

**TOWNSHIP OF HOLLAND**  
**COUNTY OF HUNTERDON**  
**REPORT OF AUDIT**  
**December 31, 2016**

**BEDARD, KUROWICKI & CO., CPA'S, PC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**TOWNSHIP OF HOLLAND  
COUNTY OF HUNTERDON  
REPORT OF AUDIT**

**For the Year Ended December 31, 2016**

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Certified Public Accountants, PC

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## Independent Auditors' Report

To the Honorable Mayor and Members  
of the Township Committee  
Township of Holland, New Jersey

### Report on the Financial Statements

We have audited the accompanying Financial Statements - *Regulatory Basis* of the various funds and account group of the Township of Holland (the Municipality), as of and for the years then ended December 31, 2016 and 2015, and the related notes to the financial statements which collectively comprise the Municipality's basic financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("the Division"). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 1, the financial statements are prepared by the Municipality on the basis of financial reporting provisions of the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Municipality as of December 31, 2016 and 2015, or the changes in financial position for the years then ended.

### **Unmodified Opinion on Regulatory Basis of Accounting**

In our opinion, the Financial Statements - *Regulatory Basis* - referred to above present fairly, in all material respects, the financial position of the various funds and account group of the Municipality as of December 31, 2016 and 2015, and the results of operations and changes in fund balance of such funds, thereof for the years then ended in accordance with the basis of financial reporting prescribed by the Division on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, as described in Note 1.

### **Other Matters**

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds and account group that collectively comprise the Municipality's financial statements. The supplementary information listed in the Table of Contents and Schedule of Expenditures of Federal and State 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* ("Uniform Guidance"), and Non-Profit Organizations and the Schedule of Expenditures of State Financial Assistance as required by New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants. State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information listed in the Table of Contents and the Schedules of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information, except for the information labeled unaudited, has been subjected to the auditing procedures applied in the audit of the various fund financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the various fund financial statements or to the various fund financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Data Schedules and the Schedules of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with Government Auditing Standards, we have also issued our report dated June 30, 2017 on our consideration of the Municipality's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Municipality's internal control over financial reporting and compliance.

*Bedard, Kurowicki & Co.*  
**BEDARD, KUROWICKI & CO., CPA'S, PC**

  
William M. Colantano  
Certified Public Accountant  
Registered Municipal Accountant

June 30, 2017  
Flemington, New Jersey

**FINANCIAL STATEMENTS - REGULATORY BASIS**

**TOWNSHIP OF HOLLAND**  
**Current Fund**  
**Comparative Balance Sheet - Regulatory Basis**  
**As of December 31,**

	Ref.	2016	2015
Assets			
Regular fund			
Cash			
Treasurer	A-4	\$ 4,163,095	\$ 8,553,622
Tax collector	A-6	4,965,239	120,733
Change funds	A-8	800	800
		9,129,134	8,675,155
Delinquent property taxes receivable	A-9	217,730	216,132
Tax title liens receivable	A-10	91,392	91,392
Property acquired for taxes - assessed valuation	A-11	139,300	194,300
Revenue accounts receivable	A-12	2,006	299
Due from animal control fund	A-13	2	-
Due from federal and state grant fund	A-14	3	-
Due from performance bond escrow	A-15	121	-
Due from escrow funds	A-15	1,039	-
Due from general capital fund	A-16	476	-
Due from clearing account	A-17	-	4,111
		452,069	506,234
Deferred charges			
Special emergency authorizations	A-19	-	20,745
		-	20,745
Total regular fund		9,581,203	9,202,134
Federal and state grant fund			
Cash			
Treasurer	A-4	14,348	56,823
Grants receivable	A-20	345,083	324,573
Total federal and state grant fund		359,431	381,396
Total assets		\$ 9,940,634	\$ 9,583,530

See accompanying notes to financial statements.

**TOWNSHIP OF HOLLAND**  
**Current Fund**  
**Comparative Balance Sheet - Regulatory Basis (continued)**  
**As of December 31,**

	Ref.	2016	2015
Liabilities, reserves and fund balance			
Regular fund			
Appropriation reserves	A-3;A-21	\$ 750,053	\$ 611,655
Reserve for encumbrances	A-22	35,102	41,360
Due to State of NJ Veteran's & Senior			
Citizen's deductions	A-23	2,243	1,743
Prepaid taxes	A-24	74,798	138,276
Tax overpayments	A-25	35,832	4,558
Regional high school taxes payable	A-26	1,519,315	1,422,004
Local school tax payable	A-27	4,385,854	4,385,854
County tax payable	A-28	6,889	7,319
Due to outside agencies	A-29	125	-
Due to outside lienholders	A-30	1,525	2,495
Due to other trust funds	A-15	2,075	-
Due to sewer operating fund	A-31	1,825	-
Reserve for tax appeals	A-32	-	19,583
Reserve for veterans day celebration	A-33	200	200
		6,815,836	6,635,047
Reserve for receivables	A	452,069	506,234
Fund balance	A-1	2,313,298	2,060,853
Total regular fund		9,581,203	9,202,134
Federal & state grant fund			
Due to regular fund	A-35	3	-
Appropriated reserves for grants	A-36	252,890	247,517
Unappropriated reserves for grants	A-37	5,981	1,005
Reserve for encumbrances	A-38	557	32,874
Due to general capital fund	A-39	100,000	100,000
Total federal & state grant fund		359,431	381,396
Total liabilities, reserves and fund balance		\$ 9,940,634	\$ 9,583,530

See accompanying notes to financial statements.

**TOWNSHIP OF HOLLAND**  
**Current Fund**  
**Comparative Statement of Operations and**  
**Change in Fund Balance - Regulatory Basis**  
**For the Years Ended December 31,**

	Ref.	2016	2015
<b>Revenues and other income realized</b>			
Fund balance utilized	A-2	\$ 700,000	\$ 695,000
Miscellaneous revenue anticipated	A-2	3,394,201	3,351,751
Receipts from delinquent taxes	A-2	218,202	245,003
Receipts from current taxes	A-2	16,066,968	15,908,743
Non-budget revenue	A-2	125,381	100,154
<b>Other credits to income</b>			
Interfunds returned - net	A-2	2,470	-
Special emergency authorization balance canceled	A-19	55	-
Unexpended balance of appropriation reserves	A-21	550,880	429,184
Unexpended balance of reserve for encumbrances		-	2,523
Tax overpayments canceled	A-25	156	52
Total income		<u>21,058,313</u>	<u>20,732,410</u>
<b>Expenditures</b>			
<b>Budget and emergency appropriations</b>			
<b>Operations</b>			
Salaries and wages	A-3	1,881,550	1,896,750
Other expenses	A-3	2,250,879	2,227,677
Capital improvements	A-3	500,000	500,000
Deferred charges & statutory expenditures	A-3	391,183	401,380
Regional high school taxes	A-26	3,862,584	3,667,966
Local district school taxes	A-27	8,771,709	8,771,709
County taxes	A-28	2,436,842	2,452,586
County share of added taxes	A-28	6,889	7,319
<b>Other debits to income</b>			
Interfunds advanced - net		-	4,102
Prior year refunds - due to sewer operating		-	4,573
Prior year refunds - tax appeals adjustments	A-25	1,482	41,155
Prior year refunds - tax appeals reserve applied		-	19,583
Prior year senior citizen deduction disallowed	A-23	2,750	1,500
Total expenditures		<u>20,105,868</u>	<u>19,996,300</u>

See accompanying notes to financial statements.

**TOWNSHIP OF HOLLAND**  
**Current Fund**  
**Comparative Statement of Operations and**  
**Change in Fund Balance - Regulatory Basis**  
**For the Years Ended December 31,**

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Regulatory excess to fund balance		\$ 952,445	\$ 736,110
Balance January 1,	A	<u>2,060,853</u>	<u>2,019,743</u>
		3,013,298	2,755,853
Decreased by			
Utilized as anticipated revenue	A-2	<u>700,000</u>	<u>695,000</u>
Balance December 31,	A	<u><u>\$ 2,313,298</u></u>	<u><u>\$ 2,060,853</u></u>

See accompanying notes to financial statements.

**TOWNSHIP OF HOLLAND**  
**Current Fund**  
**Statement of Revenues - Regulatory Basis**  
**For the Year Ended December 31, 2016**

	Ref.	Anticipated		Realized	Excess or Deficit
		Budget	NJS 40:4-87		
Fund balance anticipated	A-1	\$ 700,000	\$ -	\$ 700,000	\$ -
Miscellaneous revenues					
Licenses					
Alcoholic beverage	A-12	2,800	-	5,376	2,576
Fines and costs					
Municipal court	A-12	8,000	-	12,531	4,531
Interest on investments and deposits	A-2	15,373	-	22,212	6,839
Interest & cost on taxes	A-6	51,500	-	50,673	(827)
Swimming pool fees	A-12	93,000	-	85,867	(7,133)
Riegel Ridge Community Center fees	A-12	350,000	-	394,972	44,972
Snack bar fees	A-12	20,000	-	25,106	5,106
Energy receipts tax	A-12	2,689,482	-	2,560,832	(128,650)
Supplemental energy receipts tax	A-12	-	-	128,650	128,650
Garden state trust fund	A-12	21,453	-	21,453	-
Recycling tonnage grant	A-20	32,255	-	32,255	-
Clean communities grant	A-20	-	20,269	20,269	-
DEP recreational trails program	A-20	-	24,000	24,000	-
N.J. body armor fund	A-37	1,005	-	1,005	-
Body worn camera assistance program	A-20	2,000	-	2,000	-
Hunterdon County emergency management	A-20	5,000	-	5,000	-
Sustainable Jersey small grants program	A-20	-	2,000	2,000	-
	A-1	3,291,868	46,269	3,394,201	56,064
Receipts from delinquent taxes	A-1;A-2	210,000	-	218,202	8,202
Property tax for support of municipal budget appropriations					
Local tax for municipal purposes	A-2	1,193,612	-	1,407,081	213,469
Budget totals		5,395,480	46,269	5,719,484	\$ 277,735
Nonbudget revenues	A-1;A-2	-	-	125,381	
		\$ 5,395,480	\$ 46,269	\$ 5,844,865	
	<u>Ref.</u>	<u>A-3</u>	<u>A-3</u>		

See accompanying notes to financial statements.

**TOWNSHIP OF HOLLAND**  
**Current Fund**  
**Statement of Revenues Regulatory Basis (continued)**  
**For the Year Ended December 31, 2016**

	<u>Ref.</u>			
Allocation of current tax collections				
Tax collections	A-1;A-9			\$ 16,066,968
Allocated to				
Local district school taxes	A-9	\$ 8,771,709		
Regional high school taxes	A-9	3,862,584		
County taxes	A-9	<u>2,443,731</u>		
				<u>15,078,024</u>
Balance for support of municipal budget appropriations				988,944
Add: appropriation - "Reserve for uncollected taxes"	A-3			<u>418,137</u>
Realized for support of municipal budget	A-2			<u>\$ 1,407,081</u>
Analysis of delinquent tax collections				
Taxes receivable	A-2; A-9			<u>\$ 218,202</u>
Interest on investments				
Treasurer	A-4			\$ 8,944
Tax collector	A-6			6,230
Animal control fund	A-13			22
Federal and state grant fund	A-14			75
Other trust funds	A-15			656
General capital fund	A-16			5,764
Payroll account	A-18			521
	A-2			<u>\$ 22,212</u>

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>
Interfund analysis				
Due from animal control fund	A-13	\$ 2	\$ -	\$ 2
Due from federal and state grant fund	A-14	3	-	3
Due from escrow funds	A-15	1,039	-	1,039
Due from performance bond escrow	A-15	121	-	121
Due from general capital fund	A-16	476	-	476
Due from clearing account	A-17	-	4,111	(4,111)
		<u>\$ 1,641</u>	<u>\$ 4,111</u>	<u>\$ (2,470)</u>
	<u>Ref.</u>			<u>A-1</u>

See accompanying notes to financial statements.

**TOWNSHIP OF HOLLAND**  
**Current Fund**  
**Statement of Revenues Regulatory Basis (continued)**  
**For the Year Ended December 31, 2016**

	<u>Ref.</u>		
Analysis of nonbudget revenue			
Treasurer			
Cell tower rent		\$ 12,696	
Tax assessor fees		100	
Account balances cancelled		3,698	
Cable TV franchise fee		17,980	
Veteran's & Seniors Citizen's - administrative fees		1,375	
Homestead rebate processing fee		366	
Clerk - other licenses		3,819	
Fema prior year reimbursements		25,665	
Planning board fees		3,200	
Perc testing fees		3,000	
Burial permits		80	
Registrar fees		4,588	
Copy fees		86	
Zoning fees and permits		12,401	
Food handling licenses		2,300	
Holland book sales		750	
Sale of surplus equipment		4,301	
Road opening and driveway permits		1,875	
Dumpster tickets		5,020	
Recycling sales		2,415	
Tire disposal		277	
Police fees		489	
Riegel Ridge Rams reimbursements		2,914	
Miscellaneous other		315	
Various refunds		<u>12,132</u>	
	A-4		\$ 121,842
Tax collector			
Tax collector fees	A-6		1,301
Account balances canceled			
Other trust funds	A-15	846	
Payroll balances canceled	A-18	<u>1,402</u>	
			<u>2,248</u>
			<u>125,391</u>
Less: refunds	A-4		<u>10</u>
	A-2		<u><u>\$ 125,381</u></u>

See accompanying notes to financial statements.

**TOWNSHIP OF HOLLAND**  
**Current Fund**  
**Statement of Expenditures - Regulatory Basis**  
**For the Year Ended December 31, 2016**

	<u>Appropriations</u>		<u>Expended by</u>		<u>Balance Canceled</u>	<u>Over- Expended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
		<u>Modification</u>				
Operations within "CAPS"						
General government						
Mayor and committee						
Salaries and wages	\$ 20,000	\$ 20,000	\$ 19,333	\$ 667	\$ -	\$ -
Other expenses	40,000	42,000	41,377	623	-	-
Municipal clerk						
Salaries and wages	105,500	105,500	101,192	4,308	-	-
Other expenses	35,000	35,000	18,467	16,533	-	-
Financial administration						
Salaries and wages	41,000	41,000	33,708	7,292	-	-
Other expenses	61,000	61,000	52,198	8,802	-	-
Audit services	19,000	19,000	19,000	-	-	-
Assessment of taxes						
Salaries and wages	39,000	39,000	38,717	283	-	-
Other expenses	3,500	3,500	998	2,502	-	-
Collection of taxes						
Salaries and wages	27,000	27,000	25,978	1,022	-	-
Other expenses	6,000	7,000	6,671	329	-	-
Legal services and costs						
Other expenses	140,000	130,000	40,792	89,208	-	-
Engineering services & costs						
Other expenses	20,000	27,000	25,753	1,247	-	-
Municipal court						
Salaries and wages	12,100	12,100	10,599	1,501	-	-
Other expenses	11,250	11,250	7,117	4,133	-	-
Municipal prosecutor						
Salaries and wages	7,600	7,600	3,142	4,458	-	-
Public buildings and grounds						
Salaries and wages	55,000	55,000	54,321	679	-	-
Other expenses	165,000	165,000	113,875	51,125	-	-
Land use administration						
Planning board						
Salaries and wages	13,500	13,500	13,397	103	-	-
Other expenses	38,000	38,000	6,389	31,611	-	-

See accompanying notes to financial statements.

**TOWNSHIP OF HOLLAND**  
**Current Fund**  
**Statement of Expenditures - Regulatory Basis (continued)**  
**For the Year Ended December 31, 2016**

	<u>Appropriations</u>		<u>Expended by</u>		<u>Balance Canceled</u>	<u>Over- Expended</u>
	Budget		<u>Paid or Charged</u>	<u>Reserved</u>		
	<u>Budget</u>	<u>After Modification</u>				
Operations within "CAPS" (cont'd)						
General government (cont'd)						
Land use administration (cont'd)						
Zoning board of adjustment						
Salaries and wages	\$ 14,000	\$ 14,000	\$ 13,634	\$ 366	\$ -	\$ -
Other expenses	9,000	9,000	4,722	4,278	-	-
Zoning officer						
Salaries and wages	13,000	13,000	12,240	760	-	-
Other expenses	1,000	1,000	-	1,000	-	-
Public safety						
Fire						
Other expenses	23,500	23,500	13,551	9,949	-	-
Aid to volunteer fire companies	70,000	70,000	70,000	-	-	-
Police						
Salaries and wages	630,000	630,000	617,171	12,829	-	-
Other expenses	65,000	65,000	60,681	4,319	-	-
First aid organization - contribution	65,000	65,000	64,645	355	-	-
Office of emergency management						
Salaries and wages	6,800	6,800	6,522	278	-	-
Other expenses	10,000	10,000	9,472	528	-	-
Public defender						
Salaries and wages	1,350	1,350	1,330	20	-	-
Public works						
Road repairs and maintenance						
Salaries and wages	495,000	495,000	402,245	92,755	-	-
Other expenses	220,300	213,300	137,033	76,267	-	-
Snow removal						
Other expenses	65,000	65,000	30,918	34,082	-	-
Environmental commission - recycling						
Salaries and wages	1,500	1,500	810	690	-	-
Other expenses	7,500	7,500	948	6,552	-	-

See accompanying notes to financial statements.

