -                    | 96,429            | 636,898                        |
| -                            | 376,627              | -                 | 376,627                        |
| -                            | -                    | 94,206            | 94,206                         |
| -                            | -                    | -                 | 2,010,373                      |
| <u>540,469</u>               | <u>376,627</u>       | <u>190,635</u>    | <u>3,118,104</u>               |
|                              |                      |                   |                                |
| <u>\$ 563,346</u>            | <u>\$ 516,373</u>    | <u>\$ 344,885</u> | <u>\$ 4,891,661</u>            |

*THIS PAGE LEFT BLANK INTENTIONALLY*



HOLLAND INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
AUGUST 31, 2023

|   |  |                    |                  |
|---|--|--------------------|------------------|
|   |  |                    | 1                |
| <b>Total Fund Balances - Governmental Funds</b>   |  | \$                 | 3,118,104        |
| <sup>1</sup> Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.   |  |                    |                  |
|   | Governmental capital assets                        | \$ 18,547,810      |                  |
|   | Less accumulated depreciation                      | <u>(7,388,192)</u> | 11,159,618       |
| <sup>2</sup> Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.   |  |                    |                  |
|   | Bonds payable, including unamortized premiums      | (7,738,304)        |                  |
|   | Right to use lease assets payable                  | (40,778)           |                  |
|   | Deferred charges on refunding                      | 314,897            |                  |
|   | Net pension liability                              | (2,551,748)        |                  |
|   | Net OPEB liability                                 | <u>(1,622,852)</u> | (11,638,785)     |
| <sup>3</sup> Accrued interest on long-term debt related to governmental fund activities is not due and payable in the current period and, therefore, not reported in the governmental funds.  |  |                    | (12,716)         |
| <sup>4</sup> Deferred outflows and inflows of resources related to pensions and other post-employment benefits are applicable to future periods and, therefore, are not reported in the funds.  |  |                    |                  |
|   | Deferred outflows of resources related to pensions | 1,927,105          |                  |
|   | Deferred inflows of resources related to pensions  | (974,488)          |                  |
|   | Deferred outflows of resources related to OPEB     | 1,019,979          |                  |
|   | Deferred inflows of resources related to OPEB      | <u>(2,744,375)</u> | (771,779)        |
| <sup>5</sup> Property taxes are recognized as revenue in the governmental funds when collected, but recognized on the Statement of Activities in the year levied. Therefore, property taxes receivable, net of allowance for uncollectible accounts, is added to the Statement of Net Position for governmental activities.   |  |                    | 87,854           |
| <sup>6</sup> The District uses an Internal Service Fund to charge the costs of certain activities, such as the provision of workers compensation insurance, to other individual funds. Even though the Internal Service Fund is a proprietary fund, the assets and liabilities of this fund are added to the Statement of Net Position for governmental activities. |  |                    | 21,124           |
| <b><sup>19</sup> Net Position of Governmental Activities</b>  |  | <u>\$</u>          | <u>1,963,420</u> |

The notes to the financial statements are an integral part of this statement.

HOLLAND INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2023

|                                       |  | 10           |           |              |
|---------------------------------------|--|--------------|-----------|--------------|
| Data                                  |  |              |           | SSA,         |
| Control                               |  | General      |           | IDEA-Part B, |
| Codes                                 |  | Fund         | ESSER III | Formula      |
| <b>REVENUES</b>                       |  |              |           |              |
| 5700                                  | Local and Intermediate Sources                               | \$ 1,889,233 | \$ -      | \$ -         |
| 5800                                  | State Program Revenues                                       | 5,944,681    | -         | -            |
| 5900                                  | Federal Program Revenues                                     | 24,000       | 223,148   | 924,851      |
| 5020                                  | Total Revenues   | 7,857,914    | 223,148   | 924,851      |
| <b>EXPENDITURES</b>                   |  |              |           |              |
| 0011                                  | Instruction  | 4,322,424    | 183,522   | 385,535      |
| 0012                                  | Instructional Resources & Media Services                     | 2,410        | -         | -            |
| 0013                                  | Curriculum & Instructional Staff Development                 | 29,990       | 4,862     | 350          |
| 0021                                  | Instructional Leadership                                     | 12,530       | -         | -            |
| 0023                                  | School Leadership  | 721,863      | 6,797     | -            |
| 0031                                  | Guidance, Counseling & Evaluation Services                   | 110,760      | 1,826     | 515,908      |
| 0033                                  | Health Services  | 124,773      | 507       | -            |
| 0034                                  | Student Transportation                                       | 235,579      | 470       | -            |
| 0035                                  | Food Services  | -            | 3,018     | -            |
| 0036                                  | Extracurricular Activities                                   | 514,811      | -         | -            |
| 0041                                  | General Administration                                       | 461,943      | 4,591     | -            |
| 0051                                  | Facilities Maintenance and Operations                        | 1,132,388    | 9,815     | -            |
| 0052                                  | Security and Monitoring Services                             | 34,155       | 3,200     | -            |
| 0053                                  | Data Processing Services                                     | 199,570      | 2,866     | 13,058       |
| 0061                                  | Community Services   | 24,257       | 1,674     | -            |
| 0071                                  | Debt Service - Principal                                     | 47,215       | -         | -            |
| 0072                                  | Debt Service - Interest                                      | 2,508        | -         | -            |
| 0073                                  | Debt Service - Bond Issuance Costs                           | -            | -         | -            |
| 0093                                  | Payments to Member Districts of SSA                          | 207,496      | -         | 10,000       |
| 6030                                  | Total Expenditures   | 8,184,672    | 223,148   | 924,851      |
| 1100                                  | Excess (Deficiency) of Revenues Over<br>(Under) Expenditures | (326,758)    | -         | -            |
| <b>OTHER FINANCING SOURCES (USES)</b> |  |              |           |              |
| 7913                                  | Proceeds from Right to Use Leased Assets                     | 12,525       | -         | -            |
| 7915                                  | Transfers In   | -            | -         | -            |
| 8911                                  | Transfers Out  | (70,000)     | -         | -            |
| 7080                                  | Total Other Financing Sources (Uses)                         | (57,475)     | -         | -            |
| 1200                                  | Net Change in Fund Balance                                   | (384,233)    | -         | -            |
| 0100                                  | Fund Balance - Beginning                                     | 2,394,606    | -         | -            |
| 3000                                  | Fund Balance - Ending  | \$ 2,010,373 | \$ -      | \$ -         |

The notes to the financial statements are an integral part of this statement.

|    | 50                           |                      | 98             |                                |
|----|------------------------------|----------------------|----------------|--------------------------------|
|    | SSA,<br>Special<br>Education | Debt<br>Service Fund | Other<br>Funds | Total<br>Governmental<br>Funds |
| \$ | 633,002                      | \$ 563,328           | \$ 218,614     | \$ 3,304,177                   |
|    | 16,782                       | 154,167              | 281,265        | 6,396,895                      |
|    | -                            | -                    | 878,896        | 2,050,895                      |
|    | 649,784                      | 717,495              | 1,378,775      | 11,751,967                     |
|    | 25,274                       | -                    | 363,575        | 5,280,330                      |
|    | -                            | -                    | -              | 2,410                          |
|    | 7,421                        | -                    | 106,480        | 149,103                        |
|    | 136,036                      | -                    | 3,534          | 152,100                        |
|    | -                            | -                    | -              | 728,660                        |
|    | 32,879                       | -                    | 137,895        | 799,268                        |
|    | 60,445                       | -                    | -              | 185,725                        |
|    | 2,440                        | -                    | -              | 238,489                        |
|    | -                            | -                    | 406,058        | 409,076                        |
|    | -                            | -                    | 127,271        | 642,082                        |
|    | 42,533                       | -                    | -              | 509,067                        |
|    | 37,592                       | -                    | -              | 1,179,795                      |
|    | -                            | -                    | 262,665        | 300,020                        |
|    | -                            | -                    | -              | 215,494                        |
|    | -                            | -                    | 36,422         | 62,353                         |
|    | -                            | 405,000              | -              | 452,215                        |
|    | -                            | 301,100              | -              | 303,608                        |
|    | -                            | 1,000                | -              | 1,000                          |
|    | 176,228                      | -                    | -              | 393,724                        |
|    | 520,848                      | 707,100              | 1,443,900      | 12,004,519                     |
|    | 128,936                      | 10,395               | (65,125)       | (252,552)                      |
|    | -                            | -                    | -              | 12,525                         |
|    | -                            | -                    | 15,000         | 15,000                         |
|    | -                            | -                    | -              | (70,000)                       |
|    | -                            | -                    | 15,000         | (42,475)                       |
|    | 128,936                      | 10,395               | (50,125)       | (295,027)                      |
|    | 411,533                      | 366,232              | 240,760        | 3,413,131                      |
| \$ | 540,469                      | \$ 376,627           | \$ 190,635     | \$ 3,118,104                   |

*THIS PAGE LEFT BLANK INTENTIONALLY*

HOLLAND INDEPENDENT SCHOOL DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
 EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED AUGUST 31, 2023

|   |  |                            |
|---|--|----------------------------|
| <b>Total Net Change in Fund Balances – Governmental Funds</b> |  | \$ (295,027)               |
| 1   | Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.  |                            |
|   | Expenditures for capitalized assets  | \$ 196,724                 |
|   | Less current year depreciation   | <u>(568,862)</u> (372,138) |
| 2   | Repayment of principal on bonds, notes, leases and SBITA is an expenditure in the governmental funds, but this expenditure is removed from the Statement of Activities and these repayments instead reduce long-term liabilities on the Statement of Net Position.   | 453,834                    |
| 3   | Issuance of long-term debt increases current financial resources to governmental funds, but this increase is not shown on the Statement of Activities and instead increases long-term liabilities on the Statement of Net Position.  | (12,525)                   |
| 4   | Since long-term debt is not recorded in governmental funds, amortization of related issuance premiums and discounts is also not recorded.  | 22,520                     |
| 5   | The change in accrued interest due on long-term debt issued for governmental activities does not affect current financial resources and therefore is not reported in the governmental funds.   | 666                        |
| 6   | Property taxes are recognized as revenue in the governmental funds when collected but recognized on the Statement of Activities in the year levied. Therefore the uncollected amount of the current year levy is added to current year property tax revenue on the Statement of Activities.  | 35,017                     |
| 7   | Governmental funds report pension contributions as expenditures. However, pension contributions are reported as deferred outflows of resources on the Statement of Net Position if made after the net pension liability measurement date. In addition, the change in the net pension liability, adjusted for changes in deferred pension items, is reported as pension expense in the Statement of Activities. | (115,577)                  |
| 8   | Governmental funds report OPEB contributions as expenditures. However, OPEB contributions are reported as deferred outflows of resources on the Statement of Net Position if made after the net OPEB liability measurement date. In addition, the change in the net OPEB liability, adjusted for changes in deferred OPEB items, is reported as OPEB expense in the Statement of Activities.                   | 211,835                    |
| 9   | Since capital assets are not reported in governmental funds, gains or losses on disposal of capital assets are also not reported in governmental funds.  | (61,731)                   |
| <b>19 Change in Net Position of Governmental Activities</b>   |  | <u><u>\$ (133,126)</u></u> |

The notes to the financial statements are an integral part of this statement.

*THIS PAGE LEFT BLANK INTENTIONALLY*

HOLLAND INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2023

| Data<br>Control<br>Codes                      | Budgeted Amounts |              | Actual<br>Amounts | Variance With |
|---|------------------|--------------|-------------------|---------------|
|   | Original         | Final        | (GAAP BASIS)      | Final Budget  |
| <b>REVENUES</b>                               |                  |              |                   |               |
| 5700 Local & Intermediate Sources             | \$ 1,794,174     | \$ 1,929,174 | \$ 1,889,233      | \$ (39,941)   |
| 5800 State Program Revenues                   | 6,332,627        | 6,332,627    | 5,944,681         | (387,946)     |
| 5900 Federal Program Revenues                 | -                | -            | 24,000            | 24,000        |
| 5020 Total Revenues                           | 8,126,801        | 8,261,801    | 7,857,914         | (403,887)     |
| <b>EXPENDITURES</b>                           |                  |              |                   |               |
| Current:                                      |                  |              |                   |               |
| 0011 Instruction                              | 4,268,228        | 4,322,428    | 4,322,424         | 4             |
| 0012 Instructional Resources & Media Svcs.    | 4,761            | 3,161        | 2,410             | 751           |
| 0013 Curriculum & Instructional Staff Dev.    | 32,090           | 30,090       | 29,990            | 100           |
| 0021 Instructional Leadership                 | 10,000           | 13,000       | 12,530            | 470           |
| 0023 School Leadership                        | 679,869          | 721,869      | 721,863           | 6             |
| 0031 Guidance, Counseling & Evaluation Svcs.  | 107,507          | 111,507      | 110,760           | 747           |
| 0033 Health Services                          | 140,823          | 124,823      | 124,773           | 50            |
| 0034 Student Transportation                   | 221,658          | 235,658      | 235,579           | 79            |
| 0036 Extracurricular Activities               | 500,838          | 514,838      | 514,811           | 27            |
| 0041 General Administration                   | 451,448          | 461,948      | 461,943           | 5             |
| 0051 Facilities Maintenance & Operations      | 1,060,604        | 1,132,489    | 1,132,388         | 101           |
| 0052 Security and Monitoring Services         | 40,800           | 34,800       | 34,155            | 645           |
| 0053 Data Processing Services                 | 222,175          | 200,675      | 199,570           | 1,105         |
| 0061 Community Services                       | 13,500           | 25,015       | 24,257            | 758           |
| Debt Service:                                 |                  |              |                   |               |
| 0071 Principal on Long Term Debt              | 48,100           | 47,992       | 47,215            | 777           |
| 0072 Interest on Long Term Debt               | 3,400            | 2,508        | 2,508             | -             |
| Intergovernmental:                            |                  |              |                   |               |
| 0093 Payments to Member Districts of SSA      | 265,000          | 209,000      | 207,496           | 1,504         |
| 0095 Payments to JJAEP Program                | 1,000            | -            | -                 | -             |
| 6030 Total Expenditures                       | 8,071,801        | 8,191,801    | 8,184,672         | 7,129         |
| 1100 Excess (Deficiency) of Revenues          |                  |              |                   |               |
| Over (Under) Expenditures                     | 55,000           | 70,000       | (326,758)         | (396,758)     |
| <b>OTHER FINANCING SOURCES (USES)</b>         |                  |              |                   |               |
| 7913 Proceeds from Right to Use Leased Assets | -                | -            | 12,525            | 12,525        |
| 8911 Transfers Out                            | (55,000)         | (70,000)     | (70,000)          | -             |
| 7080 Total Other Financing Sources (Uses)     | (55,000)         | (70,000)     | (57,475)          | 12,525        |
| 1200 Net Change in Fund Balances              | -                | -            | (384,233)         | (384,233)     |
| 0100 Fund Balance-September 1 (Beginning)     | 2,394,606        | 2,394,606    | 2,394,606         | -             |
| 3000 Fund Balance-August 31 (Ending)          | \$ 2,394,606     | \$ 2,394,606 | \$ 2,010,373      | \$ (384,233)  |

The notes to the financial statements are an integral part of this statement.