**TOWNSHIP OF HOLLAND**  
**Current Fund**  
**Statement of Expenditures - Regulatory Basis (continued)**  
**For the Year Ended December 31, 2016**

	<u>Appropriations</u>		<u>Expended by</u>		<u>Balance Canceled</u>	<u>Over- Expended</u>
	Budget		<u>Paid or Charged</u>	<u>Reserved</u>		
	<u>Budget</u>	<u>After Modification</u>				
Operations within "CAPS" (cont'd)						
General government (cont'd)						
Health and welfare						
Board of health						
Salaries and wages	\$ 1,500	\$ 1,500	\$ 1,080	\$ 420	\$ -	\$ -
Other expenses	2,900	2,900	1,400	1,500	-	-
Environmental health services						
Other expenses	5,000	5,000	2,800	2,200	-	-
Animal control						
Other expenses	10,000	10,000	10,000	-	-	-
Parks and recreation						
Recreation committee						
Salaries and wages	1,500	1,500	810	690	-	-
Other expenses	10,000	10,000	4,165	5,835	-	-
Riegel Ridge Community Center						
Salaries and wages	280,000	287,000	283,384	3,616	-	-
Other expenses	135,000	135,000	133,654	1,346	-	-
Swimming pool						
Salaries and wages	92,000	92,000	75,710	16,290	-	-
Other expenses	40,000	40,000	25,547	14,453	-	-
Snack bar						
Salaries and wages	15,000	15,000	7,347	7,653	-	-
Other expenses	25,000	25,000	12,416	12,584	-	-
Historical preservation commission						
Salaries and wages	1,100	1,100	718	382	-	-
Other expenses	7,000	7,000	3,784	3,216	-	-
Agricultural advisory commission						
Salaries and wages	1,100	1,100	360	740	-	-
Other expenses	11,400	11,400	2,840	8,560	-	-
Insurance						
Workers compensation	65,000	65,000	63,677	1,323	-	-
Employee group health	325,000	325,000	285,906	39,094	-	-
Other insurance premiums	135,000	135,000	130,528	4,472	-	-

See accompanying notes to financial statements.

**TOWNSHIP OF HOLLAND**  
**Current Fund**  
**Statement of Expenditures - Regulatory Basis (continued)**  
**For the Year Ended December 31, 2016**

	<u>Appropriations</u>		<u>Expended by</u>		<u>Balance Canceled</u>	<u>Over- Expended</u>
	<u>Budget</u>	<u>Budget</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
		<u>After Modification</u>				
Operations within "CAPS" (cont'd)						
Unclassified						
Electricity	\$ 90,000	\$ 90,000	\$ 74,572	\$ 15,428	\$ -	\$ -
Street lighting	40,000	40,000	23,553	16,447	-	-
Telephone	28,000	28,000	23,805	4,195	-	-
Fuel oil	20,000	20,000	2,683	17,317	-	-
Gasoline & diesel fuel	65,000	65,000	20,435	44,565	-	-
Natural gas	22,000	22,000	9,996	12,004	-	-
Trash removal dumpster	30,000	30,000	14,169	15,831	-	-
Total operations within "CAPS"	<u>4,015,900</u>	<u>4,015,900</u>	<u>3,294,285</u>	<u>721,615</u>	<u>-</u>	<u>-</u>
Contingent	-	-	-	-	-	-
Total operations including contingent within "CAPS"	<u>4,015,900</u>	<u>4,015,900</u>	<u>3,294,285</u>	<u>721,615</u>	<u>-</u>	<u>-</u>
Detail						
Salaries and wages	1,874,550	1,881,550	1,723,748	157,802	-	-
Other expenses (including contingent)	<u>2,141,350</u>	<u>2,134,350</u>	<u>1,570,537</u>	<u>563,813</u>	<u>-</u>	<u>-</u>
Deferred charges and statutory Expenditures						
Statutory expenditures						
Contribution to public employees retirement system	98,595	98,595	98,595	-	-	-
Social Security system (OASI)	150,000	150,000	126,792	23,208	-	-
Police and Firemen's retirement system	106,288	106,288	106,288	-	-	-
Defined contribution retirement program	5,000	5,000	1,016	3,984	-	-
State unemployment compensation	<u>10,500</u>	<u>10,500</u>	<u>9,254</u>	<u>1,246</u>	<u>-</u>	<u>-</u>
Total deferred charges and statutory expenditures - Municipal within "CAPS"	<u>370,383</u>	<u>370,383</u>	<u>341,945</u>	<u>28,438</u>	<u>-</u>	<u>-</u>

See accompanying notes to financial statements.

**TOWNSHIP OF HOLLAND**  
**Current Fund**  
**Statement of Expenditures - Regulatory Basis (continued)**  
**For the Year Ended December 31, 2016**

	Appropriations		Expended by			
	Budget	Budget	Paid or Charged	Reserved	Balance Canceled	Over- Expended
		After Modification				
Total general appropriations for municipal purposes within "CAPS"	\$ 4,386,283	\$ 4,386,283	\$ 3,636,230	\$ 750,053	\$ -	\$ -
Operations excluded from "CAPS"						
Other operations excluded from "CAPS"						
Aid to library NJSA 40:54- 35 other expenses	30,000	30,000	30,000	-	-	-
Public & private programs offset by revenues						
Recycling grant						
Other expenses	32,255	32,255	32,255	-	-	-
Clean communities						
Other expenses	20,269	20,269	20,269	-	-	-
Sustainable jersey small grant						
Other expenses	2,000	2,000	2,000	-	-	-
Body worn camera assistance program						
Other expenses	2,000	2,000	2,000	-	-	-
Hunterdon County emergency management						
Other expenses	5,000	5,000	5,000	-	-	-
Body armor grant						
Other expenses	1,005	1,005	1,005	-	-	-
DEP recreational trails program						
Other expenses	24,000	24,000	24,000	-	-	-
Total operations excluded from "CAPS"	116,529	116,529	116,529	-	-	-
Detail						
Other expenses	116,529	116,529	116,529	-	-	-

See accompanying notes to financial statements.

**TOWNSHIP OF HOLLAND**  
**Current Fund**  
**Statement of Expenditures - Regulatory Basis (continued)**  
**For the Year Ended December 31, 2016**

	Appropriations		Expended by			
	Budget	Budget	Paid or Charged	Reserved	Balance Canceled	Over-Expended
		After Modification				
Operations excluded from "CAPS" (cont'd)						
Capital improvements - excluded from "CAPS"						
Reserves for						
Purchase of fire truck	\$ 50,000	\$ 50,000	\$ 50,000	\$ -	\$ -	\$ -
Road improvements	225,000	225,000	225,000	-	-	-
Purchase of ambulance	10,000	10,000	10,000	-	-	-
Purchase of dpw equipment	175,000	175,000	175,000	-	-	-
Purchase of police equipment	40,000	40,000	40,000	-	-	-
Total capital improvements excluded from "CAPS"	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred charges excluded from "CAPS" - special emergency authorizations - 5 years (NJ 40a:4-55.1 & NJ 40a:4-55.13)	20,800	20,800	20,800	-	-	-
Total deferred charges excluded from "CAPS"	<u>20,800</u>	<u>20,800</u>	<u>20,800</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general appropriation, for municipal purposes excluded from "CAPS"	<u>637,329</u>	<u>637,329</u>	<u>637,329</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal general appropriations	5,023,612	5,023,612	4,273,559	750,053	-	-
Reserve for uncollected taxes	418,137	418,137	418,137	-	-	-
Total general appropriations	<u>\$ 5,441,749</u>	<u>\$ 5,441,749</u>	<u>\$ 4,691,696</u>	<u>\$ 750,053</u>	<u>\$ -</u>	<u>\$ -</u>
Ref.	A-2	A-3	A-1;A-3	A;A-1		

See accompanying notes to financial statements.

**TOWNSHIP OF HOLLAND**  
**Current Fund**  
**Statement of Expenditures - Regulatory Basis (continued)**  
**For the Year Ended December 31, 2016**

	Ref.	Paid or Charged
Paid or charged		
Cash disbursed	A-4	\$ 1,845,548
Due to payroll account	A-18	1,779,091
Reserve for encumbrances	A-22	34,877
Reserve for uncollected taxes	A-2	418,137
Due from animal control fund	A-13	10,000
Special emergency authorization	A-19	20,800
Due to general capital fund	A-16	500,000
Appropriated reserve for grants	A-36	86,529
		4,694,982
Less		
Appropriation refunds	A-4	3,286
	A-3	\$ 4,691,696
Appropriations		
Budget	A-2	\$ 5,395,480
Added by NJSA 40A:4-87	A-2	46,269
	A-3	\$ 5,441,749

See accompanying notes to financial statements.

**TOWNSHIP OF HOLLAND**  
**Trust Fund**  
**Comparative Balance Sheet - Regulatory Basis**  
**As of December 31,**

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Assets			
Animal control fund			
Cash	B-1	\$ 10,672	\$ 11,597
		<u>10,672</u>	<u>11,597</u>
Other trust funds			
Cash - treasurer	B-1	680,132	683,531
Due from current fund	B-6	915	-
Loans receivable	B-9	357,472	400,280
		<u>1,038,519</u>	<u>1,083,811</u>
Total assets		<u>\$ 1,049,191</u>	<u>\$ 1,095,408</u>
Liabilities and reserves			
Animal control fund			
Reserve for animal control fund expenditures	B-3	\$ 10,655	\$ 11,581
Due to current fund	B-4	2	-
Due to State of New Jersey	B-5	7	16
Reserve for encumbrances	B-7	8	-
		<u>10,672</u>	<u>11,597</u>
Other trust funds			
Due to current fund	B-6	-	4,111
Reserve for encumbrances	B-8	2,228	-
Reserve for escrow funds	B-10	266,535	249,418
Reserve for small cities revolving loan	B-11	476,192	476,009
Reserve for recreation and community services	B-12	11,518	1,500
Reserve for development fees	B-13	5,940	5,505
Reserve for tax sale premiums	B-14	80,100	103,900
Reserve for snow removal	B-15	45,908	42,064
Reserve for first aid squad	B-16	25,600	25,600
Reserve for payroll account	B-17	37,052	45,594
Reserve for future legal expenses	B-18	15,051	15,039
Reserve for performance bond	B-19	72,387	115,063
Reserve for POAA	B-20	8	8
		<u>1,038,519</u>	<u>1,083,811</u>
Total liabilities and reserves		<u>\$ 1,049,191</u>	<u>\$ 1,095,408</u>

See accompanying notes to financial statements.

**TOWNSHIP OF HOLLAND**  
**General Capital Fund**  
**Comparative Balance Sheet - Regulatory Basis**  
**As of December 31,**

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<b>Assets</b>			
Cash	C-2	\$ 2,868,250	\$ 2,559,509
NJ D.O.T. grants receivable	C-5	38,750	155,000
Due from federal and state grant fund	C-6	<u>100,000</u>	<u>100,000</u>
<b>Total assets</b>		<u><u>\$ 3,007,000</u></u>	<u><u>\$ 2,814,509</u></u>
<b>Liabilities, reserves and fund balance</b>			
Due to current fund	C-7	\$ 476	\$ -
Improvement authorizations funded	C-9	744,095	696,095
Reserve for encumbrances	C-10	394,001	204,443
Capital improvement fund	C-11	1,034,392	1,034,392
Reserve for capital projects	C-12	674,026	719,569
Fund balance	C-1	<u>160,010</u>	<u>160,010</u>
<b>Total liabilities, reserves and fund balance</b>		<u><u>\$ 3,007,000</u></u>	<u><u>\$ 2,814,509</u></u>

See accompanying notes to financial statements.

**TOWNSHIP OF HOLLAND**  
**General Capital Fund**  
**Comparative Statement of Fund Balance - Regulatory Basis**  
**For the Years Ended December 31,**

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Balance - January 1	C	<u>\$ 160,010</u>	<u>\$ 160,010</u>
Balance - December 31	C	<u><u>\$ 160,010</u></u>	<u><u>\$ 160,010</u></u>

See accompanying notes to financial statements.

**TOWNSHIP OF HOLLAND**  
**Sewer Utility Fund**  
**Comparative Balance Sheet - Regulatory Basis**  
**As of December 31,**

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<b>Assets</b>			
<b>Operating fund</b>			
Cash			
Treasurer	D-5	\$ 87,353	\$ 91,353
Collector	D-7	24,187	25,931
Due from sewer capital fund	D-11	28	-
Due from current fund	D-12	1,825	-
		<u>113,393</u>	<u>117,284</u>
Receivables with full reserves			
Sewer service charges receivable	D-10	35,134	40,017
		<u>35,134</u>	<u>40,017</u>
Deferred charges			
Emergency appropriations	D-13	-	42,000
		<u>-</u>	<u>42,000</u>
<b>Total operating fund</b>		<u>148,527</u>	<u>199,301</u>
<b>Capital fund</b>			
Cash			
Treasurer	D-5	164,763	606,693
Fixed capital	D-14	900,000	900,000
Fixed capital authorized and uncompleted	D-15	500,000	650,000
<b>Total capital fund</b>		<u>1,564,763</u>	<u>2,156,693</u>
<b>Total assets</b>		<u>\$ 1,713,290</u>	<u>\$ 2,355,994</u>

See accompanying notes to financial statements.

**TOWNSHIP OF HOLLAND**  
**Sewer Utility Fund**  
**Comparative Balance Sheet - Regulatory Basis (continued)**  
**As of December 31,**

	Ref.	2016	2015
Liabilities, reserves and fund balance			
Operating fund			
Liabilities			
Appropriation reserves	D-4;D-16	\$ 30,257	\$ 10,163
Reserve for encumbrances	D-17	366	523
Sewer rent overpayments	D-18	17	17
Prepaid sewer rents	D-19	1,976	843
Accrued interest on notes	D-20	739	1,252
		<u>33,355</u>	<u>12,798</u>
Reserve for receivables	D	35,134	40,017
Fund balance	D-1	80,038	146,486
Total operating fund		<u>148,527</u>	<u>199,301</u>
Capital fund			
Due to sewer operating fund	D-21	28	-
Bond anticipation note payable	D-28	300,000	500,000
Improvement authorizations	D-22	86,350	542,252
Reserve for amortization	D-23	900,000	900,000
Reserve for encumbrances	D-24	4,870	926
Deferred reserve for amortization	D-25	200,000	150,000
Reserve for alteration of sewer system	D-26	30,000	30,000
Capital improvement fund	D-27	41,545	31,545
Capital fund balance	D-2	1,970	1,970
Total capital fund		<u>1,564,763</u>	<u>2,156,693</u>
Total liabilities, reserves and fund balance		<u>\$ 1,713,290</u>	<u>\$ 2,355,994</u>

See accompanying notes to financial statements.

**TOWNSHIP OF HOLLAND**  
**Sewer Utility Fund**  
**Comparative Statement of Operations and**  
**Change in Fund Balance - Regulatory Basis**  
**For the Years Ended December 31,**

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Revenues and other income realized			
Fund balance utilized	D-3	\$ 121,750	\$ 59,600
Sewer service charges	D-3	518,600	476,204
Miscellaneous	D-3	4,581	5,457
Other credits to income			
Unexpended balance of appropriation reserves	D-16	7,591	13,677
Total income		<u>652,522</u>	<u>554,938</u>
Expenditures			
Operating expenses	D-4	488,000	476,000
Capital improvements	D-4	10,000	10,000
Debt service	D-4	55,720	26,533
Deferred charges & statutory expenditures	D-4	43,500	1,500
Total expenditures		<u>597,220</u>	<u>514,033</u>
Statutory excess to fund balance		55,302	40,905
Adjustment to income before fund balance			
Expenditures included above which are by statute deferred charges to budget of succeeding years		<u>-</u>	<u>42,000</u>
Statutory excess to fund balance		55,302	82,905
Fund balance			
Balance January 1,	D	<u>146,486</u>	<u>123,181</u>
		201,788	206,086
Decreased by			
Utilized as anticipated revenue	D-3	<u>121,750</u>	<u>59,600</u>
Balance December 31,	D	<u>\$ 80,038</u>	<u>\$ 146,486</u>

See accompanying notes to financial statements.

**TOWNSHIP OF HOLLAND**  
**Sewer Capital Fund**  
**Comparative Statement of Fund Balance - Regulatory Basis**  
**For the Years Ended December 31,**

	Ref.	For the Years Ended	
		12/31/16	12/31/15
Balance - January 1	D	\$ 1,970	\$ -
Increased by			
Premium on notes		-	1,970
Balance - December 31	D	<u>\$ 1,970</u>	<u>\$ 1,970</u>

See accompanying notes to financial statements.

**TOWNSHIP OF HOLLAND**  
**Sewer Utility Fund**  
**Statement of Revenues - Regulatory Basis**  
**For the Year Ended December 31, 2016**

	<u>Ref.</u>	<u>Anticipated</u>		<u>Realized</u>	<u>Excess or Deficit</u>
		<u>Budget</u>	<u>NJS 40:4-87</u>		
Fund balance anticipated	D-1	\$ 121,750	\$ -	\$ 121,750	\$ -
Sewer service charges	D-1;D-10	476,000	-	518,600	42,600
		<u>597,750</u>	<u>-</u>	<u>640,350</u>	<u>42,600</u>
Non-budget revenue	D-1;D-3	-	-	4,581	4,581
		<u>\$ 597,750</u>	<u>\$ -</u>	<u>\$ 644,931</u>	<u>\$ 47,181</u>
	<u>Ref.</u>	<u>D-3</u>			
Analysis of non-budget revenue					
Interest on deposits	D-3	\$ 1,166			
Interest and costs on payments	D-7	3,395			
Sewer rent overpayments canceled	D-18	20			
	D-3		<u>\$ 4,581</u>		
Interest on deposits					
Sewer operating	D-5	\$ 179			
Collector	D-7	108			
Sewer capital	D-11	879			
	D-3		<u>\$ 1,166</u>		

See accompanying notes to financial statements.

**TOWNSHIP OF HOLLAND**  
**Sewer Utility Fund**  
**Statement of Expenditures - Regulatory Basis**  
**For the Year Ended December 31, 2016**

	Appropriations		Expended by		Balance Canceled	Over- Expended
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operating						
Salaries and wages	\$ 13,000	\$ 13,000	\$ 12,644	\$ 356	\$ -	\$ -
Other expenses						
Miscellaneous other expenses	25,000	25,000	8,384	16,616	-	-
Contribution to Milford sewer	450,000	450,000	437,249	12,751	-	-
Capital improvements						
Capital improvement fund	10,000	10,000	10,000	-	-	-
Deferred charges						
Prior year emergency	42,000	42,000	42,000	-	-	-
Debt service						
Principal on notes	50,000	50,000	50,000	-	-	-
Interest on notes	6,250	6,250	5,720	-	530	-
Statutory expenditures						
Contribution to Social Security system	1,500	1,500	966	534	-	-
	<u>\$ 597,750</u>	<u>\$ 597,750</u>	<u>\$ 566,963</u>	<u>\$ 30,257</u>	<u>\$ 530</u>	<u>\$ -</u>

<u>Ref.</u>	D-2	D-2	D-1; Below	D; D-1
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Analysis of Paid or Charged

Disbursements	D-5	\$ 495,267
Due from payroll account	D-9	13,610
Deferred charge	D-13	42,000
Encumbrances payable	D-17	366
Accrued interest on notes	D-20	5,720
Due to sewer capital fund	D-11	10,000
	D-4	<u>\$ 566,963</u>

See accompanying notes to financial statements.

**TOWNSHIP OF HOLLAND**  
**General Fixed Assets Account Group**  
**Comparative Statement of General Fixed Assets - Regulatory Basis**  
**For the Year Ended December 31,**

	<u>2016</u>	<u>2015</u>
General fixed assets		
Land	\$ 2,439,700	\$ 2,439,700
Construction in progress	-	74,480
Building & building improvements	6,850,507	6,802,840
Machinery & equipment	<u>5,031,139</u>	<u>4,396,145</u>
	<u>\$ 14,321,346</u>	<u>\$ 13,713,165</u>
 Investment in general fixed assets	 <u>\$ 14,321,346</u>	 <u>\$ 13,713,165</u>

See accompanying notes to financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

**TOWNSHIP OF HOLLAND**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies

A. Reporting entity

Except as noted below, the Financial Statements - Regulatory Basis of the Township of Holland (the Municipality) include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Municipality, as required by N.J.S.A. 40A:5-5. Component units are legally separate organizations for which the Municipality is financially accountable. The Municipality is financially accountable for an organization if the Municipality appoints a voting majority of the organization's governing board and (1) the Municipality is able to significantly influence the programs or services performed or provided by the organization; or (2) the Municipality is legally entitled to or can otherwise access the organization's resources; the Municipality is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the Municipality is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Municipality in that the Municipality approves the budget, the issuance of debt or the levying of taxes. There are currently no component units of the Municipality.

B. Description of funds and account group

The accounting policies of the Municipality conform to the accounting principles applicable to municipalities, which have been prescribed by the New Jersey Division of Local Government Services, Department of Community Affairs (State of New Jersey). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Municipality accounts for its financial transactions through the following separate funds and account group:

Governmental Funds

*Current Fund* - resources and expenditures for governmental operations of a general nature, including Federal and State Grant funds.

*Trust Fund* - receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

*General Capital Fund* - receipts and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

*Sewer Operating and Capital Funds* - account for the operations and acquisition of capital facilities of the municipally owned Sewer Utility.

Account Group

*General Fixed Assets Account Group* - to account for all fixed assets of the Municipality. Neither infrastructure nor depreciation of assets of the Municipality is recorded in the group.

**TOWNSHIP OF HOLLAND**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

C. Basis of accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from accounting policies generally accepted in the United States of America (GAAP). The more significant differences, which may be material, are discussed further in part D of Note 1.

A modified accrual basis of accounting is followed with minor exceptions.

Budget and budgetary procedures

The State of New Jersey has promulgated the form and procedures for the municipality's cash basis budget in the Local Budget Law (N.J.S.A 40A:4-1). The Municipality is only required to adopt budgets for the Current Fund and any Utility Fund, if applicable.

The Municipality must introduce and approve its annual budget no later than February 10<sup>th</sup> and adopt no later than March 20<sup>th</sup> of its budget year, unless extended by the Director of the Division of Local Government Services (the Director). All budgets shall be introduced, approved, amended and adopted by resolution passed by not less than a majority of the full membership of the governing body. The approved budget must be advertised and a public hearing must be held prior to adoption. No budget or amendment thereof shall be adopted unless the Director has certified his approval thereof.

Emergency and special emergency appropriations may be made by resolution adopted by a 2/3 vote of the full membership of the governing body. All emergency appropriations must be raised in full in the succeeding year's budget, while special emergency appropriations financed from surplus funds shall be raised in installments of a least 20% annually until fully provided for.

Transfers between current year appropriations are allowed only during the last two months of the fiscal year. Transfers between prior year appropriation reserves are allowed only during the first three months of the fiscal year.

*Revenues* - are recorded when received in cash except for certain amounts, which are due from other governmental units. Receipts from Federal and State Grants are realized as revenue when anticipated in the municipal budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Municipality's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Municipality, which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

**TOWNSHIP OF HOLLAND**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

C. Basis of accounting (continued)

*Expenditures* - are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuances of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at year-end are reported as a cash liability in the financial statements and constitute part of the Municipality's Statutory Appropriation Reserve balance. Appropriation Reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts, which may be canceled by the governing body. Appropriation Reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

*Foreclosed Property* - is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

*Tax Title Liens* - are taxes which have been put up for sale but not been purchased. The Municipality then accepts the lien which will earn 18% per annum until the lien is paid off by the property owner.

The Municipality may choose to foreclose and return the property to the tax rolls.

*Interfunds* - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

*Inventories of Supplies* - the costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

*Deferred Charges to Future Taxation - Funded and Unfunded (Capital Fund)* - upon authorization of capital projects, the Municipality establishes deferred charges for the costs of the projects that are to be raised by future taxation. Deferred charges that relate to permanent debt issued are shown as funded. All other deferred charges are shown as unfunded.

**TOWNSHIP OF HOLLAND**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

C. Basis of accounting (continued)

*General Fixed Assets* - in accordance with New Jersey Administrative Code Section 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the State of New Jersey, which differs in certain respects from generally accepted accounting principles, all local units are required to have and maintain a fixed assets accounting and reporting system. In accordance with this administrative code requirement, fixed assets acquired after December 31, 1985 shall be valued on the basis of actual cost; prior to that time, they may be valued at cost or estimated historical cost.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

No depreciation has been provided for in the financial statements.

Fixed assets acquired through grants in aid or contributed capital has not been accounted for separately.

D. Departures from generally accepted accounting principles

As noted, the accounting principles and practices used differ in some respects from generally accepted accounting principles (GAAP) for local governmental units. The more significant differences, which may be material, are as follows:

1. Financial Reporting Model - These statements are not based on the requirements as promulgated by GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." This statement made dramatic changes to the financial reporting requirements of state and local governments for GAAP purposes.
2. Revenues - GAAP records taxes, utility charges and other revenues as income when levied and there is no reserve for receivables for unpaid balances.
3. Expenditures - GAAP records expenditures when incurred and does not reflect Appropriation Reserve balances or deferred charges to future taxation.
4. Foreclosed property - GAAP records the value of foreclosed property at the lower of cost or fair market value and would be recorded in the General Fixed Assets Account Group.
5. Interfunds - GAAP does not require offsetting reserves for Interfund receivables and resulting revenue recognition when Interfunds are liquidated.

**TOWNSHIP OF HOLLAND**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting polices (continued)

D. Departures from generally accepted accounting principles (continued)

6. Inventories - GAAP requires inventories to be reported on the balance sheet at year-end.
7. Fixed Assets - GAAP does not require the establishment of a reserve for amortization for utility fixed assets but does require the recording of depreciation as an operating expense of the utility.
8. Grant Accounting - GAAP requires that grants be recorded within a special revenue fund and revenues are not to be realized until earned.
9. Capital Funds - GAAP requires separate funds for the recording of capital projects and payment of debt service while New Jersey requirements incorporates these transactions within one fund.
10. Compensated absence liabilities for sick and vacation pay and for contributions to state administered pension plans are not recorded until paid.
11. Losses arising from tax appeals and other contingencies are not recorded until paid.
12. Financial Reporting Model - These statements are not presented on the requirements as Promulgated by GASB Statement 68, "Accounting and Financial Reporting for pensions - an Amendment of GASB Statement Number 27." This statement made dramatic changes to the financial reporting requirements of state and local governments as it relates to reporting for pensions for GAAP purposes. Information regarding pension activity is disclosed in Note 8.

It is not practicable to determine the effect of these differences on the financial statements.

Note 2 - Deposits and investments

State requirements for deposits and investments

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

**TOWNSHIP OF HOLLAND**  
**Notes to the Financial Statements**

Note 2 -

Deposits and investments (continued)

State requirements for deposits and investments (continued)

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

Interest rate risk

The Municipality does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit risk

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the statutes. The type of allowable investments are bonds of the United States of America or of the local unit or school districts of which the local unit is a part of: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Custodial credit risk - deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Municipality's deposits might not be recovered. The Municipality's policy is based on New Jersey statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Municipality exceeding FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the Municipality relative to the happening of a future condition.

As of December 31, 2016, the Municipality's bank balances of \$13,039,557 were exposed to custodial credit risk as follows:

Insured by the Federal Deposit Insurance Corporation	\$ 321,893
Uninsured and collateralized with Securities held by pledging financial institutions	12,717,664
Total	<u>\$ 13,039,557</u>

**TOWNSHIP OF HOLLAND**  
**Notes to the Financial Statements**

Note 2 - Deposits and investments (continued)  
Concentration of credit risk

The State of New Jersey does not place any limit on the amount that the Municipality may invest with any one issuer. As of December 31, 2016, the Municipality's funds were invested in the NJ Cash Management Fund.

Note 3 - Tax assessments and property taxes

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

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

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

Tax installments not paid on or before the due date are subject to interest penalties of eight percent per annum on the first \$1,500 of the delinquency and eighteen percent per annum on any amount in excess of \$1,500. Pursuant to Chapter 75, PL 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent of the amount of the delinquency. These interest and penalties are the highest permitted under the New Jersey statutes. Delinquent taxes are annually included in a tax sale in accordance with New Jersey statutes.

**TOWNSHIP OF HOLLAND**  
**Notes to the Financial Statements**

Note 4 -

Long-term debt

The Local Bond Law of the State of New Jersey governs the authorization of debt by municipalities to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded. Bond anticipation notes may also be issued to temporarily finance capital projects for periods not greater than one year and may be reissued in yearly installments not to exceed ten years. All bonds and notes issued by the Municipality are general full faith and credit obligations.

Summary of municipal debt

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Authorized but not issued sewer utility bond anticipation notes	\$ 300,000	\$ 500,000	\$ 522,500
Net bonds and notes issued and authorized but not issued	<u>\$ 300,000</u>	<u>\$ 500,000</u>	<u>\$ 522,500</u>

Summary of statutory debt condition - annual debt statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .045%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional school district debt	\$ 449,093	\$ 449,093	\$ -
Sewer utility debt	300,000	-	300,000
	<u>\$ 749,093</u>	<u>\$ 449,093</u>	<u>\$ 300,000</u>

Net debt of \$300,000 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$659,258,003 equals .045%.

Borrowing power under N.J.S.A. 40A:2-6 as amended

3 1/2% of equalized valuation basis (municipal)	\$ 23,083,480
Net debt	<u>300,000</u>
Remaining borrowing power	<u>\$ 22,783,480</u>

**TOWNSHIP OF HOLLAND**  
**Notes to the Financial Statements**

Note 4 - Long-term debt (continued)

Changes in long-term debt

During the years ended December 31, 2015 and 2016, the following changes occurred in long-term debt.

	Balance 01/01/15	Additions	Reductions	Balance 12/31/15
Authorized but not issued debt sewer utility bond anticipation note	\$ 522,500	\$ 500,000	\$ 522,500	\$ 500,000
<b>Total</b>	<b>\$ 555,500</b>	<b>\$ 500,000</b>	<b>\$ 522,500</b>	<b>\$ 500,000</b>

	Balance 01/01/16	Additions	Reductions	Balance 12/31/16
Authorized but not issued debt sewer utility bond anticipation note	\$ 500,000	\$ 300,000	\$ 500,000	\$ 300,000
<b>Total</b>	<b>\$ 500,000</b>	<b>\$ 300,000</b>	<b>\$ 500,000</b>	<b>\$ 300,000</b>

Note 5 - Short term debt - bond anticipation notes

The Municipality has an outstanding bond anticipation note at December 31, 2016 in the amount of \$300,00. The note has a term from October 20, 2016 to October 19, 2017 with an interest rate of 1.25% payable at maturity. Principal and interest on the note is paid from the Sewer Operating Fund budget. The note was issued for Ordinance 2013-01 Replacement of the Gridley Circle Pump Station in the Sewer Utility.

Note 6 - School taxes

Local Municipality Tax and Regional High School Tax have been raised and liabilities deferred by statute, resulting in the school taxes payable set forth in the Current Fund liabilities as follows:

	Local District School Tax		Regional High School Tax	
	Balance 12/31/16	Balance 12/31/15	Balance 12/31/16	Balance 12/31/15
Balance of tax	\$ 4,385,854	\$ 4,385,854	\$ 1,931,293	\$ 1,833,982
Deferred	-	-	411,978	411,978
<b>Tax payable (Prepaid)</b>	<b>\$ 4,385,854</b>	<b>\$ 4,385,854</b>	<b>\$ 1,519,315</b>	<b>\$ 1,422,004</b>

**TOWNSHIP OF HOLLAND**  
**Notes to the Financial Statements**

Note 7 - Taxes collected in advance

Taxes collected in advance, include discounts allowed for prepayments and the amount set forth as cash liabilities in the financial statements as follows:

	Balance 12/31/15	Balance 12/31/16
Prepaid taxes	\$ 138,276	\$ 74,798
Less: discount allowed	-	-
Cash liability for taxes collected in advance	\$ 138,276	\$ 74,798

Note 8 - Pensions

Employees, who are eligible for a pension plan, are enrolled in one of three pension systems administered by the Division of Pensions, Treasury Department of the State of New Jersey. The three State-administered plans are:

- (1) The Public Employees' Retirement System
- (2) Defined Contribution Retirement Program
- (3) The Police and Firemen's Retirement System

Public employees retirement system

Plan description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

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

**TOWNSHIP OF HOLLAND**  
**Notes to the Financial Statements**

Note 8 -

Pensions (continued)

Public employee's retirement system (continued)

Plan description (continued)

The following represents the Membership Tiers for PERS:

Tier	Definition
1	Members enrolled prior to July 1, 2007
2	Members eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members eligible to enroll on or after June 28, 2011

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

Allocation methodology and reconciliation to financial statements

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the Division's Schedule of Employer Allocations and applied to amounts presented in the Schedule of Pension Amounts by Employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2016. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the Schedule of Pension Amounts by Employer may result in immaterial differences.

Although the Division administers one cost-sharing, multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group.

**TOWNSHIP OF HOLLAND**  
**Notes to the Financial Statements**

Note 8-

Pensions (continued)

Public employee's retirement system (continued)

Allocation methodology and reconciliation to financial statements (continued)

Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the state and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the Schedule of Employer Allocations are applied to amounts presented in the Schedules of Pension Amounts by Employer. The allocation percentages for each group as of June 30, 2016 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2016.

Contributions

The contribution policy for PERS is set by N.J.S.A 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the state. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal years 2016 and 2015, the State's pension contribution was less than the actuarial determined amount.

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

The contribution policy is set by state statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Significant legislation which became effective October 1, 2011 will gradually increase the employee contribution rate for PERS members. Effective October 1, 2011 the rate increased from 5.50% to 6.50% of annual contractual compensation for employees enrolled in the PERS pension plans. The rate will increase each year on the first of July over a seven-year phase-in period until the withholding rate reaches 7.50% effective July 1, 2018.