HOLLAND INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
AUGUST 31, 2023

|                      |                           | Business-Type | Governmental |             |
|----------------------|---------------------------|---------------|--------------|-------------|
| Data                 |                           | Activities    | Activities   | Total       |
| Control              |                           | Daycare       | Internal     | Proprietary |
| Codes                |                           | Program Fund  | Service Fund | Funds       |
| ASSETS               |                           |               |              |             |
| 1110                 | Cash and Cash Equivalents | \$ 15,913     | \$ -         | \$ 15,913   |
| 1260                 | Due from Other Funds      | -             | 37,893       | 37,893      |
| 1000                 | Total Assets              | 15,913        | 37,893       | 53,806      |
| LIABILITIES          |                           |               |              |             |
| Current Liabilities: |                           |               |              |             |
| 2160                 | Accrued Wages Payable     | 11,146        | -            | 11,146      |
| 2200                 | Accrued Expenditures      | 236           | 16,769       | 17,005      |
| 2000                 | Total Liabilities         | 11,382        | 16,769       | 28,151      |
| NET POSITION         |                           |               |              |             |
| 3800                 | Restricted Net Position   | -             | -            | -           |
| 3900                 | Unrestricted Net Position | 4,531         | 21,124       | 25,655      |
| 3000                 | Total Net Position        | \$ 4,531      | \$ 21,124    | \$ 25,655   |

The notes to the financial statements are an integral part of this statement.



HOLLAND INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2023

| Data<br>Control<br>Codes |  | Business-Type | Governmental | Total<br>Proprietary<br>Funds |
|--------------------------|--|---------------|--------------|-------------------------------|
|                          |  | Activities    | Activities   |                               |
|                          |  | Daycare       | Internal     |                               |
|                          |  | Program Fund  | Service Fund |                               |
| OPERATING REVENUES       |  |               |              |                               |
| 5700                     | Local and Intermediate Sources                   | \$ 51,248     | \$ -         | \$ 51,248                     |
| 5800                     | State Program Revenues                           | 8,288         | -            | 8,288                         |
| 5020                     | Total Revenues                                   | 59,536        | -            | 59,536                        |
| OPERATING EXPENSES       |  |               |              |                               |
| 6100                     | Payroll Costs                                    | 114,076       | -            | 114,076                       |
| 6400                     | Other Operating Costs                            | 92            | -            | 92                            |
| 6030                     | Total Expenses                                   | 114,168       | -            | 114,168                       |
|                          | Income (Loss) before Contributions and Transfers | (54,632)      | -            | (54,632)                      |
| 7915                     | Transfers In                                     | 55,000        | -            | 55,000                        |
| 1300                     | Change in Net Position                           | 368           | -            | 368                           |
| 0100                     | Total Net Position - Beginning                   | 4,163         | 21,124       | 25,287                        |
| 3300                     | Total Net Position - Ending                      | \$ 4,531      | \$ 21,124    | \$ 25,655                     |

The notes to the financial statements are an integral part of this statement.

*THIS PAGE LEFT BLANK INTENTIONALLY*

HOLLAND INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2023

| Data<br>Control<br>Codes   | Business-Type           | Governmental             |                      |
|--|-------------------------|--------------------------|----------------------|
|  | Activities              | Activities               | Total                |
|  | Daycare<br>Program Fund | Internal<br>Service Fund | Proprietary<br>Funds |
| <u>Cash Flows from Operating Activities</u>                      |                         |                          |                      |
| Cash Received from User Charges                                  | \$ 59,536               | \$ (1,710)               | \$ 57,826            |
| Cash Payments to Employees for Services                          | (112,387)               | -                        | (112,387)            |
| Cash Payments to Suppliers                                       | (218)                   | 1,710                    | 1,492                |
| Cash Payments for Other Operating Activities                     | (57)                    | -                        | (57)                 |
| Net Cash Provided by (Used for) Operating Activities             | (53,126)                | -                        | (53,126)             |
| <u>Cash Flows from Non-Capital Financing Activities</u>          |                         |                          |                      |
| Transfers from Other Funds                                       | 55,000                  | -                        | 55,000               |
| Net Cash provided by (Used for) Non-Capital Financing Activities | 55,000                  | -                        | 55,000               |
| Net Increase (Decrease) in Cash and Cash Equivalents             | 1,874                   | -                        | 1,874                |
| Cash and Cash Equivalents at the Beginning of the Year           | 14,039                  | -                        | 14,039               |
| Cash and Cash Equivalents at the End of the Year:                | \$ 15,913               | \$ -                     | \$ 15,913            |
| <u>Reconciliation of Operating Income (Loss) to Net Cash</u>     |                         |                          |                      |
| <u>Provided by (Used for) Operating Activities</u>               |                         |                          |                      |
| Operating Income (Loss):   | \$ (54,632)             | \$ -                     | \$ (54,632)          |
| Effect of Increases and Decreases in Current                     |                         |                          |                      |
| Assets and Liabilities:  |                         |                          |                      |
| (Increase) Decrease in Due From Other Funds                      | -                       | (1,710)                  | (1,710)              |
| Increase (Decrease) in Accounts Payable                          | (218)                   | -                        | (218)                |
| Increase (Decrease) in Wages Payable                             | 1,689                   | -                        | 1,689                |
| Increase (Decrease) in Accrued Expenses                          | 35                      | 1,710                    | 1,745                |
| Net Cash Provided by (Used for) Operating Activities             | \$ (53,126)             | \$ -                     | \$ (53,126)          |

The notes to the financial statements are an integral part of this statement.

HOLLAND INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
AUGUST 31, 2023

|                     |                               | 865               |                  |
|---------------------|-------------------------------|-------------------|------------------|
| Data                |                               | Private-          |                  |
| Control             |                               | Purpose Trust     |                  |
| Codes               |                               | Funds             | Custodial Fund   |
| <b>ASSETS</b>       |                               |                   |                  |
| 1110                | Cash and Cash Equivalents     | \$ 158,675        | \$ 80,272        |
| 1000                | Total Assets                  | <u>158,675</u>    | <u>80,272</u>    |
| <b>NET POSITION</b> |                               |                   |                  |
|                     | Restricted for:               |                   |                  |
| 3800                | Individuals and Organizations | <u>158,675</u>    | <u>80,272</u>    |
| 3000                | Total Net Position            | <u>\$ 158,675</u> | <u>\$ 80,272</u> |

The notes to the financial statements are an integral part of this statement.

HOLLAND INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2023

|                      |   | 865           |                |
|----------------------|---|---------------|----------------|
| Data                 |   | Private-      |                |
| Control              |   | Purpose Trust |                |
| Codes                |   | Funds         | Custodial Fund |
| <b>ADDITIONS</b>     |   |               |                |
| Contributions:       |   |               |                |
| 5744                 | Foundations, Gifts, and Bequests                  | \$ 54,145     | \$ -           |
| 5750                 | Fundraising Activities                            | -             | 158,189        |
| 5700                 | Other Contributions                               | 20,554        | -              |
| 5020                 | Total Contributions                               | 74,699        | 158,189        |
| Investment Earnings: |   |               |                |
| 5742                 | Interest, Dividends, and Other                    | 5,062         | -              |
|                      | Total Additions                                   | 79,761        | 158,189        |
| <b>DEDUCTIONS</b>    |   |               |                |
| 6400                 | Other Operating Costs                             | 62,398        | 160,512        |
| 6030                 | Total Deductions                                  | 62,398        | 160,512        |
| 1200                 | Net Increase/(Decrease) in Fiduciary Net Position | 17,363        | (2,323)        |
| 0100                 | Net Position - Beginning                          | 141,312       | 82,595         |
| 3000                 | Net Position - Ending                             | \$ 158,675    | \$ 80,272      |

The notes to the financial statements are an integral part of this statement.

*THIS PAGE LEFT BLANK INTENTIONALLY*

HOLLAND INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **The Financial Reporting Entity**

This report includes those activities, organizations and functions related to Holland Independent School District (the "District"), which are controlled by or dependent upon the District's governing body, the Board of Trustees (the "Board"). The Board, a seven member group, is the level of government having governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the District. Since the District receives funding from local, state, and federal government sources, it must comply with the requirements of the entities providing those funds. However, the District is not included in any other governmental "reporting entity" as defined by Statement No. 14 of the Governmental Accounting Standards Board (GASB), since Board members are elected by the public and have decision making authority. Furthermore, there are no legally separate organizations, known as "component units", included within the reporting entity.

The accounting policies of the District comply with the rules prescribed by the Texas Education Agency (TEA) in its Financial Accountability System Resource Guide (FASRG). These accounting policies conform to generally accepted accounting principles applicable to state and local governments.

### **Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Custodial funds have no measurement focus. 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. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided and 2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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 government considers revenues to be available if they are collected within sixty 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 are recorded only when payment is due.

HOLLAND INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023

Major revenue sources considered susceptible to accrual include state and federal program revenues and property taxes. No accrual for property taxes collected within sixty days of year end has been made as such amounts are deemed immaterial; delinquent property taxes at year end are reported as deferred inflows of resources within the governmental fund financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### **Major Funds and Fund Types**

The District reports the following major governmental funds:

The General Fund includes financial resources that are not required to be reported separately in another fund. It is a budgeted fund, and any unrestricted fund balances are considered to be resources available for current operations.

The Elementary & Secondary School Emergency Relief (ESSER III) Fund, a major special revenue fund, is used to account for the receipt and disbursement of funds given under the federal grant to support activities listed in the CARES Act, CRRSA Act and ARP Act.

The Shared Service Arrangement – IDEA-Part B, Formula Fund, a major special revenue fund, is used to account for the receipt and disbursement of funds restricted for the purpose of this federal program.

Shared Service Arrangement – Special Education, Formula Fund, a major special revenue fund, is used to account for the receipt and disbursements of state and local funds restricted for the purpose of the Bell County Co-Op.

The Debt Service Fund includes debt service taxes and other revenues collected to retire bond principal and to pay interest due. It is a budgeted fund.

Additionally, the District reports the following fund types:

Special Revenue Funds are governmental funds which include resources restricted, committed, or assigned for specific purposes by a grantor or the Board. Federally financed programs where unused balances are returned to the grantor at the close of specified project periods are accounted for in these funds.

Enterprise Funds are proprietary funds used to account for operations of the District whereby individuals or others are charged a fee for a specific benefit or service and there is a desire to measure a specific gain or loss on the activity.

Internal Service Funds are proprietary funds used to account for activities such as workers' compensation self-insurance, self-funded health insurance, and employee health savings accounts. The District utilizes an Internal Service Fund to account for its participation in a workers' compensation shared risk pool.

Private Purpose Trust Funds are fiduciary funds used to account for donations for which the donors have stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District utilizes this fund type to account for money collected and held for the purpose of awarding scholarships to selected students.

Custodial Funds are fiduciary funds used to account for resources held for others in a custodial capacity. The District utilizes this fund type to account for funds held on behalf of student clubs and organizations.



HOLLAND INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023

**Budgetary Information**

Budgets are prepared annually for the General Fund, the Child Nutrition Fund, and the Debt Service Fund on the modified accrual basis, which is consistent with generally accepted accounting principles. A formal budget is prepared by the end of August and is adopted by the Board at a public meeting after public notice of the meeting has been given no earlier than the 30th day or later than the 10th day before the public hearing. The legal level of control for budgeted expenditures is the function level within the budgeted funds. Amendments to the budget are required prior to expending amounts greater than the budgeted amounts at the function level. Budgets are controlled at the departmental or campus level, the same level at which responsibility for operations is assigned. The budget was monitored by the administration throughout the year and amendments were brought to the Board as needed.

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

Investments - The District's investment policies and types of investments are governed by Section 2256 of the Texas Government Code ("Public Funds Investment Act"). The types of investments allowed under the Public Funds Investment Act are detailed in Note 2 - Deposits and Investments. The District's management believes that it complied with the requirements of the Public Funds Investment Act and the District's investment policies. The District accrues interest on temporary investments based on the terms and effective interest rates of the specific investments. Temporary investments throughout the year consisted of investments in external investment pools, which are recognized at amortized cost, and money market accounts.

Inventories - Inventories are generally not recorded in the General Fund or Child Nutrition Fund due to amounts of expendable supplies held or purchased food not being deemed material. When inventories are recorded, they are charged to expenditures when consumed. Amounts recorded are offset by a fund balance classification titled "nonspendable" which indicates that the inventory does not represent "available expendable resources."

Capital Assets - Capital assets, which include land, buildings and improvements, construction in progress, furniture and equipment, and vehicles are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of at least \$5,000 and a useful life of greater than one year. Such assets are recorded at historical cost, if purchased, or estimated fair value at the date of donation, if donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Capital assets (other than land and construction in progress) are depreciated using the straight line method over the following estimated useful lives: buildings and improvements - fifteen to thirty years, furniture and equipment - three to twenty years, and vehicles - five to ten years.

Prepaid Items - 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. Prepaid items are charged to expenditures when consumed. When prepaid items are recorded, they are charged to expenditures when the value represented by the prepaid item has been used. Amounts recorded are offset by a fund balance classification titled "nonspendable" which indicates that the prepaid item amount does not represent "available expendable resources."

Ad Valorem Property Taxes - Delinquent taxes, when received, are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

HOLLAND INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023

Accumulated Sick Leave Liability - The State of Texas (the “State”) has created a minimum sick leave program consisting of five days of sick leave per year with no limit on accumulation and transferability among districts for every person regularly employed in Texas public schools. Each district’s local Board is required to establish a sick leave plan. Local school districts may provide additional sick leave beyond the state minimum.

Pensions - The fiduciary net position of the Teacher Retirement System of Texas (“TRS”) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS’s fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits - The fiduciary net position of the Teacher Retirement System of Texas TRS Care Plan (TRS-Care) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care’s fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

Deferred Outflows and Deferred Inflows of Resources - The District complies with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent a consumption of the District’s net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District’s acquisition of net position applicable to a future reporting period.

The District complies with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Fund Balance/Deficit - The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Statement of Cash Flows - For purposes of the statement of cash flows when Proprietary Funds are used, cash and cash equivalents include demand deposits.

Fair Value Measurements - The District adopted GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows below:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity
- Level 3 are unobservable inputs that reflect the entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available

HOLLAND INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023

There are three general valuation techniques that may be used to measure fair value:

- Market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities
- Cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost)
- Income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations

#### **Data Control Codes**

The Data Control Codes shown on the financial statements refer to the account code structure prescribed by the FASRG. TEA requires school districts to display these codes in their financial statements to ensure accuracy in building a state-wide data base for policy development and funding plans.

## **2. DEPOSITS AND INVESTMENTS**

The Public Funds Investment Act authorizes the District to invest in funds under a written investment policy, which is approved annually by the Board. The primary objectives of the District's investment strategy for operating and custodial funds, in order of priority, are safety, investment liquidity, and maturity sufficient to meet anticipated cash flow requirements. The primary objective of the District's investment strategy for Debt Service and Capital Projects Funds is sufficient investment liquidity to meet related obligations.

The District is authorized to invest in the following investment instruments provided that they meet the guidelines established in the investment policy:

- Obligations of, or guaranteed by, governmental entities
- Certificates of deposit and share certificates
- Fully collateralized repurchase agreements
- Securities lending programs
- Banker's acceptances
- Commercial paper
- No-load money market mutual funds and no-load mutual funds
- Guaranteed investment contracts as an investment vehicle for bond proceeds
- Public funds investment pools

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. The depository bank deposits for safekeeping and trust with the District's agent approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. Therefore the District is not exposed to custodial credit risk.

Under the depository contract, the District, at its own discretion, may invest funds in time deposits and certificates of deposit provided by the depository bank at interest rates approximating United States Treasury Bill rates.

At August 31, 2023, the carrying amount of the District's deposits was \$1,208,244 and the bank balance was \$1,321,189. The District's deposits with financial institutions at August 31, 2023 and during the year ended August 31, 2023 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. The deposits were collateralized in accordance with Texas law and the District maintains copies of all safekeeping receipts in the name of the District.

The District maintains a cash pool consisting of demand deposits. The combined pool is available for use by most Special Revenue Funds. If a fund overdraws its share of the pool, the overdraft is reported as an interfund payable in that fund. The offsetting interfund receivable is reported in the General Fund.

HOLLAND INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023

The following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a) Name of depository bank: Horizon Bank, Texas
- b) The amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$2,500,000.
- c) The largest cash, savings and time deposit combined account balance amounted to \$2,897,656 and occurred during the month of April, 2023.
- d) Total amount of FDIC coverage at the time of highest combined balance was \$750,000.

Investments held at August 31, 2023 consisted of the following:

| <u>Investment Type</u>                | <u>Fair Value</u>   | <u>Weighted<br/>Average<br/>Maturity<br/>(Days)</u> | <u>Standard &amp;<br/>Poor's Rating</u> |
|---------------------------------------|---------------------|---|---|
| Local Government Investment Pools:    |                     |   |   |
| TexPool                               | \$ 2,030,994        | 1   | AAAm                                    |
| Lone Star Investment Pool             | 127,116             | 1   | AAAm                                    |
| Certificates of Deposit - Texell Bank | 358,648             | 180   | N/A                                     |
| Total Investments                     | <u>\$ 2,516,758</u> |   |   |

The District had investments in two external local governmental investment pools at August 31, 2023, consisting of the Texas Local Governmental Investment Pool ("TexPool") and Lone Star Investment Pool. Due to their liquidity, these investments have been reported as Cash & Cash Equivalents within the financial statements.

### **TEXPOOL**

TEXPOOL is a local government investment pool. It offers a safe, efficient, and liquid investment alternative to local governments in the State of Texas. The primary objectives of the pool are to preserve capital and protect principal, maintain sufficient liquidity, provide safety of funds and investments, diversify to avoid unreasonable or avoidable risks, and maximize the return on the pool. Cities, counties, school districts, institutions of higher education, special districts, and other public entities of Texas make up the investor base.

TEXPOOL was originally rated in March 1995, but effective April 2002, the Texas Comptroller of Public Accounts contracted with Federated Investors, Inc. for the day-to-day operations of TEXPOOL. Federated Investors, Inc. performs the pool's investment management and custodial functions. It also provides the marketing function, working closely with participants. Federated Securities Corp. acts as the distributor for the portfolio. Oversight of TEXPOOL continues to be provided by the Texas Comptroller, as well as the TEXPOOL advisory board. In January 1995, the advisory board adopted and implemented long-term policy changes to provide for a stable net asset value (NAV) pool, which, in effect, operates like an SEC regulated Rule 2a-7 money-market fund. These changes were made to ensure a more conservative investment strategy and to provide a much higher level of investment safety for local government funds.

### **Lone Star (First Public)**

The Corporate Overnight Fund is a fund within the Lone Star Investment Pool. Its objective is to maintain a stable \$1.00 per share net asset value (NAV), while it provides the highest possible rate of return. The fund represents one of three Texas public investment funds sponsored by the Texas Association of School Boards (TASB). The other funds--Government Overnight Fund and Corporate Overnight Plus Fund--also maintain S&P Global ratings. The Lone Star Investment Pool was created pursuant to the Interlocal Cooperation Act of the State of Texas as an investment vehicle for local school districts and other public entities. The funds within Lone Star Investment Pool are not registered mutual funds under the Investment Company Act of 1940, and are not available to individual investors.

The Lone Star Investment Pool is sponsored by TASB. The investment advisers to the pool are American Beacon Advisors and Standish. First Public LLC provides administrative and distribution services to the pool and State Street Bank is the custodian for all pool assets. In addition, CAPTRUST Financial Advisors monitors the pool's operations and performance and reports its findings to First Public and the board of trustees for the Lone Star Investment Pools.

HOLLAND INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At August 31, 2023, investments were included in local governmental investment pools with ratings from Standard & Poor's in compliance with the District's investment policy.

Custodial Credit Risk - Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At August 31, 2023, the District was not exposed to custodial credit risk.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. Information regarding investments in any one issuer that represents five percent or more of the District's total investments must be disclosed under GASB Statement No. 40, excluding investments issued or explicitly guaranteed by the U.S. government. At August 31, 2023, the District had 100% of its investments in Certificates of Deposit and local governmental investment pools.

Interest Rate Risk - As a means of minimizing risk of loss due to interest rate fluctuations, the District's investment policy requires that maturities will not exceed the weighted average maturity of 180 days for any internally created pool fund group and one year from the time of purchase for any other individual investment. The Board may specifically authorize a longer maturity for a given investment, within legal limits. The District considers the holdings in the local governmental investment pools to have a one day weighted average maturity due to the fact that the share position can usually be redeemed each day at the discretion of the shareholders, unless there has been a significant change in value. At August 31, 2023, investments were included in local government investment pools which have a weighted average maturity of one day and Certificates of Deposit with a weighted average maturity of 180 days.

### **3. PROPERTY TAXES**

The Texas Legislature in 1979 adopted a comprehensive Property Tax Code (the "Code") which established a county-wide appraisal district and an appraisal review board in each county in the State. The Tax Appraisal District of Bell County (the "Appraisal District") is responsible for the recording and appraisal of all property in the District. Under the Code, the school board sets the tax rates on property and the Bell County Tax Assessor/Collector provides tax collection services. The Appraisal District is required under the Code to assess property at 100% of its appraised value. Further, real property must be reappraised at least every three years. Under certain circumstances, taxpayers and taxing units, including the District, may challenge orders of the Appraisal Review Board through various appeals and, if necessary, legal action.

Property taxes are levied as of October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes and penalties and interest that are ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period, including those property taxes expected to be collected during a 60 day period after the end of the District's fiscal year. The assessed value at January 1, 2022, upon which the October 2022 levy was based was \$191,495,139. The District levied taxes based on a combined tax rate of \$1.1520 per \$100 of assessed valuation for local maintenance (general governmental services) and debt service.

### **4. DUE FROM/TO OTHER GOVERNMENTS**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully fund certain activities. The District also receives entitlements from the State through the School Foundation and Per Capita Programs. Grants and entitlements are recorded as revenue when earned, therefore at year end amounts earned but not yet received in cash may be recorded as due from the grantor government. Amounts already received in cash but not yet earned are recorded as due to the grantor government.

HOLLAND INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023

A summary of amounts recorded as Due From/Due To Other Governments in the basic financial statements as of August 31, 2023 are summarized below:

| Due From Other Governments:          | General           | ESSER III        | SSA -<br>IDEA B,<br>Formula | SSA -<br>IDEA B,<br>Presschool | Non-Major<br>Governmental<br>Funds | Total             |
|--------------------------------------|-------------------|------------------|-----------------------------|--------------------------------|------------------------------------|-------------------|
|                                      | Fund              |                  |                             |                                |                                    |                   |
| Governmental Activities:             |                   |                  |                             |                                |                                    |                   |
| Foundation & Per Capita Entitlements | \$ 483,010        | \$ -             | \$ -                        | \$ -                           | \$ -                               | \$ 483,010        |
| State Grants                         | -                 | -                | -                           | -                              | 80,810                             | 80,810            |
| Federal Grants                       | 24,000            | 10,207           | 95,790                      | 6,171                          | -                                  | 136,168           |
| Total - Governmental Activities      | <u>\$ 507,010</u> | <u>\$ 10,207</u> | <u>\$ 95,790</u>            | <u>\$ 6,171</u>                | <u>\$ 80,810</u>                   | <u>\$ 699,988</u> |

| Due To Other Governments:       | Major<br>Debt Service |                   |
|---------------------------------|-----------------------|-------------------|
|                                 | Fund                  | Total             |
| Governmental Activities:        |                       |                   |
| Miscellaneous                   | \$ 117,339            | \$ 117,339        |
| Total - Governmental Activities | <u>\$ 117,339</u>     | <u>\$ 117,339</u> |

## 5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

During the course of operations, the individual funds of the District may engage in temporary borrowings of money between one another to meet liquidity needs. These interfund receivables and payables are recorded on the balance sheet of the loaning fund as “Due from Other Funds” and on the balance sheet of the borrowing fund as “Due to Other Funds”. Amounts are repaid when funds are available in the borrowing fund.

Individual funds may also make payments between one another which are intended to be permanent and therefore not repaid. These transactions are recorded on the statement of revenues, expenditures, and changes in fund balance as “Transfers Out” for the paying fund and “Transfers In” for the receiving fund.

During the year, the General Fund transferred \$15,000 to the Child Nutrition Fund and \$55,000 to the Daycare Program to provide for supplemental financing needs.

The composition of interfund balances as of August 31, 2023 was as follows:

| Receivable Fund             | Payable Fund          | Amount                   |
|-----------------------------|-----------------------|--------------------------|
| General Fund                | General Fund          | \$ 44,596                |
|                             | Special Revenue Funds | 462,880                  |
|                             | Debt Service Fund     | 752                      |
| Total General Fund          |                       | <u>508,228</u>           |
| Special Revenue Funds       | General Fund          | 96,336                   |
|                             | Special Revenue Funds | 20,794                   |
| Total Special Revenue Funds |                       | <u>117,130</u>           |
| Debt Service Fund           | General Fund          | <u>7,873</u>             |
| Total Debt Service Fund     |                       | <u>7,873</u>             |
| Internal Service Fund       | General Fund          | 34,829                   |
|                             | Special Revenue Funds | 3,064                    |
| Total Internal Service Fund |                       | <u>37,893</u>            |
| Grand Total                 |                       | <u><u>\$ 671,124</u></u> |

HOLLAND INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023

**6. CAPITAL ASSETS**

Capital asset activity for the year ended August 31, 2023 was as follows:

|   | Beginning<br>Balance<br>9/1/22 | Additions    | Retirements | Adjustments | Ending<br>Balance<br>8/31/23 |
|---|--------------------------------|--------------|-------------|-------------|------------------------------|
| Governmental Activities:                    |                                |              |             |             |                              |
| Capital Assets, not Being Depreciated:      |                                |              |             |             |                              |
| Land  | \$ 816,357                     | \$ -         | \$ -        | \$ -        | \$ 816,357                   |
| Construction in Progress                    | 180,460                        | -            | -           | (180,460)   | -                            |
| Total Capital Assets, not Being Depreciated | 996,817                        | -            | -           | (180,460)   | 816,357                      |
| Capital Assets, Being Depreciated:          |                                |              |             |             |                              |
| Buildings and Improvements                  | 16,214,877                     | 105,581      | (151,425)   | 180,460     | 16,349,493                   |
| Furniture and Equipment                     | 1,158,019                      | 78,618       | -           | -           | 1,236,637                    |
| Right to Use Lease Assets                   | 220,787                        | 12,525       | -           | -           | 233,312                      |
| Total Capital Assets, Being Depreciated     | 17,593,683                     | 196,724      | (151,425)   | 180,460     | 17,819,442                   |
| Less Accumulated Depreciation for:          |                                |              |             |             |                              |
| Buildings and Improvements                  | (6,010,103)                    | (417,481)    | 89,694      | -           | (6,337,890)                  |
| Furniture and Equipment                     | (881,560)                      | (63,392)     | -           | -           | (944,952)                    |
| Right to Use Lease Assets                   | (105,350)                      | (87,989)     | -           | -           | (193,339)                    |
| Total Accumulated Depreciation              | (6,997,013)                    | (568,862)    | 89,694      | -           | (7,476,181)                  |
| Governmental Activities Capital Assets, Net | \$ 11,593,487                  | \$ (372,138) | \$ (61,731) | \$ -        | \$ 11,159,618                |

Depreciation expense was charged to the functions of the District as follows:

| Function                                     | Depreciation<br>Allocation |
|--|----------------------------|
| Instruction                                  | \$ 287,145                 |
| Instructional Resources & Media Services     | 122                        |
| Curriculum & Instructional Staff Development | 7,511                      |
| Instructional Leadership                     | 7,693                      |
| School Leadership                            | 36,812                     |
| Guidance, Counseling & Evaluation Services   | 40,424                     |
| Health Services                              | 9,350                      |
| Student Transportation                       | 12,057                     |
| Food Services                                | 20,689                     |
| Extracurricular Activities                   | 32,474                     |
| General Administration                       | 25,703                     |
| Facilities Maintenance and Operations        | 59,669                     |
| Security and Monitoring Services             | 15,174                     |
| Data Processing Services                     | 10,899                     |
| Community Services                           | 3,140                      |
| Totals                                       | \$ 568,862                 |

HOLLAND INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023

**7. BONDS, NOTES, AND OTHER LONG-TERM LIABILITIES**

Governmental activities long-term debt obligations at August 31, 2023 consisted of the following:

| General Long-Term Debt Description   | Outstanding at<br>August 31, 2023 |
|--|-----------------------------------|
| \$5,095,000 Series 2017 Unlimited Tax School Building & Refunding Bonds due in remaining annual installments of \$210,000 to \$310,000 through February 15, 2036; interest at 2.0% to 4.0%.  | \$ 3,420,000                      |
| \$3,840,000 Series 2017A Unlimited Tax School Building & Refunding Bonds due in remaining annual installments of \$115,000 to \$330,000 through February 15, 2042; interest at 2.0% to 4.0%. | 3,600,000                         |
| \$104,112 Right to Use Lease Asset Payable for a 2019 Bus due in remaining annual installments of \$19,528 to \$22,072 through 2024; interest at 3.994%.                                     | 22,072                            |
| \$97,170 Right-to-Use Lease Asset Payable for Xerox Copiers due in remaining monthly installments of \$1,748 through 2024, interest at 3.439%.   | 6,948                             |
| \$12,525 Right-to-Use Lease Asset Payable for Xerox Copiers due in remaining monthly installments of \$228 through 2028, interest at 3.573%.   | 11,758                            |
| Total General Long-Term Debt   | <u>\$ 7,060,778</u>               |

The following is a summary of changes in long-term liabilities for the year ended August 31, 2023:

| Type                                | Outstanding<br>9/1/22 | Additions        | Deletions           | Adjustments       | Outstanding<br>8/31/23 | Due in<br>One Year |
|-------------------------------------|-----------------------|------------------|---------------------|-------------------|------------------------|--------------------|
| <b>Bonds Payable:</b>               |                       |                  |                     |                   |                        |                    |
| General Obligation & Ref. Bonds     | \$7,425,000           | \$ -             | \$ (405,000)        | \$ -              | \$7,020,000            | \$ 420,000         |
| Premium on Issuance of Bonds        | 766,016               | -                | (47,712)            | -                 | 718,304                | -                  |
| Total Bonds Payable                 | <u>8,191,016</u>      | <u>-</u>         | <u>(452,712)</u>    | <u>-</u>          | <u>7,738,304</u>       | <u>420,000</u>     |
| <b>Other Long-Term Liabilities:</b> |                       |                  |                     |                   |                        |                    |
| Right to Use Lease Assets Payable   | 77,087                | 12,525           | (47,215)            | (1,619)           | 40,778                 | 31,377             |
| Total Other Long-Term Liabilities   | <u>77,087</u>         | <u>12,525</u>    | <u>(47,215)</u>     | <u>(1,619)</u>    | <u>40,778</u>          | <u>31,377</u>      |
| Total Governmental Activities       | <u>\$8,268,103</u>    | <u>\$ 12,525</u> | <u>\$ (499,927)</u> | <u>\$ (1,619)</u> | <u>\$7,779,082</u>     | <u>\$ 451,377</u>  |

For the general obligation bonds, the District has pledged as collateral the proceeds of a continuing, direct annual tax levied against taxable property within the District. The Texas Education Code generally limits issuance of additional ad valorem tax bonds if the tax rate needed to pay aggregate principal and interest amounts of the District's tax bond indebtedness would exceed \$0.50 per \$100 of assessed valuation of taxable property within the District.