**TOWNSHIP OF HOLLAND**  
**Notes to the Financial Statements**

Note 8 -

Pensions (continued)

Public employee's retirement system (continued)

Collective net pension liability and actuarial information

Components of net pension liability

The components of the Municipality's allocable share of the net pension liability for PERS as of June 30, 2016 is as follows:

	2016
Total pension liability	\$ 5,678,933
Plan fiduciary net position	2,279,342
Net pension liability	\$ 3,399,591

Plan fiduciary net position as a percentage of the total pension liability	40.14%
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The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation	3.08%
Salary increases (based on age)	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Investment rate of return	7.65%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**TOWNSHIP OF HOLLAND**  
**Notes to the Financial Statements**

Note 8 -

Pensions (continued)

Public employee's retirement system (continued)

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Cash	5.00%	.47%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Development Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	.50%	5.45%
Global Debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

**TOWNSHIP OF HOLLAND**  
**Notes to the Financial Statements**

Note 8 -

Pensions (continued)

Public employee's retirement system (continued)

Discount rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the rate in the most recent fiscal year. State employers contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the Municipality as of June 30, 2016 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

<u>Municipality's proportionate share of the net pension liability</u>	<u>2016</u>
At current discount rate (3.98%)	\$ 3,399,591
At a 1% lower rate (2.98%)	3,202,503
At a 1% higher rate (4.98%)	2,052,002

Collective deferred outflows of resources and deferred inflows of resources

At June 30, 2016, the Municipality reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**TOWNSHIP OF HOLLAND**  
**Notes to the Financial Statements**

Note 8 -

Pensions (continued)

Public employee's retirement system (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of resources
Differences between expected and actual experience	\$ 63,222	\$ -
Changes of assumptions	704,214	-
Net difference between projected and actual earnings on pension plan investments	129,629	-
Changes in proportion and differences between Municipal contributions and proportionate share of contributions	146,324	-
Total	\$ 1,043,389	\$ -

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2016:

	Beginning Balance	Increases	Decreases	Ending Balance
Deferred outflows of resources				
Changes of assumptions and differences between expected and actual experience	\$ 296,758	\$ 802,273	\$ 201,967	\$ 897,064
Net of deferred outflows/(inflows)	\$ 296,758	\$ 802,273	\$ 201,967	897,064

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

Fiscal Year Ending June 30,

2017	\$ 201,966
2018	201,966
2019	233,984
2020	196,581
2021	62,567
Total	\$ 897,064

**TOWNSHIP OF HOLLAND**  
**Notes to the Financial Statements**

Note 8 -

Pensions (continued)

Public employee's retirement system (continued)

Pension expense

For the state fiscal year ended June 30, 2016, the Municipality recognized net pension expense of \$362,183, which represents the Municipality's proportionate share of allocable plan pension expense of \$324,566, plus the net amortization of deferred amounts from changes in proportion of \$40,988, plus other adjustments of \$7, plus the actual contribution paid by the Municipality in the current year of \$98,595, less the deferred contribution of \$101,973.

The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the Municipality for the state fiscal year ending June 30, 2016 are as follows:

Service cost	\$	110,948
Interest on total pension liability		242,239
Member contributions		(57,504)
Administrative expense		1,835
Expected investment return net of investment expense		(174,555)
Pension expense related to specific liabilities of individual employers		(362)
Recognition of deferred inflows/outflows of resources		
Amortization of assumption changes or inputs		165,897
Amortization of expected versus actual experience		16,256
Amortization of projected versus actual investment earnings on pension plan investments		19,812
Pension expense	\$	324,566

Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established in 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A 43:15:c-1 et seq.) and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in PFRS after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for Tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for Tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually

**TOWNSHIP OF HOLLAND**  
**Notes to the Financial Statements**

Note 8 -

Pensions (continued)

Police and fireman's retirement system

Plan description

The State of New Jersey, Police and Fireman's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PFRS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service.

The following represents the Membership Tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members enrolled prior to May 22, 2010
2	Members eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (Tiers 1 and 2 members) and 60% (Tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PFRS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented in the Division's Schedule of Employer Allocations and applied to amounts presented in the Schedule of Pension Amounts by Employer are based on the ratio of the contributions as an individual employer to total contributions to the PFRS during the measurement period July 1, 2015 through June 30, 2016. Employer and non-employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the Schedule of Pension Amounts by Employer and non-employer may result in immaterial differences.

**TOWNSHIP OF HOLLAND**  
**Notes to the Financial Statements**

Note 8 - Pensions (continued)

Police and fireman's retirement system (continued)

Allocation methodology and reconciliation to financial statement

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the Schedule of Employer Allocations are applied to amounts presented in the Schedules of Pension Amounts by Employer and Non-employer. The allocation percentages for each group as of June 30, 2016 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2016.

A special funding situation exists for the local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2016 state special funding situation net pension liability amount of \$1,604,141,087 is the accumulated difference between the annual actuarially determined, state obligation under the special funding situation and the actual state contribution through the valuation date. The fiscal year ending June 30, 2016, state special funding situation pension expense of \$204,886,666 is the actuarially determined contribution amount that the state owes for the fiscal year ending June 30, 2016. The pension expense is deemed to be a state administrative expense due to the special funding situation.

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the state. The State's contribution is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

**TOWNSHIP OF HOLLAND**  
**Notes to the Financial Statements**

Note 8 -

Pensions (continued)

Police and fireman's retirement system (continued)

Contributions (continued)

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, PL 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in state fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability.

The Actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15-years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

The contribution policy for PFRS is set by New Jersey State statutes and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employee contributions are a percentage of annual compensation, as defined, and are 10.00% of employees' annual contractual compensation.

Special funding situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the state if certain circumstances occurred. The legislation which legally obligates the state is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the state is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers relating to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

During the fiscal year ended June 30, 2016, the State of New Jersey contributed \$8,247 to the PFRS for normal pension benefits on behalf of the Municipality, which is less than the contractually required contribution of \$27,489.

**TOWNSHIP OF HOLLAND**  
**Notes to the Financial Statements**

Note 8 -

Pensions (continued)  
Police and fireman's retirement system (continued)  
Collective net pension liability and actuarial information  
Components of net pension liability

The components of the Municipality's allocable share of the net pension liability for PFRS as of June 30, 2016 is as follows:

	June 30, 2016
Total pension liability	\$ 5,788,801
Plan fiduciary net position	3,010,666
Net pension liability	\$ 2,778,135

Plan fiduciary net position as a percentage of the total pension liability	52.01%
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The collective pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation rate	3.08%
Salary increases	
Through 2026	2.10% - 8.98%
Thereafter	3.10% - 9.98%
Investment rate of return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Pre-Retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

**TOWNSHIP OF HOLLAND**  
**Notes to the Financial Statements**

Note 8 -

Pensions (continued)

Police and fireman's retirement system (continued)

Collective net pension liability and actuarial information (continued)

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Cash	5.00%	.47%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Development Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	.50%	5.45%
Global Debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

**TOWNSHIP OF HOLLAND**  
**Notes to the Financial Statements**

Note 8 -

Pensions (continued)

Police and fireman's retirement system (continued)

Discount rate

The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The state employers contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the Municipality as of June 30, 2016, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	2016
At current discount rate (5.55%)	\$ 2,778,135
At a 1% lower rate (4.55%)	3,582,202
At a 1% higher rate (6.55%)	2,122,467

Collective deferred outflows of resources and deferred inflows of resources

At June 30, 2016, the Municipality reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 16,800
Changes of assumptions	354,985	-
Net difference between projected and actual earnings on pension plan investments	179,578	-
Changes in proportion and differences between Municipal contributions and proportionate share of contributions	89,633	204,775
Total	\$ 624,196	\$ 221,575

**TOWNSHIP OF HOLLAND**  
**Notes to the Financial Statements**

Note 8 -

Pensions (continued)

Police and fireman's retirement system (continued)

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

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2016:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Deferred outflows of resources				
Differences between expected and actual experience and changes of assumptions	\$ 373,695	\$ 289,452	\$ 128,584	\$ 534,563
Deferred inflows of resources				
Differences between projected and actual earning on pension plan investments	<u>19,275</u>	<u>2,169</u>	<u>4,644</u>	<u>16,800</u>
Net of deferred outflows/(inflows)	<u>\$ 354,420</u>	<u>\$ 287,283</u>	<u>\$ 123,940</u>	<u>\$ 517,763</u>

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

Fiscal year Ending June 30,

2017	\$ 123,940
2018	123,940
2019	166,996
2020	98,750
2021	4,137
Total	<u>\$ 517,763</u>

**TOWNSHIP OF HOLLAND**  
**Notes to the Financial Statements**

Note 8 -

Pensions (continued)

Police and fireman's retirement system (continued)

Collective net pension liability and actuarial information (continued)

The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the Municipality for the year ending June 30, 2016 are as follows:

Service cost	\$ 133,563
Interest on total pension liability	322,136
Member contributions	(45,317)
Administrative expense	497
Expected investment return net of investment expense	(232,234)
Pension expense related to specific liabilities of individual employers	(872)
Recognition of deferred inflows/outflows of resource	
Amortization of assumption changes or inputs	99,575
Amortization of expected versus actual experience	(4,644)
Amortization of projected versus actual investment earnings on pension plan investments	29,009
Less: State proportionate share of employer expense	(27,489)
Pension expense	<u>\$ 274,224</u>

A special funding situation exists where the State of New Jersey is responsible for a proportionate share of the net pension liability of the Municipality. The combined net pension expense is summarized as follows for June 30, 2016:

	<u>June 30, 2016</u>
Municipal share of net pension liability	\$ 2,562,914
State share of net pension liability	215,221
Combined net pension liability	<u>\$ 2,778,135</u>

Pension expense

For the fiscal year ended June 30, 2016, the Municipality recognized net pension expense of \$261,798 which represents the Municipality's proportionate share of allocable plan pension expense of \$274,224, less the net amortization of deferred amounts from changes in proportion of \$33,540, plus other adjustments to the net pension liability of \$24,217, plus amounts paid by the Municipality totaling \$106,288, less the deferred contribution of \$109,391.

Note 9 -

Post-retirement benefits

GASB Statement 45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The Municipality's only material OPEB obligation is for healthcare provided to eligible retirees through the NJ State Health Benefits Program.

**TOWNSHIP OF HOLLAND**  
**Notes to the Financial Statements**

Note 9 - Post-retirement benefits (continued)

*Plan Description* - The Municipality has the option of participating in the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A 52:14-17.25 et seq., to provide health benefits to state employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code, SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

*Participation* - The Municipality has elected not to participate in the SHBP as a post-retirement benefit.

Note 10 - Accrued sick and vacation benefits

The Municipality has not permitted employees to accrue vacation, sick and compensatory pay which may be taken off or paid at a later date at an agreed upon rate.

Note 11 - Fixed assets

The following schedule is a summarization of the changes in general fixed assets for the years ended December 31, 2015 and 2016:

	Balance 12/31/14	Additions	Deletions	Balance 12/31/15
Land	\$ 2,439,700	\$ -	\$ -	\$ 2,439,700
Building & building improvements	6,758,455	44,385	-	6,802,840
Furniture, Machinery & equipment	4,199,202	317,343	120,400	4,396,145
Construction in progress	-	74,480	-	74,480
<b>Total</b>	<b>\$ 13,397,357</b>	<b>\$ 436,208</b>	<b>\$ 120,400</b>	<b>\$ 13,713,165</b>

**TOWNSHIP OF HOLLAND**  
**Notes to the Financial Statements**

Note 11 - Fixed assets (continued)

	Balance 12/31/15	Additions	Deletions	Balance 12/31/16
Land	\$ 2,439,700	\$ -	\$ -	\$ 2,439,700
Building & building improvements	6,802,840	47,667	-	6,850,507
Furniture, Machinery & equipment	4,396,145	701,054	66,060	5,031,139
Construction in progress	74,480	60,439	134,919	-
Subtotal	13,713,165	809,160	200,979	14,321,346
Transfers	-	(134,919)	(134,919)	-
Total	<u>\$ 13,713,165</u>	<u>\$ 674,241</u>	<u>\$ 66,060</u>	<u>\$ 14,321,346</u>

Note 12 - Interfunds receivable and payable

The following Interfund balances remained on the various balance sheets of the Municipality as of December 31, 2016:

Fund	Interfund Receivable	Interfund Payable
Current Fund		
Federal and State Grant Fund	\$ 3	\$ -
Animal Control Fund	2	-
General Capital Fund	476	-
Other Trust Funds	-	915
Sewer Operating Fund	-	1,825
Grant Fund		
Current Fund	-	3
General Capital Fund	-	100,000
General Capital Fund		
Federal and State Grant Fund	100,000	-
Current Fund	-	476
Animal Control Fund		
Current Fund	-	2
Other Trust Funds		
Current Fund	915	-
Sewer Operating Fund		
Current Fund	1,825	-
Sewer Capital Fund	28	-
Sewer Capital Fund		
Sewer Operating Fund	-	28
	<u>\$ 103,249</u>	<u>\$ 103,249</u>

**TOWNSHIP OF HOLLAND**  
**Notes to the Financial Statements**

Note 12 - Interfunds receivable and payable (continued)

The balance due to the Current Fund from the Federal and State Grant Fund, Animal Control Fund and General Capital Fund represents interest earned but not transferred to the Current Fund. The balance due to the Other Trust Fund from the Current Fund represents a deposit error offset by interest earned but not transferred to the Current Fund. The balance due to the Sewer Operating Fund from the Current Fund represents a sewer utility receipt erroneously deposited to the Current Fund. The balance due to the Sewer Operating Fund from the Sewer Capital Fund represents interest earned but not transferred to the Sewer Operating Fund. The balance due to the General Capital Fund from the Federal and State Grant Fund represents a loan as a result of cash flow issues relating to the delayed receipt of grant revenues.

All of the Interfund balances are expected to be liquidated within one year.

Note 13 - Litigation

During the normal course of operations, lawsuits are occasionally brought against the Municipality. There are presently no outstanding lawsuits that would result in a contingent liability to the Municipality.

Note 14 - Economic dependency

The Municipality is not economically dependent on any one business or industry located within the Municipality.

Note 15 - Risk management

The Municipality is a member of the Statewide Insurance Fund (the "Fund"). The Fund is operated in accordance with regulations of the New Jersey Department of Banking and Insurance and the Division of Local Government Services of the Department of Community Affairs. The Fund was established for the purpose of providing low cost insurance coverage as well as providing stability in coverage. All members' contributions to the Fund are based on actuarial assumptions for claims paid as determined by the Fund's Actuary. The Commissioner of Banking and Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations.

**TOWNSHIP OF HOLLAND**  
**Notes to the Financial Statements**

Note 15 - Risk management (continued)

The following coverages are offered by the Fund to its members:

- a) Workers' Compensation and Employers' Liability
- b) General Liability and Auto Liability
- c) Property Damage
- d) Boiler and Machinery
- e) Law Enforcement Liability
- f) Public Officials' Liability
- g) Employment Practice Liability
- h) Crime
- i) Umbrella Liability
- j) Environmental Impairment Liability
- k) Excess Liability
- l) Non-owned Aircraft Liability
- m) Cyber Liability

New Jersey Unemployment Compensation Insurance - The Municipality has elected to fund its NJ Unemployment Compensation Insurance under the "Contributory Method." Under this plan, the Municipality is required to remit the entire employee deduction of unemployment compensation to the state. Any claims for unemployment are paid for by the state from those funds.

Note 16 - Subsequent events

The Municipality has evaluated subsequent events through June 30, 2017, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

Note 17 - Deferred compensation plan

The Municipality has a deferred compensation plan available to employees. The plan has been established pursuant to Section 457 of the Internal Revenue Code 3 and in accordance with applicable New Jersey statutes and the New Jersey Administrative Code section N.J.A.C.

Under the arrangement, a public employer may establish a plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more investments permitted under state regulations. The Municipality's plan is administered by the Variable Annuity Life Insurance Company, which is audited by another public accounting firm. The plan is fully contributory, and the Municipality has no liabilities related to the plan.

**TOWNSHIP OF HOLLAND**  
**Notes to the Financial Statements**

Note 18 - Union contracts  
As of December 31, 2016, select Municipal employees are organized into two collective bargaining units.

The New Jersey Policemen’s Benevolent Association, Hunterdon County N.J. Local 188, “the Union”, represents most full-time police officers in the Municipality. The Union is the exclusive and sole representative for the negotiations unit which includes police officers holding the ranks of Patrolman and Sergeant and which specifically excludes the Chief of Police. The term of the union contract is from January 1, 2015 to December 31, 2019.

The Teamsters Local Union 773 of Allentown PA, “the Union” represents most full-time department of public works employees in the Municipality. The Union is the exclusive and sole representative for the negotiations unit which includes department of public works employees and which specifically excludes the Department of Public Works Superintendent. The term of the union contract is from January 1, 2016 to December 31, 2020.

Note 19 - Fund balances appropriated  
Fund balances at December 31, 2016, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2017, were as follows:

Current Fund	\$	700,000
Sewer Operating Fund		50,000

**SUPPLEMENTARY SCHEDULES**

**TOWNSHIP OF HOLLAND**

**COUNTY OF HUNTERDON**

**2016**

**CURRENT FUND**

**TOWNSHIP OF HOLLAND**  
**Current Fund**  
**Schedule of Cash - Treasurer**

	<u>Ref.</u>	<u>Regular Fund</u>	<u>Federal &amp; State Grant Fund</u>
Balance - December 31, 2015	A	\$ 8,553,622	\$ 56,823
Increased by receipts			
Non-budget revenue	A-2	\$ 121,842	\$ -
Interest on investments and deposits	A-2	8,944	-
Appropriation refunds	A-3	3,286	-
Tax collector	A-6	11,440,627	-
Revenue accounts receivable	A-12	3,236,667	-
Due from animal control fund	A-13	20	-
Due from federal and state grant fund	A-14	2,072	-
Due from other trust funds	A-15	317	-
Due from general capital fund	A-16	127,273	-
Due from clearing fund	A-17	4,111	-
Due to payroll account	A-18	4,204	-
Grants receivable	A-20	-	65,014
State of NJ - Veteran's & Senior Citizen's deductions	A-23	68,500	-
Due to outside agencies	A-29	500	-
Sales tax payable	A-34	1,819	-
Due from regular fund	A-35	-	2,075
Unappropriated reserves for grants	A-37	-	5,981
		<u>15,020,182</u>	<u>73,070</u>
		23,573,804	129,893

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Current Fund**  
**Schedule of Cash - Treasurer (continued)**

	Ref.	Regular Fund	Federal & State Grant Fund
Decreased by disbursements			
2016 budget appropriations	A-3	\$ 1,845,548	\$ -
2015 appropriation reserves	A-21	97,036	-
Non budget revenue disbursements	A-2	10	-
Revenue accounts receivable			
refunds and adjustments	A-12	1,880	-
Due from animal control fund	A-13	10,000	-
Due to federal and state grant fund	A-14	2,000	-
Due from general capital fund	A-16	621,985	-
Due to payroll account	A-18	1,785,000	-
Encumbrances payable	A-22	1,246	-
Tax overpayments refunded	A-25	25,757	-
Regional high school tax payable	A-26	3,765,273	-
Local school tax payable	A-27	8,771,709	-
County taxes payable	A-28	2,444,161	-
Due to outside agencies	A-29	375	-
Due to outside lienholders	A-30	36,910	-
Sales tax payable	A-34	1,819	-
Due from regular fund	A-35	-	2,072
Appropriated reserves for state grants	A-36	-	80,599
Encumbrances payable	A-38	-	32,874
		<u>\$ 19,410,709</u>	<u>\$ 115,545</u>
Balance - December 31, 2016	A	<u>\$ 4,163,095</u>	<u>\$ 14,348</u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Current Fund Cash and Reconciliation**  
**Per NJS 40A:5.5 - Treasurer**

	<u>Ref.</u>	<u>Regular Fund</u>	<u>Federal &amp; State Grant Fund</u>
Balance - December 31, 2016	A-4	\$ 4,163,095	\$ 14,348
Increased by			
Receipts		3,381,080	4
		<u>7,544,175</u>	<u>14,352</u>
Decreased by			
Disbursements		5,756,924	5,243
		<u>5,756,924</u>	<u>5,243</u>
Balance - February 28, 2017		<u>\$ 1,787,251</u>	<u>\$ 9,109</u>
Cash reconciliation - February 28, 2017			
Balance per statement			
Northfield Bank		\$ 3,899,055	\$ 9,109
NJ Cash Management		71,958	-
		<u>3,971,013</u>	<u>9,109</u>
Add: deposit-in-transit		273	-
		<u>3,971,286</u>	<u>9,109</u>
Less: outstanding checks		2,184,035	-
		<u>2,184,035</u>	<u>-</u>
Book balance		<u>\$ 1,787,251</u>	<u>\$ 9,109</u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Cash - Tax Collector**

	<u>Ref.</u>		
Balance - December 31, 2015	A		\$ 120,733
Increased by receipts			
Non-budget revenues	A-2	\$ 1,301	
Interest and costs on taxes	A-2	50,673	
Interest on deposits	A-2	6,230	
Taxes receivable	A-9	16,066,050	
Tax sale premiums	A-15	2,100	
Prepaid taxes	A-24	74,798	
Tax overpayments	A-25	46,216	
Due to outside lienholders	A-30	37,765	
Due to sewer operating fund	A-31	<u>1,222</u>	
			<u>16,286,355</u>
			16,407,088
Decreased by disbursements			
Paid to treasurer	A-4	11,440,627	
Paid to sewer operating fund	A-31	<u>1,222</u>	
			<u>11,441,849</u>
Balance - December 31, 2016	A; A-7		<u><u>\$ 4,965,239</u></u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Tax Collector Cash and Reconciliation**  
**PER NJS 40A:5.5 - Tax Collector**

	<u>Ref.</u>	
Balance - December 31, 2016	A-6	\$ 4,965,239
Increased by		
Receipts		<u>3,920,967</u>
		8,886,206
Decreased by		
Disbursements		<u>3,000,000</u>
Balance - February 28, 2017		<u><u>\$ 5,886,206</u></u>
Cash reconciliation - February 28, 2017		
Balance per statement		
Northfield Bank		<u><u>\$ 5,886,206</u></u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Change Funds**

	<u>Ref.</u>	
Balance - December 31, 2015	A	<u>\$ 800</u>
Balance - December 31, 2016	A	<u><u>\$ 800</u></u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Taxes Receivable and Analysis of Property Tax Levy**

Year	Balance	2016 Levy	Added	Collected		Veteran's & Senior	Tax	Canceled	Balance
	12/31/15		2016	2015	2016	Citizen's Deductions	Overpayment Applied		12/31/16
2014	\$ 1,511	\$ -	\$ 500	\$ -	\$ 1,331	\$ -	\$ -	\$ -	\$ 680
2015	214,621	-	2,250	-	216,871	-	-	-	-
2016	-	16,312,768	-	138,276	15,847,848	70,750	10,094	28,750	217,050
	<u>\$ 216,132</u>	<u>\$ 16,312,768</u>	<u>\$ 2,750</u>	<u>\$ 138,276</u>	<u>\$ 16,066,050</u>	<u>\$ 70,750</u>	<u>\$ 10,094</u>	<u>\$ 28,750</u>	<u>\$ 217,730</u>
<u>Ref.</u>	A	Reserve	Reserve	A-24	A-6	A-23	A-25	Reserve	A

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Taxes Receivable and Analysis of Property Tax Levy (continued)**

	<u>Ref.</u>	
Analysis of 2016 property tax		
Tax yield		
General purpose tax		\$ 16,267,353
Added and omitted taxes		<u>45,415</u>
	A-9	<u>\$ 16,312,768</u>
Detail of tax levy		
Authorizations		
Local district school tax	A-2;A-27	\$ 8,771,709
Regional district school tax	A-2;A-26	3,862,584
County tax		\$ 2,034,996
County library tax		203,726
County open space tax		198,120
County share of added and omitted taxes		<u>6,889</u>
Total county taxes	A-2;A-28	2,443,731
Municipal purpose tax	A-2	1,193,612
Additional tax levied		<u>41,132</u>
Total municipal purpose tax		<u>1,234,744</u>
	A-9	<u>\$ 16,312,768</u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Tax Title Liens Receivable**

	<u>Ref.</u>	
Balance - December 31, 2015	A	<u>\$ 91,392</u>
Balance - December 31, 2016	A	<u><u>\$ 91,392</u></u>

**TOWNSHIP OF HOLLAND**  
**Schedule of Property Acquired for Taxes - Assessed Valuation**

	<u>Ref.</u>	
Balance - December 31, 2015	A	\$ 194,300
Decreased by		
Prior year revenue, sale of property acquired for taxes		\$ 500
Loss on sale of property		<u>54,500</u>
	Reserve	<u>55,000</u>
Balance - December 31, 2016	A	<u><u>\$ 139,300</u></u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Revenue Accounts Receivable**

	<u>Ref.</u>	<u>Balance 12/31/15</u>	<u>Accrued in 2016</u>	<u>Collected Treasurer</u>	<u>Balance 12/31/16</u>
Alcoholic beverage licenses	A-2	\$ -	\$ 5,376	\$ 5,376	\$ -
Municipal court	A-2	299	14,238	12,531	2,006
Swimming pool fees	A-2	-	85,867	85,867	-
Riegel Ridge Community Center fees	A-2	-	394,972	394,972	-
Snack bar fees	A-2	-	25,106	25,106	-
Garden State trust fund	A-2	-	21,453	21,453	-
Energy receipts tax	A-2	-	2,560,832	2,560,832	-
Supplemental energy receipts tax	A-2	-	128,650	128,650	-
		<u>\$ 299</u>	<u>\$ 3,236,494</u>	<u>\$ 3,234,787</u>	<u>\$ 2,006</u>
	<u>Ref.</u>	A	Reserve	Below	A
Receipts	A-4			\$ 3,236,667	
Less: refunds and adjustments	A-4			<u>1,880</u>	
				<u><u>\$ 3,234,787</u></u>	

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Due from Animal Control Fund**

	<u>Ref.</u>		
Balance - December 31, 2015	A		\$ -
Increased by			
Interest on investments	A-2	\$ 22	
Disbursements	A-4	<u>10,000</u>	
			<u>10,022</u>
			10,022
Decreased by			
Current fund budget appropriation	A-3	10,000	
Receipts	A-4	<u>20</u>	
			<u>10,020</u>
Balance - December 31, 2016	A		<u><u>\$ 2</u></u>

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**TOWNSHIP OF HOLLAND**  
**Schedule of Due from Federal and State Grant Fund**

	<u>Ref.</u>		
Balance - December 31, 2015	A		\$ -
Increased by			
Interest on investments	A-2	\$ 75	
Disbursements	A-4	<u>2,000</u>	
			<u>2,075</u>
			2,075
Decreased by			
Receipts	A-4		<u>2,072</u>
Balance - December 31, 2016	A		<u><u>\$ 3</u></u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule from Due from/to Other Trust Funds**

	<u>Ref.</u>		
Balance - December 31, 2015	A		\$ -
Increased by			
Tax sale premiums received	A-6	\$ 2,100	
Receipts	A-4	<u>317</u>	
			<u>2,417</u>
			2,417
Decreased by			
Prior year balance canceled	A-2	846	
Interest on investments	A-2	<u>656</u>	
			<u>1,502</u>
Balance - December 31, 2016	Below		<u>\$ 915</u>
Analysis of balance			
Due from escrow funds	A	\$ 1,039	
Due from performance bond escrow	A	<u>121</u>	
			<u>\$ 1,160</u>
Due to other trust funds	A		<u>\$ 2,075</u>

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**TOWNSHIP OF HOLLAND**  
**Schedule of Due from General Capital Fund**

	<u>Ref.</u>		
Balance - December 31, 2015	A		\$ -
Increased by			
Interest on investments	A-2	\$ 5,764	
Disbursements	A-4	<u>621,985</u>	
			<u>627,749</u>
			627,749
Decreased by			
Receipts	A-4	127,273	
Current year budget appropriations	A-3	<u>500,000</u>	
			<u>627,273</u>
Balance - December 31, 2016	A		<u>\$ 476</u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule from Due from Clearing Account**

	<u>Ref.</u>	
Balance - December 31, 2015	A	\$ 4,111
Decreased by		
Receipts	A-4	<u>4,111</u>
Balance - December 31, 2016	A	<u><u>\$ -</u></u>

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**TOWNSHIP OF HOLLAND**  
**Schedule of Due to Payroll Account**

	<u>Ref.</u>	
Balance - December 31, 2015	A	\$ -
Increased by		
Miscellaneous balances canceled	A-2	\$ 1,402
Interest on investments	A-2	521
Disbursements	A-4	<u>1,785,000</u>
		<u>1,786,923</u>
		1,786,923
Decreased by		
Current year budget appropriations	A-3	1,779,091
Receipts	A-4	4,204
Prior year appropriation reserves	A-21	<u>3,628</u>
		<u>1,786,923</u>
Balance - December 31, 2016	A	<u><u>\$ -</u></u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Deferred Charges NJS 40A:4-55 Special Emergency Authorizations**

<u>Date Authorized</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>1/5 of Amount Authorized</u>	<u>Balance 12/31/15</u>	<u>Decreased</u>	<u>Balance Canceled</u>	<u>Balance 12/31/16</u>
04/02/13	Revaluation of real property	\$ 139,000	\$ 27,800	<u>\$ 20,745</u>	<u>\$ 20,800</u>	<u>\$ 55</u>	<u>\$ -</u>
				<u>\$ 20,745</u>	<u>\$ 20,800</u>	<u>\$ 55</u>	<u>\$ -</u>
			<u>Ref.</u>	<u>A</u>	<u>A-3</u>	<u>A-1</u>	<u>A</u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Grants Receivable**

Grant	Balance 12/31/15	Revenue in 2016	Received	Balance 12/31/16
Highlands grant	\$ 184,083	\$ -	\$ -	\$ 184,083
FEMA hazardous mitigation grant program	112,000	-	-	112,000
State of N.J. forestry grant	3,000	-	3,000	-
N.J. environmental commission (ANJAC) grant	490	-	490	-
N.J. Highlands water protection and planning council	25,000	-	-	25,000
DEP recreation trails program	-	24,000	-	24,000
Clean communities grant	-	20,269	20,269	-
Body worn camera assistance program grant	-	2,000	2,000	-
Recycling grant	-	32,255	32,255	-
Hunterdon County emergency management	-	5,000	5,000	-
Sustainable Jersey small grants program	-	2,000	2,000	-
	<u>\$ 324,573</u>	<u>\$ 85,524</u>	<u>\$ 65,014</u>	<u>\$ 345,083</u>
<u>Ref.</u>	A	A-2	A-4	A

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Appropriation Reserves**  
**For the Year Ended December 31, 2016**

	Balance 12/31/15	Balance After Transfer	Expended	Balance Lapsed
Mayor and council				
Other expenses	\$ 1,085	\$ 1,883	\$ 1,094	\$ 789
Municipal clerk				
Salaries and wages	2,127	2,127	-	2,127
Miscellaneous other expenses	10,775	10,932	615	10,317
Financial administration				
Salaries and wages	10,137	10,137	-	10,137
Other expenses	7,287	7,312	3,059	4,253
Assessment of taxes				
Salaries and wages	42	42	-	42
Other expenses	3,678	3,678	25	3,653
Revenue administration				
Salaries and wages	531	531	-	531
Other expenses	1	1	-	1
Legal services & costs				
Other expenses	83,714	33,350	13,062	20,288
Engineering service & costs				
Other expenses	13,428	15,795	7,234	8,561
Municipal court				
Salaries and wages	2,135	2,135	-	2,135
Other expenses	813	813	-	813
Municipal prosecutor				
Salaries and wages	32	32	-	32
Public building and grounds				
Salaries and wages	3,976	3,976	-	3,976
Other expenses	18,851	75,637	3,762	71,875
Planning board				
Salaries and wages	1,637	1,637	-	1,637
Other expenses	15,414	15,849	454	15,395
Zoning board of adjustment				
Salaries and wages	727	727	-	727
Other expenses	5,842	5,842	1,099	4,743
Zoning officer				
Salaries and wages	2,000	2,000	-	2,000
Other expenses	1,000	1,000	-	1,000

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Appropriation Reserves (continued)**  
**For the Year Ended December 31, 2016**

	Balance 12/31/15	Balance After Transfer	Expended	Balance Lapsed
Fire				
Other expenses	\$ 15,489	\$ 15,505	\$ 4,286	\$ 11,219
Police				
Salaries & wages	44,476	44,476	-	44,476
Other expenses	3,063	3,875	3,141	734
First aid organization - contribution	15,056	15,056	-	15,056
Office of emergency management				
Salaries and wages	309	309	-	309
Other expenses	1,526	2,899	2,726	173
Public defender				
Salaries and wages	72	72	-	72
Road repair and maintenance				
Salaries and wages	29,572	29,572	-	29,572
Other expenses	48,549	63,427	16,357	47,070
Snow removal				
Other expenses	5,654	5,654	5,654	-
Environmental commission - recycling				
Salaries & wages	29,119	29,119	-	29,119
Other expenses	21,669	21,669	-	21,669
Board of health				
Salaries and wages	531	531	-	531
Other expenses	800	800	-	800
Environmental health services				
Other expenses	200	200	-	200
Recreation committee				
Salaries and wages	619	619	-	619
Other expenses	6,690	6,690	350	6,340
Riegel Ridge Community Center				
Salaries and wages	4,243	4,243	3,628	615
Other expenses	3,178	7,147	7,146	1
Swimming pool				
Salaries and wages	2,566	2,566	-	2,566
Other expenses	4,680	4,680	-	4,680
Snack bar				
Salaries and wages	2,244	2,244	-	2,244
Other expenses	7,111	7,111	-	7,111

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Appropriation Reserves (continued)**  
**For the Year Ended December 31, 2016**

	Balance 12/31/15	Balance After Transfer	Expended	Balance Lapsed
Historical preservation commission				
Salaries and wages	\$ 307	\$ 307	\$ -	\$ 307
Other expenses	4,030	4,030	3,950	80
Agricultural advisory committee				
Salaries and wages	1,100	1,100	-	1,100
Other expenses	9,320	9,320	765	8,555
Insurance				
Other insurance premiums	32,296	32,296	-	32,296
Worker's compensation insurance	5,404	5,404	-	5,404
Employee group health	3,450	3,450	-	3,450
Unclassified				
Utilities				
Electricity	15,805	17,784	7,400	10,384
Street lighting	12,697	15,288	5,184	10,104
Telephone	2,826	4,873	3,067	1,806
Fuel oil	14,968	14,968	541	14,427
Gasoline & diesel fuel	32,751	32,751	1,847	30,904
Natural gas	6,368	7,593	2,369	5,224
Trash removal dumpster	14,700	15,720	2,040	13,680
Contribution to				
Social Security system	18,596	18,596	-	18,596
DCRP contribution	4,162	4,162	34	4,128
Unemployment insurance	227	227	-	227
	\$ 611,655	\$ 651,769	\$ 100,889	\$ 550,880
<u>Ref.</u>	A	Below	Below	A-1
Appropriation reserves	A	\$ 611,655		
Encumbrances payable	A-22	40,114		
		\$ 651,769		
Cash disbursed	A-4		\$ 97,036	
Encumbrances payable	A-22		225	
Due to payroll fund	A-18		3,628	
			\$ 100,889	

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Reserve for Encumbrances**

	<u>Ref.</u>		
Balance - December 31, 2015	A		\$ 41,360
Increased by			
2016 budget charges	A-3	\$ 34,877	
2015 appropriation reserve charges	A-21	<u>225</u>	
			<u>35,102</u>
			76,462
Decreased by			
Disbursements	A-4	1,246	
Applied to appropriation reserves	A-21	<u>40,114</u>	
			<u>41,360</u>
Balance - December 31, 2016	A		<u><u>\$ 35,102</u></u>