Annual principal installments for outstanding bonds vary each year. The debt service requirements to maturity for general obligation bonds as of August 31, 2023 are as follows:

| Year Ended<br>August 31, | Bonds Payable       |                     | Total<br>Requirements |
|--------------------------|---------------------|---------------------|-----------------------|
|                          | Principal           | Interest            |                       |
| 2024                     | \$ 420,000          | \$ 286,100          | \$ 706,100            |
| 2025                     | 415,000             | 269,300             | 684,300               |
| 2026                     | 435,000             | 252,700             | 687,700               |
| 2027                     | 445,000             | 235,300             | 680,300               |
| 2028                     | 470,000             | 217,500             | 687,500               |
| 2029-2033                | 1,975,000           | 840,900             | 2,815,900             |
| 2034-2038                | 1,965,000           | 408,400             | 2,373,400             |
| 2039-2042                | 895,000             | 88,600              | 983,600               |
| Total                    | <u>\$ 7,020,000</u> | <u>\$ 2,598,800</u> | <u>\$ 9,618,800</u>   |



HOLLAND INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023

The debt service requirement for right to use lease assets payable as of August 31, 2023 are as follows:

| Year Ended<br>August 31, | RTU Lease Assets Payable |                 | Total<br>Requirements |
|--------------------------|--------------------------|-----------------|-----------------------|
|                          | Principal                | Interest        |                       |
| 2024                     | \$ 31,377                | \$ 1,307        | \$ 32,684             |
| 2025                     | 2,443                    | 296             | 2,739                 |
| 2026                     | 2,532                    | 207             | 2,739                 |
| 2027                     | 2,624                    | 115             | 2,739                 |
| 2028                     | 1,802                    | 24              | 1,826                 |
| Total                    | <u>\$ 40,778</u>         | <u>\$ 1,949</u> | <u>\$ 42,727</u>      |

## 8. TEACHER RETIREMENT SYSTEM OF TEXAS PENSION PLAN

### A. Pension Plan Description

The Teacher Retirement System of Texas (TRS or System or Plan) is a public employee retirement system (PERS) that is a multiple-employer, cost-sharing, defined benefit pension plan with a special funding situation. The Plan is administered by the Board of Trustees of TRS. Information regarding the Board of TRS and its composition can be found within the separately issued TRS Annual Comprehensive Financial Report within Note 1 to the financial statements. That report may be obtained online at [www.trs.texas.gov](http://www.trs.texas.gov); by writing to TRS at 1000 Red River Street, Austin, Texas, 78701-2698; or by calling (512) 542-6592.

Benefits are established or amended under the authority of the Texas Constitution, Article XVI, Section 67 and by the Legislature in the Texas Government Code, Title 8, Subtitle C. The Board of Trustees does not have the authority to establish or amend benefits.

### B. Benefits Provided

TRS provides retirement, disability, and death benefits. Membership in the Plan includes all employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempt from membership under Texas Government Code, Title 8, Section 822.002.

State law requires the plan to be actuarially sound in order for the legislature to consider a benefit enhancement, such as a supplemental payment to the retirees. The pension became actuarially sound in May 2019 when the 86th Texas legislature approved the TRS Pension Reform Bill (SB12) that provided gradual contribution increases from the state, participating employers and active employees for the fiscal years 2019 through 2024.

### C. Contributors to the Plan

Contributors to the Plan include active members, employers, and the State of Texas as the only non-employer contributing entity. The State is also the employer for senior colleges, medical schools, and state agencies, including TRS. In each respective role, the State contributes to the plan in accordance with State Statutes and the General Appropriations Act.

HOLLAND INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023

The number of participating employers during fiscal year 2022 are disclosed in the following table.

| <u>Participating Employers</u>         |                     |
|--|---------------------|
| Independent School Districts           | 1,021               |
| Charter Schools (open enrollment only) | 197                 |
| Community and Junior Colleges          | 50                  |
| Senior Colleges and Universities       | 48                  |
| Regional Service Centers               | 20                  |
| Medical Schools                        | 9                   |
| Educational Districts                  | 2                   |
| State Agency                           | 1                   |
| Total                                  | <u><u>1,348</u></u> |

Plan membership as of August 31, 2021 is shown in the following table. Because the actuarial valuation was based on a roll forward from fiscal year 2021 (see Section F), the Plan membership counts are as of August 31, 2021.

| <u>Pension Plan Membership</u>  |                         |
|---|-------------------------|
| Retired plan members or beneficiaries<br>currently receiving benefits | 458,133                 |
| Inactive plan members entitled to but<br>not yet receiving benefits   | 501,241                 |
| Active plan members   | <u>918,545</u>          |
|   | <u><u>1,877,919</u></u> |

The Average Expected Remaining Service Life (AERSL) of 5.7052 years is based on membership information as of the beginning of the fiscal year.

#### D. Contributions

Contribution requirements are established or amended pursuant to the following state laws:

- Article 16, Section 67 of the Texas Constitution requires the legislature to establish a member contribution rate of not less than 6 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation paid to members of the System during the fiscal year.
- Government Code section 821.006 prohibits benefit improvements if it increases the amortization period of TRS' unfunded actuarial liability to greater than 31 years or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in this manner are determined by the System's actuary.

As the non-employer contributing entity, the State of Texas contributes to the retirement system the current employer contribution rate times the aggregate annual compensation of all members of the Plan during the fiscal year, reduced by the employer contributions described below.

All participating employers and the State of Texas, as the employer for senior universities and medical schools, are required to pay the employer contribution rate in the following situations:

- On the portion of a member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code
- During a new member's first 90 days of employment
- When any or all of an employee's salary is paid by federal, private, local or non-educational and general funds
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50 percent of the state contribution rate for certain instructional or administrative employees and 100 percent of the state contribution rate for all other employees.

HOLLAND INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023

Employers are also required to pay surcharges in the following cases:

- All public schools, charter schools and regional education service centers must contribute 1.7 percent of the member's salary beginning in fiscal year 2022, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of TRS, the employer shall pay an amount equal to the member contribution and the state contribution as an employment after retirement surcharge.

Contribution rates and amounts for active employees, participating employers, and the State of Texas for the current and prior fiscal year are shown below:

| <u>Contribution Rates</u>   | <u>2022</u> | <u>2023</u> |
|-----------------------------|-------------|-------------|
| Members                     | 8.00%       | 8.00%       |
| Employer                    | 7.75%       | 8.00%       |
| State of Texas (NECE)       | 7.75%       | 8.00%       |
| <u>Contribution Amounts</u> |             |             |
| Members                     | \$ 484,430  | \$ 480,533  |
| Employer                    | 191,702     | 211,103     |
| State of Texas (NECE)       | 336,572     | 387,308     |

#### E. Net Pension Liability

Components of the Net Pension Liability of the Plan as of August 31, 2022 are disclosed below.

| <u>Components of Pension Liability</u>                | <u>Total</u>             |
|---|--------------------------|
| Total Pension Liability                               | \$ 243,553,045,455       |
| Less: Plan Fiduciary Net Position                     | (184,185,617,196)        |
| Net Pension Liability                                 | <u>\$ 59,367,428,259</u> |
| Net Position as Percentage of Total Pension Liability | 75.62%                   |

#### F. Actuarial Methods and Assumptions

##### Roll Forward

The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the total pension liability to August 31, 2022.

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the four year period ending August 31, 2021 and were adopted in July 2022.

The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioners Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published projection scale ("U-MP"). The active mortality rates were based on the published PUB(2010) Mortality Tables for Teachers, below median, also with full generational mortality.

The long-term expected rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

HOLLAND INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2022 are summarized in the chart below:

| Asset Class                                     | Target Allocation<br>%** | Long-Term Expected<br>Geometric Real<br>Rate of Return* | Expected<br>Contribution to Long-<br>Term Portfolio<br>Returns |
|---|--------------------------|---|--|
| Global Equity                                   |                          |   |  |
| USA   | 18.00%                   | 4.60%   | 1.12%  |
| Non-U.S. Developed                              | 13.00%                   | 4.90%   | 0.90%  |
| Emerging Markets                                | 9.00%                    | 5.40%   | 75.00%   |
| Private Equity*                                 | 14.00%                   | 7.70%   | 1.50%  |
| Stable Value                                    |                          |   |  |
| Government Bonds                                | 16.00%                   | 1.00%   | 0.22%  |
| Absolute Return*                                | 0.00%                    | 3.70%   | 0.00%  |
| Stable Value Hedge Funds                        | 5.00%                    | 3.40%   | 18.00%   |
| Real Return                                     |                          |   |  |
| Real Estate                                     | 15.00%                   | 4.10%   | 0.94%  |
| Energy, Natural Resources and<br>Infrastructure | 6.00%                    | 5.10%   | 0.37%  |
| Commodities                                     | 0.00%                    | 3.60%   | 0.00%  |
| Risk Parity                                     | 8.00%                    | 4.60%   | 43.00%   |
| Asset Allocation Leverage                       |                          |   |  |
| Cash  | 2.00%                    | 3.00%   | 0.01%  |
| Asset Allocation Leverage                       | (6.00)%                  | 3.60%   | -0.05%   |
| Inflation Expectation                           |                          |   | 2.70%  |
| Volatility Drag****                             |                          |   | -0.91%   |
| Expected Return                                 | <u>100.00%</u>           |   | <u>8.19%</u>   |

\*Absolute Return includes Credit Sensitive Investments.

\*\*Target allocations are based on the FY2022 policy model.

\*\*\*Capital Market Assumptions come from Aon Hewitt (as of 08/31/2022)

\*\*\*\*The volatility drag results from the conversion between arithmetic and geometric mean returns.

The following table discloses the assumptions that were applied to this measurement period.

Actuarial Methods and Assumptions

|   |  |
|---|--|
| Valuation Date  | August 31, 2021 rolled forward<br>to August 31, 2022   |
| Actuarial Cost Method                                       | Individual Entry Age Normal  |
| Asset Valuation Method                                      | Fair Value   |
| Single Discount Rate  | 7.00%  |
| Long-Term Expected Rate                                     | 7.00%  |
| Municipal Bond Rate as of August 2022                       | 3.91% - The source for the rate is the<br>Fixed Income Market Data/Yield<br>Curve/Data Municipal bonds with 20<br>years to maturity that include only<br>federally tax-exempt municipal bonds as<br>reported in Fidelity Index's "20-Year<br>Municipal GO AA Index." |
| Last year ending August 31 in Projection Period (100 years) | 2121   |
| Inflation   | 2.30%  |
| Salary Increases  | 2.95% to 8.95% including inflation   |
| Ad hoc post-employment benefit changes                      | None   |

The actuarial assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2021. For a full description of these assumptions please see the actuarial valuation report dated November 12, 2021.

HOLLAND INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023

G. Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the nonemployer contributing entity will be made at the rates set by the Legislature during the 2019 legislative session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

Based on these 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.

H. Change of Assumptions Since the Prior Measurement Date

The actuarial assumptions and methods have been modified since the determination of the prior year's Net Pension Liability. These new assumptions were adopted in conjunction with an actuarial experience study. The primary assumption change was the lowering of the single discount rate from 7.25 percent to 7.00 percent.

I. Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption

The following table presents the net pension liability of the plan using the discount rate of 7.00 percent, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

| Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption |                      |                                       |                      |
|---|----------------------|---------------------------------------|----------------------|
|   | 1% Decrease<br>6.00% | Current Single Discount Rate<br>7.00% | 1% Increase<br>8.00% |
| District's Proportionate Share of the Net Pension Liability:                    | \$ 3,969,553         | \$ 2,551,748                          | \$ 1,402,551         |

J. District Net Pension Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, and Pension Expense

The Net Pension Liability of the Plan as a whole was last measured as of August 31, 2022 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The District was assigned a proportion of the Plan's Net Pension Liability based on the District's contributions to the Plan relative to the contributions of all employers for the period September 1, 2021 through August 31, 2022.

The table below presents a two-year comparison of the District's assigned proportion and resulting proportionate share of the collective Net Pension Liability, as well as the State's proportionate share of the Net Pension Liability associated with the District.

|   | Measurement Date |                | Change         |
|---|------------------|----------------|----------------|
|   | 8/31/21          | 8/31/22        |                |
| District's Proportion of the Collective Net Pension Liability | 0.000037853282   | 0.000042982298 | 0.000005129016 |
| District's Proportionate Share of the Net Pension Liability   | \$ 963,989       | \$ 2,551,748   | \$ 1,587,759   |
| State's Proportionate Share of the Net Pension Liability      |                  |                |                |
| Associated with the District                                  | 2,239,482        | 4,514,802      | 2,275,320      |
| Total Pension Liability                                       | \$ 3,203,471     | \$ 7,066,550   | \$ 3,863,079   |

HOLLAND INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023

At August 31, 2023, Holland Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual economic experience  | \$ 37,000                         | \$ 55,633                        |
| Changes in actuarial assumptions   | 475,474                           | 118,501                          |
| Difference between projected and actual investment earnings  | 991,457                           | 739,352                          |
| Changes in proportion and difference between the employer's contributions and the proportionate share of contributions | 212,071                           | 61,002                           |
| Contributions paid to TRS subsequent to the measurement date   | 211,103                           | -                                |
| Total  | \$ 1,927,105                      | \$ 974,488                       |

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions (not including the deferred contribution paid subsequent to the measurement date) will be recognized in pension expense as follows:

| Measurement Year Ended<br>August 31, | Pension Expense<br>Amount |
|--------------------------------------|---------------------------|
| 2023                                 | \$ 194,986                |
| 2024                                 | 102,285                   |
| 2025                                 | 50,885                    |
| 2026                                 | 327,483                   |
| 2027                                 | 65,875                    |
| Thereafter                           | -                         |

For the year ended August 31, 2023, Holland Independent School District recognized pension expense of \$115,577 and revenue of \$431,564 for support provided by the State.