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**TOWNSHIP OF HOLLAND**  
**Schedule of Due to State of New Jersey**  
**Veteran's and Senior Citizen's Deductions**

	<u>Ref.</u>		
Balance - December 31, 2015	A		\$ 1,743
Increased by			
Prior year Senior Citizen deductions disallowed by collector	A-1	\$ 2,750	
Receipts	A-4	<u>68,500</u>	
			<u>71,250</u>
			72,993
Decreased by			
Veteran's deductions per tax billings		56,750	
Veteran's deductions allowed by tax collector		1,000	
Senior Citizen's deductions per tax billings		13,000	
Senior Citizen's deductions allowed by tax collector		<u>1,000</u>	
		71,750	
Less:			
Senior Citizen's deductions allowed by tax collector		<u>1,000</u>	
	A-9		<u>70,750</u>
Balance - December 31, 2016	A		<u><u>\$ 2,243</u></u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Prepaid Taxes**

	<u>Ref.</u>	
Balance - December 31, 2015	A	\$ 138,276
Increased by		
Collection of 2017 taxes	A-6	<u>74,798</u>
		213,074
Decreased by		
Applied to 2016 taxes receivable	A-9	<u>138,276</u>
Balance - December 31, 2016	A	<u><u>\$ 74,798</u></u>

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**TOWNSHIP OF HOLLAND**  
**Schedule of Tax Overpayments**

	<u>Ref.</u>	
Balance - December 31, 2015	A	\$ 4,558
Increase by		
Tax appeal settlement		
Prior year refund - surplus reduction	A-1	\$ 1,482
Reserve for tax appeals applied	A-32	19,583
Receipts	A-6	<u>46,216</u>
		<u>67,281</u>
		71,839
Decrease by		
Refunded	A-4	25,757
Applied to 2016 taxes	A-9	10,094
Overpayments canceled	A-1	<u>156</u>
		<u>36,007</u>
Balance - December 31, 2016	A	<u><u>\$ 35,832</u></u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Regional High School Tax Payable**

	<u>Ref.</u>		
Balance - December 31, 2015			
School tax payable	A	\$ 1,422,004	
School tax deferred (11.23%)		<u>411,978</u>	\$ 1,833,982
Increased by			
Levy - School year July 1, 2016 to June 30, 2017	A-9		<u>3,862,584</u>
			<u>5,696,566</u>
Decreased by			
Disbursements	A-4		<u>3,765,273</u>
Balance - December 31, 2016			
School tax payable	A	1,519,315	
School tax deferred (10.67%)		<u>411,978</u>	<u>\$ 1,931,293</u>
2016 Liability for Regional High School Tax			
Tax paid			\$ 3,765,273
Add: tax payable December 31, 2016			<u>1,519,315</u>
			5,284,588
Less: tax payable December 31, 2015			<u>1,422,004</u>
Amount charged to operations	A-1		<u>\$ 3,862,584</u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Local School Tax Payable**

	<u>Ref.</u>	
Balance - December 31, 2015	A	\$ 4,385,854
Increased by		
Levy - School year July 1, 2016 to June 30, 2017	A-9	8,771,709
		<u>13,157,563</u>
Decreased by		
Disbursements	A-4	8,771,709
		<u>8,771,709</u>
Balance - December 31, 2016	A	<u>\$ 4,385,854</u>
2015 Liability for local school tax		
Tax paid		\$ 8,771,709
Add: tax payable December 31, 2016		4,385,854
		<u>13,157,563</u>
Less: tax payable December 31, 2015		4,385,854
Amount charged to operations	A-1	<u>\$ 8,771,709</u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of County Taxes Payable**

	<u>Ref.</u>	
Balance - December 31, 2015	A	\$ 7,319
Increased by		
2016 levy		
County taxes		\$ 2,034,996
County library tax		203,726
County open space tax		198,120
County share of added & omitted taxes		<u>6,889</u>
	A-1;A-9	<u>2,443,731</u>
		<u>2,451,050</u>
Decreased by		
Disbursements	A-4	<u>2,444,161</u>
Balance - December 31, 2016	A	<u><u>\$ 6,889</u></u>

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**TOWNSHIP OF HOLLAND**  
**Schedule of Due to Outside Agencies**

	<u>Ref.</u>	
Balance - December 31, 2015	A	\$ -
Increase by		
Receipts	A-4	<u>500</u>
		500
Decreased by		
Disbursements	A-4	<u>375</u>
Balance - December 31, 2016	A	<u><u>\$ 125</u></u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Due to Outside Lienholders**

	<u>Ref.</u>		
Balance - December 31, 2015	A		\$ 2,495
Increased by			
Receipts	A-6		<u>37,765</u>
			40,260
Decreased by			
Sewer lien redemption deposit	A-31	\$ 1,825	
Disbursements	A-4	<u>36,910</u>	
			<u>38,735</u>
Balance - December 31, 2016	A		<u><u>\$ 1,525</u></u>

A-31

**TOWNSHIP OF HOLLAND**  
**Schedule of Due to Sewer Operating Fund**

	<u>Ref.</u>		
Balance - December 31, 2015	A		\$ -
Increase by			
Receipts	A-6	\$ 1,222	
Sewer lien redemption deposit	A-30	<u>1,825</u>	
			<u>3,047</u>
			3,047
Decreased by			
Disbursements	A-6		<u>1,222</u>
Balance - December 31, 2016	A		<u><u>\$ 1,825</u></u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Reserve for Tax Appeals**

	<u>Ref.</u>	
Balance - December 31, 2015	A	\$ 19,583
Decreased by		
Reserve for tax appeals applied to overpayments	A-25	<u>19,583</u>
Balance - December 31, 2016	A	<u><u>\$ -</u></u>

A-33

**TOWNSHIP OF HOLLAND**  
**Schedule of Reserve for Veteran's Day Celebration**

	<u>Ref.</u>	
Balance - December 31, 2015	A	<u>\$ 200</u>
Balance - December 31, 2016	A	<u><u>\$ 200</u></u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Sales Tax Payable**

Balance - December 31, 2015	A	\$ -
Increased by		
Receipts	A-4	<u>1,819</u>
		1,819
Decreased by		
Disbursements	A-4	<u>1,819</u>
		-
Balance - December 31, 2016	A	<u><u>\$ -</u></u>

**TOWNSHIP OF HOLLAND**  
**Schedule of Due to Regular Fund**

	<u>Ref.</u>		
Balance - December 31, 2015	A	\$ -	
Increased by			
Receipts	A-4	\$ 2,000	
Interest on investments	A-4	<u>75</u>	
			<u>2,075</u>
			2,075
Decreased by			
Disbursements	A-4		<u>2,072</u>
			3
Balance - December 31, 2016	A	<u><u>\$ 3</u></u>	

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Appropriated Reserves for Grants**

Grant	Balance 12/31/15	Transferred from 2016 Budget	Paid or Charged	Balance Canceled	Balance 12/31/16
<b>State Grants</b>					
Recycling tonnage grant - 2015	\$ 10,571	\$ -	\$ 10,571	\$ -	\$ -
Recycling tonnage grant - 2016	-	32,255	26,814	-	5,441
Body armor grant reserve - 2014	700	-	-	-	700
Body armor grant - 2014	922	-	-	-	922
Body armor grant - 2015	-	1,005	-	-	1,005
Clean communities program - 2015	13,308	-	13,308	-	-
Clean communities program - 2016	-	20,269	625	-	19,644
NJ D.E.P. storm water management - 2005	3,399	-	2,983	-	416
NJ D.E.P. storm water management - 2006	6,250	-	6,250	-	-
Uniform fire code violations - 2008	375	-	-	-	375
Highlands grant second - 2011	167,485	-	-	-	167,485
Highlands grant special - 2015	17,044	-	1,548	-	15,496
NJ forestry grant - 2013	3,000	-	3,000	-	-
NJ historical grant - 2015	3,000	-	3,000	-	-
Sustainable Jersey small grant - 2016	-	2,000	2,000	-	-
Body worn camera assistance program - 2016	-	2,000	2,000	-	-
<b>Federal Grants</b>					
FEMA shelter grant - 2013	13,895	-	-	-	13,895
FEMA shelter grant - 2014	750	-	-	-	750
FEMA HMGP grant - 2013	6,818	-	6,818	-	-
Recreational trails program - 2016	-	24,000	2,239	-	21,761
<b>Local Grants</b>					
Hunterdon County emergency management 2013 EMAA - 2016	-	5,000	-	-	5,000
	<u>\$ 247,517</u>	<u>\$ 86,529</u>	<u>\$ 81,156</u>	<u>\$ -</u>	<u>\$ 252,890</u>
Ref.	A	A-3	Below		A
Cash disbursed	A-4		\$ 80,599		
Encumbrances payable	A-38		557		
			<u>\$ 81,156</u>		

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Unappropriated Reserves for Grants**

	<u>Ref.</u>	
Balance - December 31, 2014	A	\$ 1,005
Increased by		
Grant funds received		
Body armor grant		\$ 981
Hunterdon County emergency management		<u>5,000</u>
	A-4	<u>5,981</u>
		6,986
Decreased by		
Appropriated in the 2016 budget	A-3	<u>1,005</u>
Balance - December 31, 2015	A	<u><u>\$ 5,981</u></u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Reserve for Encumbrances (Grant Fund)**

	<u>Ref.</u>	
Balance - December 31, 2015	A	\$ 32,874
Increased by		
Current year grant charges	A-36	<u>557</u>
		33,431
Decreased by		
Disbursements	A-4	<u>32,874</u>
Balance - December 31, 2016	A	<u><u>\$ 557</u></u>

A-39

**TOWNSHIP OF HOLLAND**  
**Schedule of Due to General Capital Fund (Grant Fund)**

	<u>Ref.</u>	
Balance - December 31, 2015	A	<u>\$ 100,000</u>
Balance - December 31, 2016	A	<u><u>\$ 100,000</u></u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**

**COUNTY OF HUNTERDON**

**2016**

**TRUST FUND**

**TOWNSHIP OF HOLLAND**  
**Schedule of Trust Fund Cash - Treasurer**

	Ref.	Animal Control Funds	Other Trust Funds
Balance - December 31, 2015	B	\$ 11,597	\$ 683,531
Increased by receipts			
Animal control fund	B-3	\$ 5,972	\$ -
Due to current fund	B-4	10,022	-
Due to State of New Jersey	B-5	1,376	-
Due from current fund	B-6		342
Reserve for loans receivable	B-9	-	42,808
Reserve for escrow funds	B-10	-	116,131
Reserve for small cities revolving loan	B-11	-	183
Reserve for recreation and community services	B-12		10,018
Reserve for development fees	B-13	-	675
Reserve for snow removal	B-15	-	3,844
Reserve for payroll account	B-17	-	2,023,901
Reserve for future legal expenses	B-18	-	12
Reserve for performance bond	B-19	-	99
		<u>17,370</u>	<u>2,198,013</u>
		<u>28,967</u>	<u>2,881,544</u>
Decreased by disbursements			
Animal control fund	B-3	16,898	-
Due to current fund	B-4	20	-
Due to State of New Jersey	B-5	1,377	-
Due from current fund	B-6	-	4,428
Reserve for escrow funds	B-10	-	95,747
Reserve for development fees	B-13	-	240
Reserve for tax sale premiums	B-14	-	25,900
Reserve for payroll	B-17	-	2,032,443
Reserve for performance bond	B-19	-	42,654
		<u>\$ 18,295</u>	<u>\$ 2,201,412</u>
Balance - December 31, 2016	B;B-2	<u>\$ 10,672</u>	<u>\$ 680,132</u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Trust Fund Cash and Reconciliation**  
**Per N.J.S.A. 40A:5-5 - Treasurer**

	<u>Ref.</u>	<u>Animal Control Funds</u>	<u>Other Trust Funds</u>
Balance - December 31, 2016	B-1	\$ 10,672	\$ 680,132
Increased by			
Receipts		4,302	307,004
		<u>14,974</u>	<u>987,136</u>
Decreased by			
Disbursements		2,382	304,956
		<u>2,382</u>	<u>304,956</u>
Balance - February 28, 2017		<u>\$ 12,592</u>	<u>\$ 682,180</u>
Cash reconciliation - February 28, 2017			
Balance per statement			
Northfield Bank		\$ 12,245	\$ 685,798
Add: deposit-in-transit		347	-
		<u>12,592</u>	<u>685,798</u>
Less: outstanding checks		-	3,618
		<u>-</u>	<u>3,618</u>
Book balance		<u>\$ 12,592</u>	<u>\$ 682,180</u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Reserve for Animal Control Fund Expenditures**

	<u>Ref.</u>		
Balance - December 31, 2015	B	\$	11,581
Increased by receipts			
Animal control fees	B-1	\$	5,972
Due from current fund	B-4		<u>10,000</u>
			<u>15,972</u>
			27,553
Decreased by			
Expenditures under RS 4:119.15	B-1		<u>16,898</u>
Balance - December 31, 2016	B	\$	<u><u>10,655</u></u>
Animal control collections			
2014		\$	5,997
2015			<u>6,565</u>
Maximum allowable reserve		\$	<u><u>12,562</u></u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Due to Current Fund**  
**Animal Control Fund**

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ -
Increased by		
Receipts	B-1	<u>10,022</u>
		10,022
Decreased by		
Disbursements	B-1	\$ 20
Budget appropriation	B-3	<u>10,000</u>
		<u>10,020</u>
Balance - December 31, 2016	B	<u><u>\$ 2</u></u>

B-5

**TOWNSHIP OF HOLLAND**  
**Schedule of Due to State of New Jersey**

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ 16
Increased by		
State fees collected	B-1	<u>1,376</u>
		1,392
Increased by		
Disbursements	B-1	\$ 1,377
Encumbrances payable	B-7	<u>8</u>
		<u>1,385</u>
Balance - December 31, 2016	B	<u><u>\$ 7</u></u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Due from/to Current Fund**  
**Other Trust Funds**

	<u>Ref.</u>		
Balance - December 31, 2015 (due to)	B		\$ 4,111
Increased by			
Interest on investments	B-1	\$ 342	
Due from escrow funds	B-10	1,039	
Due from performance bond	B-19	<u>121</u>	
			<u>1,502</u>
			5,613
Decreased by			
Disbursements	B-1	4,428	
Tax sale premium deposit to current fund	B-14	<u>2,100</u>	
			<u>6,528</u>
Balance - December 31, 2016 (due from)	B		<u><u>\$ 915</u></u>
		<u>12/31/16</u>	<u>12/31/15</u>
Analysis of balance			
Due from			
Escrow funds		\$ 1,039	\$ -
Performance bond		121	-
Clearing account		<u>-</u>	<u>4,111</u>
		<u><u>\$ 1,160</u></u>	<u><u>\$ 4,111</u></u>
Due to			
Other trust funds		<u><u>\$ 2,075</u></u>	<u><u>\$ -</u></u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Reserve for Encumbrances**  
**Animal Control Fund**

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ -
Increased by		
Encumbrances payable	B-5	<u>8</u>
Balance - December 31, 2016	B	<u><u>\$ 8</u></u>

**TOWNSHIP OF HOLLAND**  
**Schedule of Reserve for Encumbrances**  
**Other Trust Funds**

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ -
Increased by		
Encumbrances payable		
Reserve for escrow	B-10	<u>2,228</u>
Balance - December 31, 2016	B	<u><u>\$ 2,228</u></u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Loans Receivable**

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ 400,280
Decreased by		
Receipts	B-1	<u>42,808</u>
Balance - December 31, 2016	B	<u><u>\$ 357,472</u></u>

B-10

**TOWNSHIP OF HOLLAND**  
**Schedule of Reserve for Escrow Funds**

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ 249,418
Increased by		
Receipts	B-1	<u>116,131</u>
		365,549
Decreased by		
Disbursements	B-1	\$ 95,747
Encumbrances payable	B-8	2,228
Due to current fund	B-6	<u>1,039</u>
		<u>99,014</u>
Balance - December 31, 2016	B	<u><u>\$ 266,535</u></u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Reserve for Small Cities Revolving Loan**

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ 476,009
Increased by Receipts	B-1	<u>183</u>
Balance - December 31, 2016	B	<u>\$ 476,192</u>

**TOWNSHIP OF HOLLAND**  
**Schedule of Reserve for Recreation and Community Services**

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ 1,500
Increased by Receipts	B-1	<u>10,018</u>
Balance - December 31, 2016	B	<u>\$ 11,518</u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Reserve for Development Fees**

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ 5,505
Increased by		
Receipts	B-1	<u>675</u>
		6,180
Decreased by		
Disbursements	B-1	<u>240</u>
Balance - December 31, 2016	B	<u><u>\$ 5,940</u></u>

**TOWNSHIP OF HOLLAND**  
**Schedule of Reserve for Tax Sale Premiums**

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ 103,900
Increased by		
Due from current fund	B-6	<u>2,100</u>
		106,000
Decreased by		
Disbursements	B-1	<u>25,900</u>
Balance - December 31, 2016	B	<u><u>\$ 80,100</u></u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Reserve for Snow Removal**

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ 42,064
Increased by Receipts	B-1	<u>3,844</u>
Balance - December 31, 2016	B	<u><u>\$ 45,908</u></u>

**TOWNSHIP OF HOLLAND**  
**Schedule of Reserve for First Aid Squad**

	<u>Ref.</u>	
Balance - December 31, 2015	B	<u>\$ 25,600</u>
Balance - December 31, 2016	B	<u><u>\$ 25,600</u></u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Reserve for Payroll Account**

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ 45,594
Increased by		
Receipts	B-1	<u>2,023,901</u>
		2,069,495
Decreased by		
Disbursements	B-1	<u>2,032,443</u>
Balance - December 31, 2016	B	<u><u>\$ 37,052</u></u>

**TOWNSHIP OF HOLLAND**  
**Schedule of Reserve for Future Legal Expenses**

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ 15,039
Increased by		
Receipts	B-1	<u>12</u>
Balance - December 31, 2016	B	<u><u>\$ 15,051</u></u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Reserve for Performance Bond**

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ 115,063
Increased by		
Receipts	B-1	99
		<u>115,162</u>
Decreased by		
Disbursements	B-1	\$ 42,654
Due to current fund	B-6	121
		<u>42,775</u>
Balance - December 31, 2016	B	<u><u>\$ 72,387</u></u>

**TOWNSHIP OF HOLLAND**  
**Schedule of Reserve for POAA**

	<u>Ref.</u>	
Balance - December 31, 2015	B	<u>\$ 8</u>
Balance - December 31, 2016	B	<u><u>\$ 8</u></u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**

**COUNTY OF HUNTERDON**

**2016**

**GENERAL CAPITAL FUND**

**TOWNSHIP OF HOLLAND**  
**Schedule of General Capital Fund Cash - Treasurer**

	<u>Ref.</u>	
Balance - December 31, 2015	<u>C</u>	\$ 2,559,509
Increased by receipts		
Due from current fund	C-7	<u>622,014</u>
		3,181,523
Decreased by disbursements		
Due from current fund	C-7	\$ 11,023
Due from clearing account	C-8	<u>302,250</u>
		<u>313,273</u>
Balance - December 31, 2016	C;C-3	<u><u>\$ 2,868,250</u></u>

C-3

**TOWNSHIP OF HOLLAND**  
**Schedule of General Capital Fund Cash and Reconciliation**  
**Per NJS 40A:5-5 - Treasurer**

	<u>Ref.</u>	
Balance - December 31, 2016	<u>C-2</u>	\$ 2,868,250
Increased by		
Receipts		<u>887</u>
		2,869,137
Decreased by		
Disbursements		<u>218,794</u>
Balance - February 28, 2017		<u><u>\$ 2,650,343</u></u>
Cash reconciliation - February 28, 2017		
Balance per statement		
Northfield Bank		<u><u>\$ 2,650,343</u></u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**General Capital Fund**  
**Schedule of Cash Activity**

Description	Balance	Receipts	Disbursements	Transfers	Balance
	12/31/15			(From) To	12/31/16
Fund balance	\$ 160,010	\$ -	\$ -	\$ -	\$ 160,010
Capital improvement fund	1,034,392	-	-	-	1,034,392
Due to current fund	-	622,014	11,023	(610,515)	476
Due to clearing account	-	-	302,250	302,250	-
Due from federal and state grant fund	(100,000)	-	-	-	(100,000)
NJ D.O.T. grants receivable	(155,000)	-	-	116,250	(38,750)
Encumbrances payable	204,443	-	-	189,558	394,001
Reserve for capital projects	719,569	-	-	(45,543)	674,026
Improvement authorizations					
Acquisition of property	13,907	-	-	-	13,907
Various improvements to the grove at the Riegel Ridge Community Center	13,536	-	-	-	13,536
Various upgrades & improvements to the Riegel Ridge Community Center	59	-	-	-	59
Removal of underground fuel tanks and installation of an above ground replacement tank	2,051	-	-	-	2,051
Purchase of various computers	28	-	-	-	28
Purchase of a police vehicle	504	-	-	(504)	-
Refurbishing of a public works truck	19,623	-	-	(2,653)	16,970
Improvements to Riegel Ridge Community Center	4,996	-	-	-	4,996
Various outdoor improvements to the Riegel Ridge Community Center	9,168	-	-	(105)	9,063
Improvements to the municipal complex	18,268	-	-	(7,354)	10,914
Purchase of various public works equipment	18,432	-	-	-	18,432
Purchase of police equipment	6,146	-	-	(6,053)	93
Preservation of farm land	365,223	-	-	(601)	364,622
Purchase of real property	48,189	-	-	-	48,189
Acquisition of appurtenances required for a brush truck	2,195	-	-	-	2,195

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**General Capital Fund (continued)**  
**Schedule of Cash Activity (continued)**

Description	Balance 12/31/15	Receipts	Disbursements	Transfers (From) To	Balance 12/31/16
Improvement authorizations (continued)					
Various improvements at the Riegel					
Ridge Community Center and pool	\$ 16,000	\$ -	\$ -	\$ (347)	\$ 15,653
Construction/Repairs to various roads	-	-	-	20,350	20,350
Construction/Repairs to various roads	139	-	-	-	139
Purchase of public works equipment	22,897	-	-	(7,775)	15,122
Improvements to Bellis Road phase I	28,206	-	-	(5,735)	22,471
Improvements to various roads	31,528	-	-	-	31,528
Acquisition of various public works equipment	75,000	-	-	(75,000)	-
Improvements to Riegel Ridge					
Community Center	-	-	-	45,077	45,077
Purchase of police sports utility vehicle	-	-	-	1,461	1,461
Purchase of public works equipment	-	-	-	20,002	20,002
Improvements to various roads	-	-	-	67,237	67,237
<b>Total</b>	<b>\$ 2,559,509</b>	<b>\$ 622,014</b>	<b>\$ 313,273</b>	<b>\$ -</b>	<b>\$ 2,868,250</b>
<u>Ref.</u>	C	C-2	C-2		C

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of N.J. Department of Transportation Grants Receivable**

Balance - December 31, 2015	<u>Ref.</u> C	\$ 155,000
Decreased by		
Received in current fund	C-7	<u>116,250</u>
Balance - December 31, 2016	C	<u><u>\$ 38,750</u></u>

C-6

**TOWNSHIP OF HOLLAND**  
**Schedule of Due from Federal and State Grant Fund**

Balance - December 31, 2015	<u>Ref.</u> C	<u>\$ 100,000</u>
Balance - December 31, 2016	C	<u><u>\$ 100,000</u></u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Due to Current Fund**

	<u>Ref.</u>		
Balance - December 31, 2015	C		\$ -
Increased by			
Receipts	C-2	\$ 622,014	
Improvement authorization charges	C-9	<u>5,735</u>	
			<u>627,749</u>
			627,749
Decreased by			
Disbursements	C-2	11,023	
Grant proceeds received in current fund	C-5	116,250	
2016 municipal budget appropriations			
Purchase of an ambulance	C-12	10,000	
Purchase of a fire truck	C-12	50,000	
Purchase of various police equipment	C-12	40,000	
Road improvement	C-12	225,000	
Purchase of various public works equipment	C-12	<u>175,000</u>	
			<u>627,273</u>
Balance - December 31, 2016	C		<u><u>\$ 476</u></u>

C-8

**TOWNSHIP OF HOLLAND**  
**Schedule of Due from Clearing Account**

	<u>Ref.</u>		
Balance - December 31, 2015	C		\$ -
Increased by			
Disbursements	C-2		<u>302,250</u>
			302,250
Decreased by			
Improvement authorization charges	C-9	\$ 270,355	
Encumbrances payable	C-10	<u>31,895</u>	
			<u>302,250</u>
Balance - December 31, 2016	C		<u><u>\$ -</u></u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Improvement Authorizations**

Improvement Description	Ordinance		Balance	2016	Paid or	Unexpend	Balance
	Date	Amount	12/31/15				
			Funded	Authorization	Charged	Canceled	12/31/16
							Funded
Acquisition of property	11/21/00	\$ 700,000	\$ 13,907	\$ -	\$ -	\$ -	\$ 13,907
Various improvements to the grove at the Riegel Community Center	10/20/09	125,000	13,536	-	-	-	13,536
Various upgrades & improvements to the Riegel Ridge Community Center	05/04/10	425,000	59	-	-	-	59
Removal of underground fuel tanks and installation of an above ground replacement tank	10/04/11	50,000	2,051	-	-	-	2,051
Purchase of various computers	01/17/12	30,000	28	-	-	-	28
Purchase of a police vehicle	08/21/12	40,000	504	-	504	-	-
Refurbishing of a public works truck	08/21/12	100,000	19,623	-	2,653	-	16,970
Improvements to Riegel Ridge Community Center	08/21/12	175,000	4,996	-	-	-	4,996
Various outdoor improvements to the Riegel Ridge Community Center	04/02/13	125,000	9,168	-	105	-	9,063
Improvements to the municipal complex	05/07/13	50,000	18,268	-	7,354	-	10,914
Purchase of various public works equipment	05/07/13	170,000	18,432	-	-	-	18,432
Purchase of police equipment	05/07/13	50,000	6,146	-	6,053	-	93
Preservation of farm land	05/07/13	550,000	365,223	-	601	-	364,622
Purchase of real property	05/21/13	1,300,000	48,189	-	-	-	48,189
Acquisition of appurtenances required for a brush truck	03/04/14	50,000	2,195	-	-	-	2,195
Various improvements at the Riegel Ridge Community Center and pool	03/04/14	50,000	16,000	-	347	-	15,653
Construction/Repairs to various roads	06/17/14	85,000	-	-	(20,350)	-	20,350
Construction/Repairs to various roads	06/17/14	85,000	139	-	-	-	139
Purchase of public works equipment	06/17/14	280,000	22,897	-	7,775	-	15,122
Improvements to Bellis Road phase I	04/21/15	200,000	28,206	-	5,735	-	22,471
Improvements to various roads	04/21/15	300,000	31,528	-	-	-	31,528
Acquisition of various public works equipment	04/21/15	75,000	75,000	-	75,000	-	-
Improvements to Riegel Ridge Community Center	02/02/16	105,543	-	105,543	60,466	-	45,077
Purchase of police sports utility vehicle	05/03/16	40,000	-	40,000	38,539	-	1,461
Purchase of public works equipment	05/03/16	175,000	-	175,000	154,998	-	20,002
Improvements to various roads	05/03/16	225,000	-	225,000	157,763	-	67,237
			<u>\$ 696,095</u>	<u>\$ 545,543</u>	<u>\$ 497,543</u>	<u>\$ -</u>	<u>\$ 744,095</u>
	Ref.		C	Below	Below		C
Reserve for capital projects	C-12						
Community center parking lot				\$ 55,543			
Community center upgrades				50,000			
Purchase of various police equipment				40,000			
Road improvement				225,000			
Purchase of various public works equipment				175,000			
				<u>\$ 545,543</u>			
Current fund	C-7				\$ 5,735		
Clearing account	C-8				270,355		
Prior year encumbrances canceled	C-10				(20,350)		
Encumbrances payable	C-10				241,803		
					<u>\$ 497,543</u>		

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Reserve for Encumbrances**

	<u>Ref.</u>	
Balance - December 31, 2015	C	\$ 204,443
Increased by		
Current year capital charges	C-9	<u>241,803</u>
		446,246
Decreased by		
Due to clearing account	C-8	\$ 31,895
Prior year balance canceled	C-9	<u>20,350</u>
		<u>52,245</u>
Balance - December 31, 2016	C	<u><u>\$ 394,001</u></u>

C-11

**TOWNSHIP OF HOLLAND**  
**Schedule of Capital Improvement Fund**

	<u>Ref.</u>	
Balance - December 31, 2015	C	<u>\$ 1,034,392</u>
Balance - December 31, 2016	C	<u><u>\$ 1,034,392</u></u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Reserve for Capital Projects**

Improvement Description	Balance 12/31/15	Increased in 2016	Decreased in 2016	Balance 12/31/16
Park construction	\$ 32,138	\$ -	\$ -	\$ 32,138
Community center parking lot	55,743	-	55,543	200
Purchase of land	391,687	-	-	391,687
Road leveling and overlay	1	-	-	1
Purchase of an ambulance	90,000	10,000	-	100,000
Purchase of a fire truck	100,000	50,000	-	150,000
Community center upgrades	50,000	-	50,000	-
Purchase of various police equipment	-	40,000	40,000	-
Road improvement	-	225,000	225,000	-
Purchase of various public works equipment	-	175,000	175,000	-
	<u>\$ 719,569</u>	<u>\$ 500,000</u>	<u>\$ 545,543</u>	<u>\$ 674,026</u>
<u>Ref.</u>	C	C-7	C-9	C

See independent auditors' report.

**TOWNSHIP OF HOLLAND**

**COUNTY OF HUNTERDON**

**2016**

**SEWER UTILITY FUND**

**TOWNSHIP OF HOLLAND**  
**Sewer Operating and Capital Funds**  
**Schedule of Cash - Treasurer**

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance - December 31, 2015	D	\$ 91,353	\$ 606,693
Increased by receipts			
Interest on deposits	D-3	\$ 179	\$ -
Sewer collector	D-7	525,000	-
Due from sewer capital fund	D-11	851	-
Due to sewer operating fund	D-21	-	10,879
		<u>526,030</u>	<u>10,879</u>
		617,383	617,572
Decreased by disbursements			
Budget appropriations	D-4	495,267	-
Due from payroll account	D-9	13,610	-
Due from sewer capital	D-11	10,000	-
Due from current fund	D-12	1,825	-
Appropriation reserves	D-16	2,572	-
Reserve for encumbrances	D-17; D-24	523 -	- 926
Accrued interest on notes	D-20	6,233	-
Due to sewer operating fund	D-21	-	851
Improvement authorizations	D-22	-	301,032
Notes redeemed	D-28	-	150,000
		<u>530,030</u>	<u>452,809</u>
Balance - December 31, 2016	D; D-6	<u>\$ 87,353</u>	<u>\$ 164,763</u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Sewer Operating and Capital Funds**  
**Schedule of Cash and Reconciliation - Treasurer**  
**Per N.J.S. 40A:5-5**

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance - December 31, 2016	D-5	\$ 87,353	\$ 164,763
Increased by			
Receipts		1,854	54
		<u>89,207</u>	<u>164,817</u>
Decreased by			
Disbursements		2,106	635
		<u>87,101</u>	<u>164,182</u>
Balance - February 28, 2017		<u>\$ 87,101</u>	<u>\$ 164,182</u>
 <u>Cash Reconciliation February 28, 2017</u>			
Balance per statement			
Northfield Bank		<u>\$ 87,101</u>	<u>\$ 164,182</u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Sewer Operating Fund**  
**Schedule of Cash - Collector**

	<u>Ref.</u>	<u>Operating Fund</u>
Balance - December 31, 2015	D	\$ 25,931
Increased by receipts		
Interest and costs on sewer charges	D-3	\$ 3,395
Interest on deposits	D-3	108
Consumer accounts receivable	D-10	517,579
Sewer rent overpayments	D-18	198
Prepaid rents received	D-19	1,976
		<u>523,256</u>
		549,187
Decreased by		
Paid to sewer treasurer	D-5	<u>525,000</u>
Balance - December 31, 2016	D; D-8	<u><u>\$ 24,187</u></u>
		D-8

**TOWNSHIP OF HOLLAND**  
**Sewer Operating Fund**  
**Schedule of Cash and Reconciliation - Collector**  
**Per N.J.S. 40A:5-5**

	<u>Ref.</u>	
Balance - December 31, 2016	D-7	\$ 24,187
Increased by		
Receipts		<u>88,476</u>
		112,663
Decreased by		
Disbursements		<u>-</u>
Balance - February 28, 2017		<u><u>\$ 112,663</u></u>
<u>Cash Reconciliation February 28, 2017</u>		
Balance per statement		
Northfield Bank		<u><u>\$ 112,663</u></u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Sewer Operating Fund**  
**Schedule of Due From Payroll Account**

	<u>Ref.</u>	
Balance - December 31, 2015	D	\$ -
Increased by		
Disbursements	D-5	13,610
		<u>13,610</u>
Decreased by		
Budget charges	D-4	13,610
		<u>13,610</u>
Balance - December 31, 2016	D	<u><u>\$ -</u></u>

D-10

**TOWNSHIP OF HOLLAND**  
**Sewer Operating Fund**  
**Schedule of Consumer Accounts Receivable**

	<u>Ref.</u>	
Balance - December 31, 2015	D	\$ 40,017
Increased by		
User fees levied	Reserve	513,717
		<u>553,734</u>
Decreased by		
Collections	D-7	\$ 517,579
Overpayments applied	D-18	178
Prepayments applied	D-19	843
	D-3	<u>518,600</u>
Balance - December 31, 2016	D	<u><u>\$ 35,134</u></u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Sewer Operating Fund**  
**Schedule of Due From Sewer Capital Fund**

	<u>Ref.</u>		
Balance - December 31, 2015	D		\$ -
Increased by			
Disbursements	D-5	\$ 10,000	
Interest earned	D-3	<u>879</u>	
			<u>10,879</u>
			10,879
Decreased by			
Current year budget appropriations			
Capital improvement fund	D-4	10,000	
Receipts	D-5	<u>851</u>	
			<u>10,851</u>
			10,851
Balance - December 31, 2016	D		<u><u>\$ 28</u></u>

**TOWNSHIP OF HOLLAND**  
**Sewer Operating Fund**  
**Schedule of Due From Current Fund**

	<u>Ref.</u>		
Balance - December 31, 2015	D		\$ -
Increased by			
Disbursements	D-5		<u>1,825</u>
Balance - December 31, 2016	D		<u><u>\$ 1,825</u></u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Sewer Operating Fund**  
**Schedule of Deferred Charges**