## 9. EMPLOYEE HEALTH CARE COVERAGE

During the year ended August 31, 2023, employees of the District were covered by the state-wide health insurance plan, TRS Active Care. The District contributed \$225 per month per employee to the Plan, the State provided an additional \$75 per month per employee, and employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. TRS manages TRS Active Care. The Plan is administered by Aetna while Caremark was assigned the prescription drug plan.

## 10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN – TRS-CARE

The Texas Public School Retired Employees Group Insurance Program (TRS-Care) is a multiple- employer, cost-sharing, defined Other Post-Employment Benefit (OPEB) plan with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

The Board of Trustees of TRS administers the TRS-Care program and the related fund in accordance with the Texas Insurance Code Chapter 1575. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards. Further detailed information regarding TRS and TRS-Care is available in a separately issued Annual Comprehensive Financial Report for TRS that includes financial statements and required supplementary information. That report may be obtained online at [www.trs.texas.gov](http://www.trs.texas.gov); by writing to TRS at 1000 Red River Street, Austin, Texas, 78701-2698; or by calling (512) 542-6592.

HOLLAND INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023

A. Benefits Provided

TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional service centers, and other educational districts who are members of the TRS pension system. Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system.

The General Appropriations Act passed by the 86th Legislature included funding to maintain TRS-Care premiums at their current level through 2021. The 86th legislature also passed Senate Bill 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures. This amount is estimated at \$300,000,000 as of August 31, 2022.

C. Contributors to TRS-Care

Contributors to the plan include active and retired members, employers, and the State of Texas as the only non-employer contributing entity.

During fiscal year 2022, the number of participating employers are presented in the following table.

| <u>Participating Employers</u>  |              |
|---------------------------------|--------------|
| Independent School Districts    | 1,020        |
| Open Enrollment Charter Schools | 197          |
| Regional Service Centers        | 20           |
| Other Educational Districts     | 2            |
| Total                           | <u>1,239</u> |

TRS-Care plan membership as of August 31, 2021 is shown in the following table. Because the actuarial valuation was based on a roll-forward (See Section F), the counts are as of that date.

| <u>TRS-Care Plan Membership</u>                                  |                |
|--|----------------|
| Active plan members  | 751,105        |
| Inactive plan members currently receiving benefits               | 188,016        |
| Inactive plan members entitled to but not yet receiving benefits | 13,014         |
| Total  | <u>952,135</u> |

The Average Expected Remaining Service Life (AERSL) of 9.2179 is based on the membership information as of the beginning of the fiscal year.

D. Contributions

Contribution rates for the TRS-Care plan are established in State Statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions; and contributions from the state, active employees, and participating employers are based on active employee compensation. The TRS Board does not have the authority to set or amend contribution rates.

HOLLAND INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023

At the inception of the plan, funding was projected to last 10 years through fiscal year 1995. The original funding was sufficient to maintain the solvency of the fund through fiscal year 2000. Since that time, appropriations and contributions have been established to fund the benefits for each successive biennium.

Section 1575.202 of the Texas Insurance Code establishes the State's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee rate which is 0.65 percent of salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75 percent of each active employee's pay for fiscal year 2022.

Contribution rates and amounts for active employees, participating employers, and the State of Texas for the current and prior fiscal year are shown below:

| <u>Contribution Rates</u>   | <u>2022</u> | <u>2023</u> |
|-----------------------------|-------------|-------------|
| Members                     | 0.65%       | 0.65%       |
| Employer                    | 0.75%       | 0.75%       |
| State of Texas              | 1.25%       | 1.25%       |
| Federal/Private Funding*    | 1.25%       | 1.25%       |
| <u>Contribution Amounts</u> |             |             |
| Members                     | \$ 39,482   | \$ 39,044   |
| Employer                    | 54,249      | 54,501      |
| State of Texas (NECE)       | 59,395      | 68,349      |

\* Contributions paid from federal funds and private grants are remitted by the employer and paid at the State rate.

All employers whose employees are covered by the TRS pension plan are also required to pay a surcharge of \$535 per month when employing a retiree of TRS. The TRS-Care surcharges for fiscal year 2022 totaled \$11,849,525.

A supplemental appropriation was authorized by Senate Bill 8 of the third-called legislature that granted \$83 million to TRS-Care from the federal American Rescue Plan Act (ARPA) to help defray Covid-19-related health care costs during fiscal year 2022. The premium rates for retirees are reflected in the following table.

The premium rates for retirees are reflected in the following table.

| <u>TRS-Care Monthly Premium Rates</u>    |                 |                     |
|--|-----------------|---------------------|
|  | <u>Medicare</u> | <u>Non-Medicare</u> |
| Retiree or Surviving Spouse              | \$ 135          | \$ 200              |
| Retiree and Spouse                       | 529             | 689                 |
| Retiree or Surviving Spouse and Children | 468             | 408                 |
| Retiree and Family                       | 1,020           | 999                 |

#### E. Net OPEB Liability

Components of the Net OPEB Liability of the TRS-Care plan as of August 31, 2022 are disclosed in the following table.

| <u>Components of OPEB Liability</u>                  | <u>Total</u>             |
|--|--------------------------|
| Total OPEB Liability                                 | \$ 27,061,942,520        |
| Less: Plan Fiduciary Net Position                    | (3,117,937,218)          |
| Net OPEB Liability                                   | <u>\$ 23,944,005,302</u> |
| Net Position as a Percentage of Total OPEB Liability | 11.52%                   |



HOLLAND INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023

The Net OPEB Liability decreased by \$14.7 billion, from \$38.6 billion as of August 31, 2021, to \$23.9 billion as of August 31, 2022. The decrease was due to a combination of favorable claims experience, changes in participation assumptions, and a large increase in the discount rate from 1.95 percent to 3.91 percent.

#### F. Actuarial Methods and Assumptions

##### Roll Forward

The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2022.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex.

##### Demographic Assumptions

The rates of mortality, retirement, termination and disability incidence are identical to the assumptions used to value the pension liabilities of the Teacher Retirement System of Texas (TRS). The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

##### Mortality Assumptions

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables. The rates were projected on a fully generational basis using the ultimate improvement rates from mortality projection scale MP-2018.

##### Election Rates

Normal Retirement - 65 percent participation rate prior to age 65 and 25 percent participation rate after age 65.  
Pre-65 retirees - 30 percent of pre-65 retirees are assumed to discontinue coverage at age 65.

##### Health Care Trend Rates

The initial medical trend rates were 8.25 percent for Medicare retirees and 7.25 percent for non-Medicare retirees. The initial prescription drug trend rate was 8.25 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 13 years.

##### Actuarial Methods and Assumptions

|  |  |
|--|--|
| Valuation Date                         | August 31, 2021, rolled forward to August 31, 2022   |
| Actuarial Cost Method                  | Individual Entry-Age Normal  |
| Inflation                              | 2.30%  |
| Single Discount Rate                   | 3.91% as of August 31, 2022  |
| Aging Factors                          | Based on plan specific experience  |
| Expenses                               | Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs. |
| Salary Increases                       | 3.05% to 9.05%, including inflation  |
| Ad Hoc Post-Employment Benefit Changes | None   |

HOLLAND INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023

G. Discount Rate

A single discount rate of 3.91 percent was used to measure the total OPEB liability. This was an increase of 1.96 percent in the discount rate since the previous year. Since the plan is a pay-as-you-go plan, the single discount rate is equal to the prevailing municipal bond rate.

H. Change of Assumptions Since the Prior Measurement Date

The single discount rate changed from 1.95 percent as of August 31, 2021 to 3.91 percent, as of August 31, 2022. Lower participation rates and updates to the health care trend rate assumptions were also factors that decreased the Total OPEB Liability.

I. Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumption

The following presents the Net OPEB Liability of the plan using the discount rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, as well as what the Net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower, 2.91 percent or one percentage point higher, 4.91 percent, than the AA/Aa rate. The source for the rate is the Fixed Income Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index", as of August 31, 2022.

| Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumption |                      |                                       |                      |
|--|----------------------|---------------------------------------|----------------------|
|  | 1% Decrease<br>2.91% | Current Single<br>Discount Rate 3.91% | 1% Increase<br>4.91% |
| District's Proportionate Share<br>of the Net OPEB Liability                  | \$ 1,913,472         | \$ 1,622,852                          | \$ 1,387,413         |

J. Sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rate Assumptions

The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one percent lower or one-percent higher than the assumed healthcare cost trend rate.

| Sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rate Assumption |              |  |              |
|--|--------------|--|--------------|
|  | 1% Decrease  | Current<br>Healthcare Cost<br>Trend Rate | 1% Increase  |
| District's Proportionate Share<br>of the Net OPEB Liability                        | \$ 1,337,238 | \$ 1,622,852                             | \$ 1,993,115 |

K. District Net OPEB Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, and OPEB Expense

The Net OPEB Liability of the TRS-Care program as a whole was last measured as of August 31, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District was assigned a proportion of TRS Care's Net OPEB Liability based on the District's contributions to the program relative to the contributions of all employers for the period September 1, 2021 through August 31, 2022.

HOLLAND INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023

The table below presents a two-year comparison of the District's assigned proportion and resulting proportionate share of the collective Net OPEB Liability, as well as the State's proportionate share of the Net OPEB Liability associated with the District.

|  | Measurement Date |                | Change         |
|--|------------------|----------------|----------------|
|  | 8/31/21          | 8/31/22        |                |
| District's Proportion of the Collective Net OPEB Liability | 0.000063780428   | 0.000067776979 | 0.000003996551 |
| District's Proportionate Share of the Net OPEB Liability   | \$ 2,460,296     | \$ 1,622,852   | \$ (837,444)   |
| State's Proportionate Share of the Net OPEB Liability      |                  |                |                |
| Associated with the District                               | 3,296,249        | 1,979,625      | (1,316,624)    |
| Total OPEB Liability                                       | \$ 5,756,545     | \$ 3,602,477   | \$ (2,154,068) |

At August 31, 2023, Holland Independent School District reported its proportionate share of TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual economic experience   | \$ 90,225                         | \$ 1,351,982                     |
| Changes in actuarial assumptions  | 247,193                           | 1,127,461                        |
| Difference between projected and actual investment earnings   | 4,852                             | 18                               |
| Change in proportion and difference between the employer's contributions and the proportionate share of contributions | 623,208                           | 264,914                          |
| Contributions paid to TRS subsequent to the measurement date  | 54,501                            | -                                |
| Total   | \$ 1,019,979                      | \$ 2,744,375                     |

The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB (not including the deferred contribution paid subsequent to the measurement date) will be recognized in OPEB expense as follows:

| Measurement Year Ended<br>August 31, | OPEB Expense<br>Amount |
|--------------------------------------|------------------------|
| 2023                                 | \$ (340,792)           |
| 2024                                 | (340,775)              |
| 2025                                 | (271,955)              |
| 2026                                 | (178,784)              |
| 2027                                 | (250,869)              |
| Thereafter                           | (395,722)              |

For the year ended August 31, 2023, Holland Independent School District recognized OPEB expense of (\$211,835) and revenue of (\$280,925) for support provided by the State.

## 11. FRINGE BENEFITS PAID BY OTHER GOVERNMENTS

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended August 31, 2023 and August 31, 2022, the subsidy payments received by TRS-Care on behalf of the District were \$35,072 and \$24,893, respectively.

HOLLAND INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023

## 12. FUND BALANCES

The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Those fund balance classifications are below.

Nonspendable - Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board.

Assigned - For the General Fund, the Board, or an official or body that has been delegated authority by the Board, may appropriate amounts that are to be used for a specific purpose. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

Unassigned - Amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

A detail of the fund balance amounts within each category is included on the governmental funds balance sheet.

Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board has delegated authority to the Superintendent to assign fund balance for a specific purpose. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

## 13. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

During the current year, revenues from local and intermediate sources consisted of the following:

| Type                 | General Fund | SSA, Special Education | Major Debt Service Fund | Non-Major Governmental Funds | Proprietary Funds | Trust Funds | Custodial Funds | Total        |
|----------------------|--------------|------------------------|-------------------------|------------------------------|-------------------|-------------|-----------------|--------------|
| Property Taxes       | \$ 1,578,542 | \$ -                   | \$ 552,079              | \$ -                         | \$ -              | \$ -        | \$ -            | \$ 2,130,621 |
| Investment Income    | 149,648      | 22,557                 | 11,249                  | -                            | -                 | 5,062       | -               | 188,516      |
| Rent                 | 14,796       | -                      | -                       | -                            | -                 | -           | -               | 14,796       |
| Gifts                | -            | -                      | -                       | -                            | -                 | 54,145      | -               | 54,145       |
| Food Sales           | -            | -                      | -                       | 82,168                       | -                 | -           | -               | 82,168       |
| Athletics            | 11,315       | -                      | -                       | -                            | -                 | -           | -               | 11,315       |
| Extracurricular Act. | 29,734       | -                      | -                       | -                            | -                 | -           | -               | 29,734       |
| Enterprising Rev.    | -            | -                      | -                       | -                            | -                 | -           | 158,189         | 158,189      |
| Misc. Local Rev.     | 105,198      | 610,445                | -                       | 136,446                      | 51,248            | 20,554      | -               | 923,891      |
| Total                | \$ 1,889,233 | \$ 633,002             | \$ 563,328              | \$ 218,614                   | \$ 51,248         | \$ 79,761   | \$ 158,189      | \$ 3,593,375 |

HOLLAND INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023

#### 14. UNEARNED REVENUE

Unearned revenue at August 31, 2023 consisted of the following amounts:

| Fund                         | State<br>Grants | Federal<br>Grants | Total      |
|------------------------------|-----------------|-------------------|------------|
| General Fund                 | \$ 136,284      | \$ -              | \$ 136,284 |
| Non-Major Governmental Funds | -               | 9,879             | 9,879      |
| Total                        | \$ 136,284      | \$ 9,879          | \$ 146,163 |

#### 15. RISK MANAGEMENT

The District's risk management program includes coverages through third party insurance providers for property, automobile liability, school professional liability, crime, workers' compensation, and other miscellaneous bonds. During the year ended August 31, 2023, there were no significant reductions in insurance coverage from coverage in the prior year. Losses in excess of the various deductible levels are covered through traditional indemnity coverage for buildings and contents, and vehicle liability with various insurance firms. Settled claims have not exceeded insurance limits for the past three years.

#### 16. COMMITMENTS AND CONTINGENCIES

The District participates in a number of federal financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of *Government Auditing Standards* and when applicable, the Uniform Guidance, for the year ended August 31, 2023, these programs are subject to financial and compliance audits performed by the specific grantors. These audits, if performed, could result in amounts of expenditures being disallowed by the granting agencies and subject to repayment. The District however expects that such amounts, if any, would be immaterial.

#### 17. SHARED SERVICES ARRANGEMENT – FISCAL AGENT

##### Shared Services Arrangement - Fiscal Agent

The District is the fiscal agent for a Shared Services Arrangement (SSA) which provides special education and Medicaid reimbursement services to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in the FASRG, the District has accounted for the fiscal agent's activities using Model 1 and Model 3 for the Special Education Program and Medicaid reimbursement services.

##### Model #1 SSAs

|   |                    |
|---|--------------------|
| IDEA - Part B, Formula (Fund 313)         | 4 Member Districts |
| IDEA - Part B, Preschool (Fund 314)       | 4 Member Districts |
| IDEA - Part B, Formula - ARP (Fund 364)   | 4 Member Districts |
| IDEA - Part B, Preschool - ARP (Fund 365) | 4 Member Districts |

##### Model #3 SSAs

|                              |                    |
|------------------------------|--------------------|
| Special Education (Fund 437) | 4 Member Districts |
|------------------------------|--------------------|

*THIS PAGE LEFT BLANK INTENTIONALLY*

HOLLAND INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023

Expenditures of the SSA are summarized below:

| Member Districts         | SSA,<br>IDEA-Part B,<br>Formula | Special<br>Education<br>Expenditures | SSA,<br>IDEA-Part B,<br>Formula ARP | SSA,<br>IDEA-Part B,<br>Formula ARP | Medicaid<br>Expenditures |
|--------------------------|---------------------------------|--------------------------------------|-------------------------------------|-------------------------------------|--------------------------|
| Rogers ISD               | \$ 240,460                      | \$ 5,241                             | \$ 31,465                           | \$ 1,628                            | \$ 151,048               |
| Troy ISD                 | 388,435                         | 6,069                                | 55,378                              | 3,743                               | 67,711                   |
| Bartlett ISD             | 138,727                         | 3,862                                | 15,103                              | 1,221                               | 145,839                  |
| Retained by Fiscal Agent | 157,229                         | 12,413                               | 23,913                              | 1,546                               | 156,250                  |
| Totals                   | <u>\$ 924,851</u>               | <u>\$ 27,585</u>                     | <u>\$ 125,859</u>                   | <u>\$ 8,138</u>                     | <u>\$ 520,848</u>        |

## 18. IMPLEMENTATION OF NEW GOVERNMENTAL ACCOUNTING STANDARD

During the year the District implemented Governmental Accounting Standards Board Statement No. 96 – *Subscription-Based Information Technology Arrangements* (“GASB 96”). The objective of GASB 96 is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for Subscription Based Information Technology Arrangements (SBITAs); (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. At the commencement of the subscription term, a government should recognize a subscription liability and an intangible right-to-use asset (a capital asset). The commencement of the subscription term occurs when the initial implementation stage is completed, at which time the government has obtained control of the right to use the underlying IT assets, and therefore, the subscription asset is placed into service.

The right to use assets are initially measured at an amount equal to the initial measurement of the related subscription liability plus any payments made prior to the subscription term, less incentives, and plus ancillary charges necessary to place the subscription into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

As of August 31, 2023, the District did not have any items required to be reported as SBITAs as a result of implementing GASB 96.

*THIS PAGE LEFT BLANK INTENTIONALLY*



## **REQUIRED SUPPLEMENTARY INFORMATION**

HOLLAND INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -  
TEACHER RETIREMENT SYSTEM  
FOR THE YEAR ENDED AUGUST 31, 2023

|   | Measurement Year    |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | 2022                | 2021                | 2020                | 2019                |
| District's Proportion of the Net Pension Liability  | 0.0042982298%       | 0.0037853282%       | 0.0038081667%       | 0.0038140401%       |
| District's Proportionate Share of the Net Pension Liability   | \$ 2,551,748        | \$ 963,989          | \$ 2,039,576        | \$ 1,982,657        |
| State's Proportionate Share of the District Net Pension Liability   | 4,514,802           | 2,239,482           | 4,558,385           | 3,989,866           |
| Total Pension Liability   | <u>\$ 7,066,550</u> | <u>\$ 3,203,471</u> | <u>\$ 6,597,961</u> | <u>\$ 5,972,523</u> |
| District's Covered-Employee Payroll   | \$ 6,074,259        | \$ 6,074,259        | \$ 5,769,006        | \$ 5,064,333        |
| District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll | 42.01%              | 15.87%              | 35.35%              | 39.15%              |
| Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability                              | 75.62%              | 88.79%              | 75.54%              | 75.24%              |

The amounts presented are determined as of the Plan's measurement year which was as of August 31 in each prior calendar year from the District's fiscal year end.

This schedule reflects the available years of data since the adoption of GASB 68.

| Measurement Year    |                     |                     |                     |                     |
|---------------------|---------------------|---------------------|---------------------|---------------------|
| 2018                | 2017                | 2016                | 2015                | 2014                |
| 0.0041873136%       | 0.0040093170%       | 0.0036856050%       | 0.0038887000%       | 0.0018049000%       |
| \$ 2,304,799        | \$ 1,281,963        | \$ 1,392,765        | \$ 1,374,604        | \$ 482,114          |
| 4,035,267           | 2,542,941           | 2,977,540           | 2,795,801           | 4,342,570           |
| <u>\$ 6,340,066</u> | <u>\$ 3,824,904</u> | <u>\$ 4,370,305</u> | <u>\$ 4,170,405</u> | <u>\$ 4,824,684</u> |
| \$ 4,870,462        | \$ 4,811,143        | \$ 4,451,577        | \$ 4,263,577        | \$ 3,902,069        |
| 47.32%              | 26.65%              | 31.29%              | 32.24%              | 12.36%              |
| 73.74%              | 82.17%              | 78.00%              | 78.43%              | 83.25%              |

HOLLAND INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS –  
TEACHER RETIREMENT SYSTEM  
FOR THE YEAR ENDED AUGUST 31, 2023

|  | Fiscal Year  |              |              |              |
|--|--------------|--------------|--------------|--------------|
|  | 2023         | 2022         | 2021         | 2020         |
| Contractually Required Contribution                                    | \$ 211,103   | \$ 191,702   | \$ 153,605   | \$ 152,767   |
| Contribution in Relation to the Contractually<br>Required Contribution | (211,103)    | (191,702)    | (153,605)    | (152,767)    |
| Contribution Deficiency (Excess)                                       | \$ -         | \$ -         | \$ -         | \$ -         |
| District's Covered-Employee Payroll                                    | \$ 6,006,661 | \$ 6,074,259 | \$ 6,011,058 | \$ 5,769,006 |
| Contributions as a Percentage of Covered-<br>Employee Payroll          | 3.51%        | 3.16%        | 2.56%        | 2.65%        |

The amounts presented are as of the District's fiscal year end of August 31.

This schedule reflects the available years of data since the inception of GASB 68 and will eventually reflect ten years of data.

| Fiscal Year  |              |              |              |              |
|--------------|--------------|--------------|--------------|--------------|
| 2019         | 2018         | 2017         | 2016         | 2015         |
| \$ 134,707   | \$ 141,702   | \$ 131,402   | \$ 57,004    | \$ 57,299    |
| (134,707)    | (141,702)    | (131,402)    | (57,004)     | (57,299)     |
| \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| \$ 5,064,333 | \$ 4,870,462 | \$ 4,811,143 | \$ 4,451,577 | \$ 4,263,577 |
| 2.66%        | 2.91%        | 2.73%        | 1.28%        | 1.34%        |

HOLLAND INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY –  
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PLAN  
FOR THE YEAR ENDED AUGUST 31, 2023

|   | Measurement Year    |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | 2022                | 2021                | 2020                | 2019                |
| District's Proportion of the Net Liability for Other Post Employment Benefits                         | 0.0067776979%       | 0.0063780428%       | 0.0063978239%       | 0.0058511544%       |
| District's Proportionate Share of the Net Post Employment Benefit Liability                           | \$ 1,622,852        | \$ 2,460,296        | \$ 2,432,105        | \$ 2,767,083        |
| State's Proportionate Share of the Net Post Employment Benefit Liability Associated with the District | 1,979,625           | 3,296,249           | 3,268,166           | 3,676,834           |
| Total Other Post Employment Benefits Liability  | <u>\$ 3,602,477</u> | <u>\$ 5,756,545</u> | <u>\$ 5,700,271</u> | <u>\$ 6,443,917</u> |
| District's Covered Payroll  | \$ 6,074,259        | \$ 6,011,058        | \$ 5,769,006        | \$ 5,064,333        |
| District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll       | 26.72%              | 40.93%              | 42.16%              | 54.64%              |
| Plan Fiduciary Net Position as a Percentage of the Total Net OPEB Liability                           | 11.52%              | 6.18%               | 4.99%               | 2.66%               |

The amounts presented are determined as of the Plan's measurement year which was as of August 31 in each prior calendar year from the District's fiscal year end.

This schedule reflects the available years of data since the adoption of GASB 75.

| Measurement Year    |                     |
|---------------------|---------------------|
| 2018                | 2017                |
| 0.0065875965%       | 0.0059293968%       |
| \$ 3,289,247        | \$ 2,578,472        |
| 4,008,673           | 3,632,805           |
| <u>\$ 7,297,920</u> | <u>\$ 6,211,277</u> |
| \$ 4,870,462        | \$ 4,811,143        |
| 67.53%              | 53.59%              |
| 1.57%               | 0.91%               |

HOLLAND INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS –  
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PLAN  
FOR THE YEAR ENDED AUGUST 31, 2023

|   | Fiscal Year  |              |              |              |
|---|--------------|--------------|--------------|--------------|
|   | 2023         | 2022         | 2021         | 2020         |
| Contractually Required Contribution                                 | \$ 54,501    | \$ 54,249    | \$ 48,575    | \$ 47,877    |
| Contribution in Relation to the Contractually Required Contribution | (54,501)     | (54,249)     | (48,575)     | (47,877)     |
| Contribution Deficiency (Excess)                                    | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  |
| District's Covered Payroll  | \$ 6,006,661 | \$ 6,074,259 | \$ 6,011,058 | \$ 5,769,006 |
| Contributions as a Percentage of Covered Payroll                    | 0.91%        | 0.89%        | 0.81%        | 0.83%        |

The amounts presented are as of the District's fiscal year end of August 31.

This schedule reflects the available years of data since the inception of GASB 75 and will eventually reflect ten years of data.



| Fiscal Year  |              |              |
|--------------|--------------|--------------|
| 2019         | 2018         | 2017         |
| \$ 40,665    | \$ 45,697    | \$ 30,130    |
| (40,665)     | (45,697)     | (30,130)     |
| \$ -         | \$ -         | \$ -         |
| \$ 5,064,333 | \$ 4,870,462 | \$ 4,811,143 |
| 0.80%        | 0.94%        | 0.63%        |

*THIS PAGE LEFT BLANK INTENTIONALLY*

HOLLAND INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED AUGUST 31, 2023

Teacher Retirement System

*Actuarial Assumptions*

The information presented in the required supplementary schedules was used in the actuarial valuation for determining the actuarially determined contribution rate and the Net Pension Liability in accordance with GASB 68. Actuarial methods and assumptions used for funding purposes can be found in the Teacher Retirement System of Texas Pension Plan note to the financial statements.

*Changes of Benefit Terms*

State law requires the plan to be actuarially sound in order for the legislature to consider a benefit enhancement, such as a supplemental payment to the retirees. The pension became actuarially sound in May 2019 when the 86th Texas legislature approved the TRS Pension Reform Bill (SB12) that provided gradual contribution increases from the state, participating employers and active employees for the fiscal years 2019 through 2024.

*Changes of Assumptions*

- The actuarial assumptions and methods have been modified since the determination of the prior year's Net Pension Liability.
  - These new assumptions were adopted in conjunction with an actuarial experience study.
  - The primary assumption change was the lowering of the single discount rate from 7.25 percent to 7.00 percent.
- 

Texas Public School Retired Employees Group Insurance Plan

*Actuarial Assumptions*

Actuarial methods and assumptions used for funding purposes can be found in the Other Post-Employment Benefits (OPEB) Plan – TRS-Care note to the financial statements.

*Changes of Benefit Terms*

The General Appropriations Act passed by the 86th Legislature included funding to maintain TRS-Care premiums at their current level through 2021. The 86th legislature also passed Senate Bill 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures. This amount is estimated at \$300,000,000 as of August 31, 2022.

*Changes of Assumptions Since the Prior Measurement Date*

The following assumptions, methods and plan changes which are specific to TRS-Care were updated from the prior year's report:

- The single discount rate changed from 1.95 percent as of August 31, 2021 to 3.91 percent, as of August 31, 2022.
- Lower participation rates and updates to the health care trend rate assumptions were also factors that decreased the Total OPEB Liability.

*THIS PAGE LEFT BLANK INTENTIONALLY*

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

HOLLAND INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2023

|  | 211                      | 240  | 242                               |
|--|--------------------------|--|-----------------------------------|
| Data<br>Control<br>Codes                                 | ESEA, Title I,<br>Part A | National<br>Breakfast and<br>Lunch Program | Summer<br>Feeding<br>Program, TDA |
| <b>ASSETS</b>  |                          |  |                                   |
| 1110 Cash and Cash Equivalents                           | \$ 9,019                 | \$ 122,100                                 | \$ 8,405                          |
| 1240 Due from Other Governments                          | 11,324                   | -  | -                                 |
| 1000 Total Assets  | <u>\$ 20,343</u>         | <u>\$ 122,100</u>                          | <u>\$ 8,405</u>                   |
| <b>LIABILITIES</b>                                       |                          |  |                                   |
| 2110 Accounts Payable                                    | \$ -                     | \$ 3,616                                   | \$ -                              |
| 2160 Accrued Wages Payable                               | 12,134                   | 19,173                                     | -                                 |
| 2170 Due to Other Funds                                  | 6,808                    | 9,940                                      | 935                               |
| 2200 Accrued Expenditures                                | 1,401                    | 412  | -                                 |
| 2300 Unearned Revenues                                   | -                        | -  | -                                 |
| 2000 Total Liabilities                                   | <u>20,343</u>            | <u>33,141</u>                              | <u>935</u>                        |
| <b>FUND BALANCES</b>                                     |                          |  |                                   |
| Restricted for:  |                          |  |                                   |
| 3450 Federal or State Funds Restricted                   | -                        | 88,959                                     | 7,470                             |
| Committed for:   |                          |  |                                   |
| 3545 Other Committed Fund Balance                        | -                        | -  | -                                 |
| 3000 Total Fund Balances                                 | <u>-</u>                 | <u>88,959</u>                              | <u>7,470</u>                      |
| 4000 Total Liabilities, Deferred Inflows & Fund Balances | <u>\$ 20,343</u>         | <u>\$ 122,100</u>                          | <u>\$ 8,405</u>                   |

| 255                       | 281              | 288                          | 289                            | 314   | 364   | 365   |
|---------------------------|------------------|------------------------------|--------------------------------|---|---|---|
| ESEA, Title II,<br>Part A | ESSER II         | Child Care<br>Relief Funding | Title IV, Part A,<br>Subpart 1 | Shared Services<br>Arrangements-<br>IDEA-Part B,<br>Preschool | Shared Services<br>Arrangements-<br>IDEA-Part B,<br>Formula-ARP | Shared Services<br>Arrangements-<br>IDEA-Part B,<br>Preschool-ARP |
| \$ -                      | \$ -             | \$ 9,879                     | \$ 9,800                       | \$ 1,045  | \$ -  | \$ -  |
| 4,565                     | 28,173           | -                            | -                              | 6,171   | 31,359  | -   |
| <u>\$ 4,565</u>           | <u>\$ 28,173</u> | <u>\$ 9,879</u>              | <u>\$ 9,800</u>                | <u>\$ 7,216</u>   | <u>\$ 31,359</u>  | <u>\$ -</u>   |
| \$ -                      | \$ -             | \$ -                         | \$ -                           | \$ -  | \$ -  | \$ -  |
| 2,068                     | -                | -                            | -                              | 2,267   | 9,463   | -   |
| 2,425                     | 28,173           | -                            | 9,800                          | 4,690   | 20,794  | -   |
| 72                        | -                | -                            | -                              | 259   | 1,102   | -   |
| -                         | -                | 9,879                        | -                              | -   | -   | -   |
| <u>4,565</u>              | <u>28,173</u>    | <u>9,879</u>                 | <u>9,800</u>                   | <u>7,216</u>  | <u>31,359</u>   | <u>-</u>  |
| -                         | -                | -                            | -                              | -   | -   | -   |
| -                         | -                | -                            | -                              | -   | -   | -   |
| <u>\$ 4,565</u>           | <u>\$ 28,173</u> | <u>\$ 9,879</u>              | <u>\$ 9,800</u>                | <u>\$ 7,216</u>   | <u>\$ 31,359</u>  | <u>\$ -</u>   |

HOLLAND INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2023

|                      |   | 410             | 429             | 459            |
|----------------------|---|-----------------|-----------------|----------------|
| Data                 |   |                 | Special         | Special        |
| Control              |   | State           | Education       | Education      |
| Codes                |   | Instructional   | Fiscal Support  | Fiscal Support |
|                      |   | Materials Fund  | Grant           | Grant          |
| <b>ASSETS</b>        |   |                 |                 |                |
| 1110                 | Cash and Cash Equivalents                           | \$ -            | \$ 2,656        | \$ 15          |
| 1240                 | Due from Other Governments                          | 5,359           | 31              | -              |
| 1000                 | Total Assets  | <u>\$ 5,359</u> | <u>\$ 2,687</u> | <u>\$ 15</u>   |
| <b>LIABILITIES</b>   |   |                 |                 |                |
| 2110                 | Accounts Payable                                    | \$ -            | \$ -            | \$ -           |
| 2160                 | Accrued Wages Payable                               | -               | -               | -              |
| 2170                 | Due to Other Funds                                  | 5,359           | 2,687           | 15             |
| 2200                 | Accrued Expenditures                                | -               | -               | -              |
| 2300                 | Unearned Revenues                                   | -               | -               | -              |
| 2000                 | Total Liabilities                                   | <u>5,359</u>    | <u>2,687</u>    | <u>15</u>      |
| <b>FUND BALANCES</b> |   |                 |                 |                |
| Restricted for:      |   |                 |                 |                |
| 3450                 | Federal or State Funds Restricted                   | -               | -               | -              |
| Committed for:       |   |                 |                 |                |
| 3545                 | Other Committed Fund Balance                        | -               | -               | -              |
| 3000                 | Total Fund Balances                                 | <u>-</u>        | <u>-</u>        | <u>-</u>       |
| 4000                 | Total Liabilities, Deferred Inflows & Fund Balances | <u>\$ 5,359</u> | <u>\$ 2,687</u> | <u>\$ 15</u>   |



| 461                      |        |  |         |
|--------------------------|--------|--|---------|
| Campus<br>Activity Funds |        | Total Non-<br>Major<br>Governmental<br>Funds |         |
| \$                       | 94,984 | \$   | 257,903 |
|                          | -      |  | 86,982  |
| \$                       | 94,984 | \$   | 344,885 |
| \$                       | -      | \$   | 3,616   |
|                          | -      |  | 45,105  |
|                          | 778    |  | 92,404  |
|                          | -      |  | 3,246   |
|                          | -      |  | 9,879   |
|                          | 778    |  | 154,250 |
|                          | -      |  | 96,429  |
|                          | 94,206 |  | 94,206  |
|                          | 94,206 |  | 190,635 |
| \$                       | 94,984 | \$   | 344,885 |

HOLLAND INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2023

|   | 211                      | 240  | 242                               |
|---|--------------------------|--|-----------------------------------|
| Data<br>Control<br>Codes  | ESEA, Title I,<br>Part A | National<br>Breakfast and<br>Lunch Program | Summer<br>Feeding<br>Program, TDA |
| <b>REVENUES</b>   |                          |  |                                   |
| 5700 Local and Intermediate Sources                               | \$ -                     | \$ 84,806                                  | \$ 50                             |
| 5800 State Program Revenues                                       | -                        | 15,899                                     | 613                               |
| 5900 Federal Program Revenues                                     | 144,974                  | 224,596                                    | 8,482                             |
| 5020 Total Revenues   | 144,974                  | 325,301                                    | 9,145                             |
| <b>EXPENDITURES</b>   |                          |  |                                   |
| 0011 Instruction  | 136,726                  | -  | -                                 |
| 0013 Curriculum & Instructional Staff Development                 | 5,425                    | -  | -                                 |
| 0021 Instructional Leadership                                     | 2,823                    | -  | -                                 |
| 0031 Guidance, Counseling & Evaluation Services                   | -                        | -  | -                                 |
| 0035 Food Services  | -                        | 396,913                                    | 9,145                             |
| 0036 Extracurricular Activities                                   | -                        | -  | -                                 |
| 0052 Security and Monitoring Services                             | -                        | -  | -                                 |
| 0061 Community Services   | -                        | -  | -                                 |
| 6030 Total Expenditures   | 144,974                  | 396,913                                    | 9,145                             |
| 1100 Excess (Deficiency) of Revenues Over<br>(Under) Expenditures | -                        | (71,612)                                   | -                                 |
| <b>OTHER FINANCING SOURCES (USES)</b>                             |                          |  |                                   |
| 7915 Transfers In   | -                        | 15,000                                     | -                                 |
| 7080 Total Other Financing Sources (Uses)                         | -                        | 15,000                                     | -                                 |
| 1200 Net Change in Fund Balance                                   | -                        | (56,612)                                   | -                                 |
| 0100 Fund Balance - Beginning                                     | -                        | 145,571                                    | 7,470                             |
| 3000 Fund Balance - Ending  | \$ -                     | \$ 88,959                                  | \$ 7,470                          |

| 255                       | 281      | 288                          | 289                            | 314   | 364   | 365   |
|---------------------------|----------|------------------------------|--------------------------------|---|---|---|
| ESEA, Title II,<br>Part A | ESSER II | Child Care<br>Relief Funding | Title IV, Part A,<br>Subpart 1 | Shared Services<br>Arrangements-<br>IDEA-Part B,<br>Preschool | Shared Services<br>Arrangements-<br>IDEA-Part B,<br>Formula-ARP | Shared Services<br>Arrangements-<br>IDEA-Part B,<br>Preschool-ARP |
| \$ -                      | \$ -     | \$ -                         | \$ -                           | \$ -  | \$ -  | \$ -  |
| -                         | -        | -                            | -                              | -   | -   | -   |
| 24,350                    | 268,490  | 36,422                       | 10,000                         | 27,585  | 125,859   | 8,138   |
| 24,350                    | 268,490  | 36,422                       | 10,000                         | 27,585  | 125,859   | 8,138   |
| 23,839                    | 126,615  | -                            | 9,800                          | 24,241  | 6,723   | 8,138   |
| -                         | 69,509   | -                            | -                              | -   | -   | -   |
| 511                       | -        | -                            | 200                            | -   | -   | -   |
| -                         | 15,415   | -                            | -                              | 3,344   | 119,136   | -   |
| -                         | -        | -                            | -                              | -   | -   | -   |
| -                         | -        | -                            | -                              | -   | -   | -   |
| -                         | 56,951   | -                            | -                              | -   | -   | -   |
| -                         | -        | 36,422                       | -                              | -   | -   | -   |
| 24,350                    | 268,490  | 36,422                       | 10,000                         | 27,585  | 125,859   | 8,138   |
| -                         | -        | -                            | -                              | -   | -   | -   |
| -                         | -        | -                            | -                              | -   | -   | -   |
| -                         | -        | -                            | -                              | -   | -   | -   |
| -                         | -        | -                            | -                              | -   | -   | -   |
| -                         | -        | -                            | -                              | -   | -   | -   |
| \$ -                      | \$ -     | \$ -                         | \$ -                           | \$ -  | \$ -  | \$ -  |

HOLLAND INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2023

| Data<br>Control<br>Codes  | 410<br><br>State<br>Instructional<br>Materials Fund | 429<br><br>Special<br>Education<br>Fiscal Support<br>Grant | 459<br><br>Special<br>Education<br>Fiscal Support<br>Grant |
|---|---|--|--|
| <b>REVENUES</b>   |   |  |  |
| 5700 Local and Intermediate Sources                               | \$ -  | \$ -   | \$ -   |
| 5800 State Program Revenues                                       | 17,495  | 247,258  | -  |
| 5900 Federal Program Revenues                                     | -   | -  | -  |
| 5020 Total Revenues   | 17,495  | 247,258  | -  |
| <b>EXPENDITURES</b>   |   |  |  |
| 0011 Instruction  | 17,495  | 9,998  | -  |
| 0013 Curriculum & Instructional Staff Development                 | -   | 31,546   | -  |
| 0021 Instructional Leadership                                     | -   | -  | -  |
| 0031 Guidance, Counseling & Evaluation Services                   | -   | -  | -  |
| 0035 Food Services  | -   | -  | -  |
| 0036 Extracurricular Activities                                   | -   | -  | -  |
| 0052 Security and Monitoring Services                             | -   | 205,714  | -  |
| 0061 Community Services   | -   | -  | -  |
| 6030 Total Expenditures   | 17,495  | 247,258  | -  |
| 1100 Excess (Deficiency) of Revenues Over<br>(Under) Expenditures | -   | -  | -  |
| <b>OTHER FINANCING SOURCES (USES)</b>                             |   |  |  |
| 7915 Transfers In   | -   | -  | -  |
| 7080 Total Other Financing Sources (Uses)                         | -   | -  | -  |
| 1200 Net Change in Fund Balance                                   | -   | -  | -  |
| 0100 Fund Balance - Beginning                                     | -   | -  | -  |
| 3000 Fund Balance - Ending  | \$ -  | \$ -   | \$ -   |

| 461                      |         |  |           |
|--------------------------|---------|--|-----------|
| Campus<br>Activity Funds |         | Total Non-<br>Major<br>Governmental<br>Funds |           |
| \$                       | 133,758 | \$   | 218,614   |
|                          | -       |  | 281,265   |
|                          | -       |  | 878,896   |
|                          | 133,758 |  | 1,378,775 |
|                          | -       |  | 363,575   |
|                          | -       |  | 106,480   |
|                          | -       |  | 3,534     |
|                          | -       |  | 137,895   |
|                          | -       |  | 406,058   |
|                          | 127,271 |  | 127,271   |
|                          | -       |  | 262,665   |
|                          | -       |  | 36,422    |
|                          | 127,271 |  | 1,443,900 |
|                          | 6,487   |  | (65,125)  |
|                          | -       |  | 15,000    |
|                          | -       |  | 15,000    |
|                          | 6,487   |  | (50,125)  |
|                          | 87,719  |  | 240,760   |
| \$                       | 94,206  | \$   | 190,635   |

HOLLAND INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FOR THE YEAR ENDED AUGUST 31, 2023

| Last 10 Years Ended<br>August 31, |                           | 1           | 2            | 3  |
|-----------------------------------|---------------------------|-------------|--------------|--|
|                                   |                           | Tax Rates   |              | Assessed/Appraised<br>Value for School<br>Tax Purposes |
|                                   |                           | Maintenance | Debt Service |  |
| 2014                              | and prior years           | Various     | Various      | Various  |
| 2015                              |                           | 1.04000     | 0.22000      | \$ 96,239,762  |
| 2016                              |                           | 1.04000     | 0.22000      | 97,296,349   |
| 2017                              |                           | 1.04000     | 0.20850      | 106,565,318  |
| 2018                              |                           | 1.04000     | 0.39500      | 122,886,523  |
| 2019                              |                           | 1.04000     | 0.35500      | 121,044,516  |
| 2020                              |                           | 0.97000     | 0.37990      | 132,225,128  |
| 2021                              |                           | 0.88410     | 0.32000      | 150,003,239  |
| 2022                              |                           | 0.87200     | 0.32000      | 161,982,215  |
| 2023                              | (School year under audit) | 0.85460     | 0.29740      | 191,495,139  |
| TOTALS                            |                           |             |              |  |

Total amount of taxes refunded under Section 26.1115, Tax Code, for owners who received an exemption as provided by Section 11.42(f), Tax Code:

| 10<br>Beginning<br>Balance<br>9/1/22 | 20<br>Current<br>Year's<br>Total Levy | 31<br>Maintenance<br>Collections | 32<br>Debt Service<br>Collections | 40<br>Entire<br>Year's<br>Adjustments | 50<br>Ending<br>Balance<br>8/31/23 |
|--------------------------------------|---------------------------------------|----------------------------------|-----------------------------------|---------------------------------------|------------------------------------|
| \$ 14,249                            | \$ -                                  | \$ 172                           | \$ 36                             | \$ (144)                              | \$ 13,897                          |
| 3,510                                | -                                     | 125                              | 26                                | 26                                    | 3,385                              |
| 4,684                                | -                                     | 108                              | 23                                | (125)                                 | 4,428                              |
| 2,823                                | -                                     | 220                              | 44                                | 276                                   | 2,835                              |
| 4,363                                | -                                     | 40                               | 15                                | 14                                    | 4,322                              |
| 5,721                                | -                                     | 444                              | 152                               | 1,356                                 | 6,481                              |
| 9,589                                | -                                     | 755                              | 296                               | 1,699                                 | 10,237                             |
| 12,615                               | -                                     | (360)                            | (130)                             | 2,734                                 | 15,839                             |
| 17,929                               | -                                     | (592)                            | (217)                             | 749                                   | 19,487                             |
| -                                    | 2,206,024                             | 1,565,403                        | 544,759                           | (51,264)                              | 44,598                             |
| <u>\$ 75,483</u>                     | <u>\$ 2,206,024</u>                   | <u>\$ 1,566,315</u>              | <u>\$ 545,004</u>                 | <u>\$ (44,679)</u>                    | <u>\$ 125,509</u>                  |

\$ 2,589

HOLLAND INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – CHILD NUTRITION FUND  
FOR THE YEAR ENDED AUGUST 31, 2023

| Data<br>Control<br>Codes  | Budgeted Amounts |            | Actual<br>Amounts | Variance With |
|---|------------------|------------|-------------------|---------------|
|   | Original         | Final      | (GAAP BASIS)      | Final Budget  |
| <b>REVENUES</b>   |                  |            |                   |               |
| 5700 Local & Intermediate Sources                                 | \$ 80,829        | \$ 110,829 | \$ 84,806         | \$ (26,023)   |
| 5800 State Program Revenues                                       | 14,805           | 14,805     | 15,899            | 1,094         |
| 5900 Federal Program Revenues                                     | 271,319          | 290,716    | 224,596           | (66,120)      |
| 5020 Total Revenues   | 366,953          | 416,350    | 325,301           | (91,049)      |
| <b>EXPENDITURES</b>   |                  |            |                   |               |
| 0035 Food Services  | 381,953          | 431,350    | 396,913           | 34,437        |
| 6030 Total Expenditures   | 381,953          | 431,350    | 396,913           | 34,437        |
| 1100 Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (15,000)         | (15,000)   | (71,612)          | (56,612)      |
| <b>OTHER FINANCING SOURCES (USES)</b>                             |                  |            |                   |               |
| 7915 Transfers In   | 15,000           | 15,000     | 15,000            | -             |
| 7080 Total Other Finance Sources (Uses)                           | 15,000           | 15,000     | 15,000            | -             |
| 1200 Net Change in Fund Balances                                  | -                | -          | (56,612)          | (56,612)      |
| 0100 Fund Balance-September 1 (Beginning)                         | 145,571          | 145,571    | 145,571           | -             |
| 3000 Fund Balance-August 31 (Ending)                              | \$ 145,571       | \$ 145,571 | \$ 88,959         | \$ (56,612)   |



HOLLAND INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – DEBT SERVICE FUND  
FOR THE YEAR ENDED AUGUST 31, 2023

| Data          |                                      |                  |            | Actual       |               |
|---------------|--------------------------------------|------------------|------------|--------------|---------------|
| Control       |                                      | Budgeted Amounts |            | Amounts      | Variance With |
| Codes         |                                      | Original         | Final      | (GAAP BASIS) | Final Budget  |
| REVENUES      |                                      |                  |            |              |               |
| 5700          | Local & Intermediate Sources         | \$ 556,173       | \$ 556,173 | \$ 563,328   | \$ 7,155      |
| 5800          | State Program Revenues               | 152,927          | 152,927    | 154,167      | 1,240         |
| 5020          | Total Revenues                       | 709,100          | 709,100    | 717,495      | 8,395         |
| EXPENDITURES  |                                      |                  |            |              |               |
| Debt Service: |                                      |                  |            |              |               |
| 0071          | Principal on Long Term Debt          | 405,000          | 405,000    | 405,000      | -             |
| 0072          | Interest on Long Term Debt           | 301,100          | 301,100    | 301,100      | -             |
| 0073          | Bond Issuance Cost and Fees          | 3,000            | 3,000      | 1,000        | 2,000         |
| 6030          | Total Expenditures                   | 709,100          | 709,100    | 707,100      | 2,000         |
| 1200          | Net Change in Fund Balances          | -                | -          | 10,395       | 10,395        |
| 0100          | Fund Balance-September 1 (Beginning) | 366,232          | 366,232    | 366,232      | -             |
| 3000          | Fund Balance-August 31 (Ending)      | \$ 366,232       | \$ 366,232 | \$ 376,627   | \$ 10,395     |

*THIS PAGE LEFT BLANK INTENTIONALLY*

HOLLAND INDEPENDENT SCHOOL DISTRICT  
USE OF FUNDS REPORT – SELECT STATE ALLOTMENT PROGRAMS  
FOR THE YEAR ENDED AUGUST 31, 2023

|         |  |                  |
|---------|--|------------------|
| Data    |  |                  |
| Control |  | 1                |
| Codes   | <b>Section A: Compensatory Education Programs</b>  | <b>Responses</b> |
|         | Districts are required to use at least 55% of state compensatory education state allotment funds on direct program costs. Statutory Authority: Texas Education Code §48.104. |                  |
| AP1     | Did your District expend any state compensatory education program state allotment funds during the District's fiscal year?   | Yes              |
| AP2     | Does the District have written policies and procedures for its state compensatory education program?   | Yes              |
| AP3     | Total state allotment funds received for state compensatory education programs during the District's fiscal year.  | \$ 396,396       |
| AP4     | Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24, 26, 28, 29, 30, 34)                                | \$ 476,112       |
|         | <b>Section B: Bilingual Education Programs</b>   |                  |
|         | Districts are required to use at least 55% of bilingual education state allotment funds on direct program costs. Statutory Authority: Texas Education Code §48.105.          |                  |
| AP5     | Did your District expend any bilingual education program state allotment funds during the District's fiscal year?  | Yes              |
| AP6     | Does the District have written policies and procedures for its bilingual education program?  | Yes              |
| AP7     | Total state allotment funds received for bilingual education programs during the district's fiscal year.   | \$ 11,874        |
| AP8     | Actual direct program expenditures for bilingual education programs during the District's fiscal year. (PICs 25, 35)   | \$ 8,029         |

*THIS PAGE LEFT BLANK INTENTIONALLY*

HOLLAND INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS  
FOR THE YEAR ENDED AUGUST 31, 2023

| Data<br>Control<br>Codes |  | 1<br>Responses |
|--------------------------|--|----------------|
| SF1                      | Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?   | Yes            |
| SF2                      | Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?   | No             |
| SF3                      | Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.) | Yes            |
|                          | Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.  |                |
|                          | Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.  |                |
| SF4                      | Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.   | No             |
| SF5                      | Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?   | No             |
| SF6                      | Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?   | No             |
| SF7                      | Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the fiscal year end?   | Yes            |
| SF8                      | Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?   | Yes            |
| SF9                      | Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.   | \$ -           |

*THIS PAGE LEFT BLANK INTENTIONALLY*

## **FEDERAL AWARDS SECTION**

*THIS PAGE LEFT BLANK INTENTIONALLY*





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 Trustees of  
Holland Independent School District

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, the business-type activities, each major fund, and the aggregate remaining fund information of Holland Independent School District, as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise Holland Independent School District's basic financial statements and have issued our report thereon dated October 27, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Holland Independent School District's 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 Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Holland Independent School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

*THIS PAGE LEFT BLANK INTENTIONALLY*

### **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.

*Singleton, Clark & Company, PC*

Singleton, Clark & Company, PC  
Cedar Park, Texas

October 27, 2023

*THIS PAGE LEFT BLANK INTENTIONALLY*



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

To the Board of Trustees of  
Holland Independent School District

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Holland Independent School District's 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 Independent School District's major federal programs for the year ended August 31, 2023. Holland Independent School District's 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 Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2023.

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

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Holland Independent School District's 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 Independent School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the 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 Independent School District's 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 Independent School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Holland Independent School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Holland Independent School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

#### ***Other Matters***

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance.

#### **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.

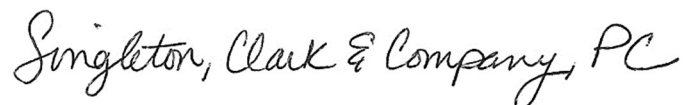
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant 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.

### **Report on Schedule of Expenditures of Federal Awards Required by *Uniform Guidance***

We have audited the financial statements of Holland Independent School District as of and for the year ended August 31, 2023, and have issued our report thereon dated October 27, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Singleton, Clark & Company, PC".

Singleton, Clark & Company, PC  
Cedar Park, Texas

October 27, 2023

*THIS PAGE LEFT BLANK INTENTIONALLY*



HOLLAND INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2023

| FEDERAL GRANTOR/<br>PASS-THROUGH GRANTOR/<br>PROGRAM OR CLUSTER TITLE                                | 1<br>Federal<br>ALN<br>Number | 2a<br>Pass-Through<br>Entity Identifying<br>Number | 3<br>Federal<br>Expenditures |
|--|-------------------------------|--|------------------------------|
| <b>U.S. DEPARTMENT OF EDUCATION</b>  |                               |  |                              |
| ESEA, Title I, Part A - Improving Basic Programs   | 84.010A                       | 23610101014905                                     | \$ 144,974                   |
| Shared Services Arrangement - IDEA - Part-B, Formula <sup>1</sup>                                    | 84.027A                       | 236600010149056600                                 | 924,851                      |
| COVID-19, SSA - IDEA - Part B, Formula, ARP <sup>1</sup>   | 84.027X                       | 225350020149055350                                 | 125,859                      |
| Total Assistance Listing Number 84.027   |                               |  | <u>1,050,710</u>             |
| SSA - IDEA - Part-B, Preschool <sup>1</sup>  | 84.173A                       | 236610010149056000                                 | 27,585                       |
| SSA - IDEA - Part B, Preschool, ARP <sup>1</sup>   | 84.173X                       | 225360020149055360                                 | 8,138                        |
| Total Assistance Listing Number 84.173   |                               |  | <u>35,723</u>                |
| ESEA, Title II, Part A - Teacher and Principal Training  | 84.367A                       | 23694501014905                                     | 24,350                       |
| COVID-19, ESSER II   | 84.425D                       | 21521001014905                                     | 268,490                      |
| COVID-19, ESSER III  | 84.425U                       | 21528001014905                                     | 223,148                      |
| Total Assistance Listing Number 84.425   |                               |  | <u>491,638</u>               |
| Title IV, Part A, Subpart 1  | 84.424A                       | 23680101014905                                     | 10,000                       |
| Total Passed through Texas Education Agency  |                               |  | <u>1,757,395</u>             |
| <b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>  |                               |  | <u>1,757,395</u>             |
| <b>U.S. DEPARTMENT OF AGRICULTURE</b>  |                               |  |                              |
| <u>Passed through Texas Education Agency</u>   |                               |  |                              |
| National School Breakfast Program <sup>2</sup>   | 10.553                        | 71402301   | 44,337                       |
| National School Lunch Program <sup>2</sup>   | 10.555                        | 71302301   | 131,417                      |
| Total Passed through Texas Education Agency  |                               |  | <u>175,754</u>               |
| <u>Passed through Texas Department of Agriculture</u>  |                               |  |                              |
| Food Distribution Program - Non-Cash Assistance <sup>2</sup>   | 10.555                        | NT4XL1YGLGC5                                       | 27,845                       |
| Supply Chain Assistance Program <sup>2</sup>   | 10.555                        | NT4XL1YGLGC5                                       | 19,397                       |
| Total Assistance Listing Number 10.555   |                               |  | <u>47,242</u>                |
| Summer Feeding Program   | 10.559                        | NT4XL1YGLGC5                                       | 8,482                        |
| Commodity Delivery Fee Reimbursement <sup>2</sup>  | 10.555                        | NT4XL1YGLGC5                                       | 972                          |
| COVID-19, Pandemic Electronic Benefit Transfer   | 10.649                        | NT4XL1YGLGC5                                       | 628                          |
| Total Passed through Texas Department of Agriculture   |                               |  | <u>57,324</u>                |
| <b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>  |                               |  | <u>233,078</u>               |
| <b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>  |                               |  |                              |
| <u>Passed through Texas Workforce Commission</u>   |                               |  |                              |
| COVID-19, CCR-Child Care Relief Funding  | 93.575                        | 23-014905  | 36,422                       |
| Total Passed through Texas Workforce Commission  |                               |  | <u>36,422</u>                |
| <b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>  |                               |  | <u>36,422</u>                |
| <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>  |                               |  | <u>\$ 2,026,895</u>          |
| <i>Not Considered Federal Financial Assistance:</i>  |                               |  |                              |
| E-Rate Revenue   |                               |  | <u>\$ 24,000</u>             |
| <b>TOTAL FEDERAL REVENUE PER STATEMENT OF REVENUES,<br/>EXPENDITURES AND CHANGES IN FUND BALANCE</b> |                               |  | <u><u>\$ 2,050,895</u></u>   |

<sup>1</sup> Special Education (IDEA) Cluster as defined in OMB Compliance Supplement.

<sup>2</sup> Child Nutrition Cluster as defined in OMB Compliance Supplement.

*THIS PAGE LEFT BLANK INTENTIONALLY*

HOLLAND INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2023

**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal awards expenditures of Holland Independent School District (the “District”) under programs of the federal government for the year ended August 31, 2023. The information in the accompanying Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, change in net position, or cash flows of the District.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting** - The expenditures reported on the Schedule are presented using the modified-accrual basis of accounting, with the exception of the National School Lunch Program, School Breakfast Program and the Food Distribution Program. Under the modified-accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

Expenditures for the National School Lunch Program, School Breakfast Program and the Food Distribution Program are shown on the Schedule in an amount equal to the related revenue, but are not specifically attributable to this revenue source. Expenditures are reported in this manner due to the Child Nutrition Fund being a fund that combines local, state, and federal revenues, and spends those resources together to support the overall operations of the Child Nutrition Program.

The District has elected to not use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**Relationship to Basic Financial Statements** - Expenditures of federal awards are reported in the District’s basic financial statements in the special revenue funds.

**Relationship to Federal Financial Reports** - Amounts reported in the accompanying Schedule agree with the amounts reported in the related federal financial reports in all significant respects.

**Valuation of Non-Cash Programs** – The District values revenues and expenditures for the Food Distribution Program based on the value of commodities received.

*THIS PAGE LEFT BLANK INTENTIONALLY*

HOLLAND INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2023

---

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**FINANCIAL STATEMENTS**

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

**FEDERAL AWARDS**

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

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

|                           |            |
|---------------------------|------------|
| Special Education Cluster | Unmodified |
|---------------------------|------------|

Any audit findings disclosed that are required to be reported in accordance with the federal Uniform Guidance? ☐ Yes ☒ No

Identification of major programs:

|                                    |   |
|------------------------------------|---|
| <u>ALN Number(s)</u>               | <u>Name of Federal Program or Cluster</u> |
| 84.027A, 84.027X, 84.173A, 84.173X | Special Education Cluster                 |

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

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

*THIS PAGE LEFT BLANK INTENTIONALLY*

HOLLAND INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED AUGUST 31, 2023

---

**SECTION II – FINANCIAL STATEMENT FINDINGS**

Findings Related to Financial Statements Which are Required to be Reported in Accordance with *Government Auditing Standards*:

No findings or questioned costs required to be reported in accordance with *Government Auditing Standards* for the years ended August 31, 2023 and August 31, 2022.

---

**SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

Findings Related to Federal Awards Which are Required to be Reported in Accordance with federal Uniform Guidance:

No findings or questioned costs required to be reported in accordance with federal Uniform Guidance for the years ended August 31, 2023 and August 31, 2022.