	<u>Ref.</u>	
Balance - December 31, 2015	D	\$ 42,000
Decreased by		
Budget appropriation	D-4	<u>42,000</u>
Balance - December 31, 2016	D	<u>\$ -</u>

**TOWNSHIP OF HOLLAND**  
**Sewer Capital Fund**  
**Schedule of Fixed Capital**

<u>Description</u>	<u>Ref.</u>	<u>Balance</u> 12/31/16	<u>Balance</u> 12/31/15
Sanitary sewer system	D	<u>\$ 900,000</u>	<u>\$ 900,000</u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Sewer Capital Fund**  
**Schedule of Fixed Capital Authorized and Uncompleted**  
**For the Year Ended December 31, 2016**

Purpose	Ordinance		Balance	Balance	Balance
	Date	Amount	12/31/15	Canceled	12/31/16
Improvement and repairs to the sewer lines	06/19/12	\$ 100,000	\$ 100,000	\$ -	\$ 100,000
Replacement of the Gridley Circle Pump Station	08/06/13	550,000	<u>550,000</u>	<u>150,000</u>	<u>400,000</u>
			<u>\$ 650,000</u>	<u>\$ 150,000</u>	<u>\$ 500,000</u>
		<u>Ref.</u>	D	D-22	D

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Sewer Operating Fund**  
**Schedule of Appropriation Reserves**  
**For the Year Ended December 31, 2016**

	Balance 12/31/15	Balance After Transfer	Expended	Balance Lapsed
Operating				
Salaries and wages	\$ 592	\$ 592	\$ -	\$ 592
Other expenses	6,868	6,868	2,572	4,296
Contribution to Milford Sewer	2,119	2,119	-	2,119
Statutory expenditures				
Contribution to Social Security system	584	584	-	584
	<u>\$ 10,163</u>	<u>\$ 10,163</u>	<u>\$ 2,572</u>	<u>\$ 7,591</u>
<u>Ref.</u>	D	D	D-5	D-1

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Sewer Operating Fund**  
**Schedule of Reserve for Encumbrances**

	<u>Ref.</u>	
Balance - December 31, 2015	D	\$ 523
Increased by		
Current year budget charges	D-4	366
		<u>889</u>
Decreased by		
Disbursements	D-5	523
		<u>523</u>
Balance - December 31, 2016	D	<u>\$ 366</u>

**TOWNSHIP OF HOLLAND**  
**Sewer Operating Fund**  
**Schedule of Sewer Rent Overpayments**

	<u>Ref.</u>	
Balance - December 31, 2015	D	\$ 17
Increased by		
Overpayments received	D-7	198
		<u>198</u>
Decreased by		
Applied to consumer accounts receivable	D-10	\$ 178
Overpayments canceled	D-3	<u>20</u>
		<u>198</u>
Balance - December 31, 2016	D	<u>\$ 17</u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Sewer Operating Fund**  
**Schedule of Prepaid Sewer Rents**

	<u>Ref.</u>	
Balance - December 31, 2015	D	\$ 843
Increased by		
Prepayments received	D-7	<u>1,976</u>
		2,819
Decreased by		
Applied to consumer accounts receivable	D-10	<u>843</u>
Balance - December 31, 2016	D	<u><u>\$ 1,976</u></u>

D-20

**TOWNSHIP OF HOLLAND**  
**Sewer Operating Fund**  
**Schedule of Accrued Interest on Notes**

	<u>Ref.</u>	
Balance - December 31, 2015	D	\$ 1,252
Increased by		
Current year budget charge	D-4	<u>5,720</u>
		6,972
Decreased by		
Interest paid	D-5	<u>6,233</u>
Balance - December 31, 2016	D	<u><u>\$ 739</u></u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Sewer Capital Fund**  
**Schedule of Due To Sewer Operating Fund**

	<u>Ref.</u>		
Balance - December 31, 2015	D		\$ -
Increased by			
Receipts	D-5	\$ 10,000	
Interest earned	D-5	<u>879</u>	
			<u>10,879</u>
			10,879
Decreased by			
Budget appropriation	D-27	10,000	
Disbursements	D-5	<u>851</u>	
			<u>10,851</u>
Balance - December 31, 2016	D		<u><u>\$ 28</u></u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Sewer Capital Fund**  
**Schedule of Improvement Authorizations**

Improvement Description	Ordinance		12/31/15		Paid or	Balance	12/31/16	
	Date	Amount	Funded	Unfunded	Charged	Canceled	Funded	Unfunded
Improvement and repairs to the sewer lines	06/19/12	\$ 100,000	\$ 65,203	\$ -	\$ 55,029	\$ -	\$ 10,174	\$ -
Replacement of the Gridley Circle Pump Station	08/06/13	550,000	-	477,049	250,873	150,000	-	76,176
			<u>\$ 65,203</u>	<u>\$ 477,049</u>	<u>\$ 305,902</u>	<u>\$ 150,000</u>	<u>\$ 10,174</u>	<u>\$ 76,176</u>
		<u>Ref.</u>	D	D	Below	D-15	D	D
Disbursements		D-5			\$ 301,032			
Encumbrances payable		D-24			<u>4,870</u>			
					<u>\$ 305,902</u>			

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Sewer Capital Fund**  
**Schedule of Reserve for Amortization**

	<u>Ref.</u>	
Balance - December 31, 2015	D	\$ 900,000
Balance - December 31, 2016	D	<u>\$ 900,000</u>

**TOWNSHIP OF HOLLAND**  
**Sewer Capital Fund**  
**Schedule of Reserve for Encumbrances**

	<u>Ref.</u>	
Balance - December 31, 2015	D	\$ 926
Increased by		
Improvement authorization charges	D-22	<u>4,870</u>
		5,796
Decreased by		
Disbursements	D-5	<u>926</u>
Balance - December 31, 2016	D	<u>\$ 4,870</u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Sewer Capital Fund**  
**Schedule of Deferred Reserve for Amortization**  
**Year Ended December 31, 2016**

<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance 12/31/15</u>	<u>Authorizations</u>	<u>Current Year Budget Appropriation</u>	<u>Balance 12/31/16</u>
Improvement and repairs to the sewer lines	06/19/12	\$ 122,500	\$ -	\$ 50,000	\$ 172,500
Replacement of the Gridley Circle Pump Station	08/06/13	<u>27,500</u>	<u>-</u>	<u>-</u>	<u>27,500</u>
		<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 200,000</u>
	<u>Ref.</u>	D		D-4; D-28	D

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Sewer Capital Fund**  
**Schedule of Reserve for Alteration of Sewer System**

	<u>Ref.</u>	
Balance - December 31, 2015	D	\$ 30,000
Balance - December 31, 2016	D	\$ 30,000

**TOWNSHIP OF HOLLAND**  
**Sewer Capital Fund**  
**Schedule of Capital Improvement Fund**

	<u>Ref.</u>	
Balance - December 31, 2015	D	\$ 31,545
Increased by		
Current year budget appropriation	D-21	<u>10,000</u>
Balance - December 31, 2016	D	<u>\$ 41,545</u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Sewer Utility Capital Fund**  
**Schedule of Bond Anticipation Notes Payable**

Improvement Description	Original Note	Date of		Interest Rate	Balance 12/31/15	Increased	Decreased	Balance 12/31/16
		Issue	Maturity					
Sewer purposes	10/23/14	10/22/15	10/21/16	1.25%	\$ 500,000	\$ -	\$ 500,000	\$ -
Sewer purposes	10/23/14	10/20/16	10/19/17	1.25%	-	300,000	-	300,000
					<u>\$ 500,000</u>	<u>\$ 300,000</u>	<u>\$ 500,000</u>	<u>\$ 300,000</u>
				<u>Ref.</u>	D	Below	Below	D
	Notes reissued			Contra		\$ 300,000	\$ 300,000	
	Paid from budget appropriation			D-4; D-25		-	50,000	
	Disbursements			D-5		-	150,000	
						<u>\$ 300,000</u>	<u>\$ 500,000</u>	

See independent auditors' report.

**TOWNSHIP OF HOLLAND**

**PART II**

**REPORT ON COMPLIANCE AND ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING**

**SCHEDULES OF EXPENDITURES OF FEDERAL  
AND STATE AWARDS**



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

To the Honorable Mayor and Members  
of the Township Committee  
Township of Holland  
Holland, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the Division) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Financial Statements - *Regulatory Basis* of the various funds and account group of the Township of Holland, in the County of Hunterdon, (the Municipality) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated June 30, 2017. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. That report contained an unmodified opinion on the Financial Statements - *Regulatory Basis*.

**Internal Control Over Financial Reporting**

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

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 may exist that have not been identified.

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 Municipality'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.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Municipality's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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 Municipality'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 Municipality's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Bedard, Kurowicki & Co.*  
**BEDARD, KUROWICKI & CO., CPA'S, PC**



William M. Colantano  
Certified Public Accountant  
Registered Municipal Accountant

June 30, 2017  
Flemington, New Jersey

**TOWNSHIP OF HOLLAND**  
**Schedule of Expenditure of Federal Awards**  
**For the Year Ended December 31, 2016**

Federal Grantor	Award Amount	Grant Period		Balance 12/31/15	Receipts	Expended	Over- Expended/ Canceled	Balance 12/31/16
		From	To					
FEMA Shelter grant	\$ 29,981	01/01/13	12/31/13	\$ 13,895	\$ -	\$ -	\$ -	\$ 13,895
FEMA Shelter grant	750	01/01/13	12/31/13	750	-	-	-	750
FEMA Hazard mitigation grant program	112,000	01/01/13	12/31/13	(105,181)	-	6,818	1	(112,000)
<u>Passed-through from federal highway administration</u>								
NJ Department of Environmental Protection - Recreation Trails Program	24,000	01/01/16	12/31/16	-	-	2,239	-	(2,239)
				<u>\$ (90,536)</u>	<u>\$ -</u>	<u>\$ 9,057</u>	<u>\$ 1</u>	<u>\$ (99,594)</u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Expenditures of State Awards**  
**For the Year Ended December 31, 2016**

Grant	Award Amount	Grant Period		Balance 12/31/15	Receipts	Expended	Over-	Balance 12/31/16
		From	To				Expended/ Canceled	
Clean communities program	\$ 17,722	01/01/15	12/31/15	\$ 13,308	\$ -	\$ 13,308	\$ -	\$ -
Clean communities program	20,269	01/01/16	12/31/16	-	20,269	625	-	19,644
Stormwater management	3,750	01/01/05	12/31/05	3,399	-	2,983	-	416
Stormwater management	6,250	01/01/06	12/31/06	6,250	-	6,250	-	-
Recycling tonnage grant	33,698	01/01/14	12/31/14	10,571	-	10,571	-	-
Recycling tonnage grant	32,255	01/01/16	12/31/16	-	32,255	26,814	-	5,441
NJ Body armor	1,318	01/01/13	12/31/13	700	-	-	-	700
NJ Body armor	922	01/01/14	12/31/14	922	-	-	-	922
NJ Body armor	1,005	01/01/15	12/31/15	1,005	-	-	-	1,005
Uniform fire code violations	375	01/01/08	12/31/08	375	-	-	-	375
NJ Environmental commissions ANJAC grant	1,480	01/01/15	12/31/15	(490)	490	-	-	-
NJ Historical commission grant	3,000	01/01/15	12/31/15	3,000	-	3,000	-	-
Highlands grant second	100,000	01/01/15	12/31/15	(16,598)	-	-	-	(16,598)
Highlands grant special	25,000	01/01/15	12/31/15	(7,956)	-	1,548	-	(9,504)
NJ Dept. of transportation aid - Improvements to Bellis Road	155,000	01/01/15	12/31/15	(155,000)	116,250	-	-	(38,750)
NJ Forestry grant	3,000	01/01/16	12/31/16	-	3,000	3,000	-	-
Sustainable small jersey grant	2,000	01/01/16	12/31/16	-	2,000	2,000	-	-
Body worn camera assistance program	2,000	01/01/16	12/31/16	-	2,000	2,000	-	-
Hunterdon County emergency management 2013 EMMA	5,000	01/01/16	12/31/16	-	5,000	-	-	5,000
				<u>\$ (140,514)</u>	<u>\$181,264</u>	<u>\$ 72,099</u>	<u>\$ -</u>	<u>\$ (31,349)</u>

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Notes to Schedules of Expenditures of Federal and State Awards**  
**For the Year Ended December 31, 2016**

Note 1 - General

The accompanying Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Awards (the Schedules) present the activity of all Federal and State Financial Award Programs of the Township of Holland, County of Hunterdon, State of New Jersey (the Municipality) for the year ended December 31, 2016.

Note 2 - Basis of accounting

The accompanying Schedules of Expenditures of Federal and State Awards is presented using the modified accrual basis of accounting as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, which is described in the Notes to the Financial Statements, Note 1.

Note 3 - Relationship to the financial statements

Amounts reported in the Schedules agree with the amounts reported in the Municipality's financial reports. Expenditures from federal, state and local awards are reported in the Municipality's financial statements as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Grant Fund	\$ 9,057	\$ 72,099	-	\$ 81,156

See independent auditors' report.

**TOWNSHIP OF HOLLAND**

**PART III**

**STATISTICAL DATA**

**INSURANCE SCHEDULE**

**LIST OF OFFICIALS**

**GENERAL COMMENTS**

**RECOMMENDATIONS**

**TOWNSHIP OF HOLLAND**  
**Statistical Data**  
**Current Fund**  
**Comparative Schedule of Operations and Changes**  
**in Fund Balance - Regulatory Basis**  
**For the Years Ended December 31, 2016 and 2015**

	2016		2015	
	Amount	%	Amount	%
<u>Revenue and other Income Realized</u>				
Fund balance utilized	\$ 700,000	3.32	\$ 695,000	3.35
Miscellaneous - from other than local property Tax levied	4,073,143	19.34	3,883,664	18.73
Collection of delinquent taxes & tax title liens	218,202	1.04	245,003	1.18
Collection of current tax levy	<u>16,066,968</u>	<u>76.30</u>	<u>15,908,743</u>	<u>76.73</u>
Total income	<u>21,058,313</u>	<u>100.00</u>	<u>20,732,410</u>	<u>100.00</u>
<u>Expenditures</u>				
Budget expenditures				
Municipal purposes	5,023,612	24.99	5,025,807	25.13
County taxes	2,443,731	12.15	2,459,905	12.30
Local school taxes	8,771,709	43.63	8,771,709	43.87
Regional school taxes	3,862,584	19.21	3,667,966	18.34
Other debits to income	<u>4,232</u>	<u>0.02</u>	<u>70,913</u>	<u>0.35</u>
Total expenditures	<u>20,105,868</u>	<u>100.00</u>	<u>19,996,300</u>	<u>100.00</u>
Regulatory excess to fund balance	952,445		736,110	
<u>Fund Balance</u>				
Fund balance - January 1,	<u>2,060,853</u>		<u>2,019,743</u>	
	3,013,298		2,755,853	
Less: utilization as anticipated revenue	<u>700,000</u>		<u>695,000</u>	
Fund balance - December 31,	<u>\$ 2,313,298</u>		<u>\$ 2,060,853</u>	

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Statistical Data**  
**Sewer Operating Fund**  
**Comparative Schedule of Operations and Changes**  
**in Fund Balance - Regulatory Basis**  
**For the Years Ended December 31, 2016 and 2015**

	2016		2015	
	Amount	%	Amount	%
<u>Revenue and other Income Realized</u>				
Fund balance utilized	\$ 121,750	18.66	\$ 59,600	10.74
Miscellaneous - from other than sewer service charges	12,172	1.87	19,134	3.45
Collection of sewer service charges	<u>518,600</u>	<u>79.47</u>	<u>476,204</u>	<u>85.81</u>
Total income	<u>652,522</u>	<u>100.00</u>	<u>554,938</u>	<u>100.00</u>
<u>Expenditures</u>				
Budget expenditures				
Operating	488,000	81.72	476,000	92.60
Capital improvements	10,000	1.67	10,000	1.95
Debt service	55,720	9.33	26,533	5.16
Deferred charges and statutory expenditures	<u>43,500</u>	<u>7.28</u>	<u>1,500</u>	<u>0.29</u>
Total expenditures	<u>597,220</u>	<u>100.00</u>	<u>514,033</u>	<u>100.00</u>
Excess in revenue	55,302		40,905	
Adjustments to income before fund balance:				
Expenditures included above which are by statute deferred charges to budget of succeeding years	<u>-</u>		<u>42,000</u>	
Regulatory excess to fund balance	55,302		82,905	
<u>Fund Balance</u>				
Fund balance - January 1,	<u>146,486</u>		<u>123,181</u>	
	201,788		206,086	
Less: utilization as anticipated revenue	<u>121,750</u>		<u>59,600</u>	
Fund balance - December 31,	<u>\$ 80,038</u>		<u>\$ 146,486</u>	

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Statistical Data (continued)**

**COMPARATIVE SCHEDULE OF TAX RATE INFORMATION**

Year	Apportionment				Total Tax Rate
	Municipal	County	Local School	Regional High School	
2016	\$ 0.19	\$ 0.39	\$ 1.40	\$ 0.61	\$ 2.59
2015	0.19	0.39	1.40	0.58	2.56
2014*	0.09	0.39	1.37	0.61	2.46
2013	-	0.33	1.11	0.51	1.95
2012	-	0.35	1.08	0.52	1.95
2011	-	0.35	1.09	0.53	1.97
2010	-	0.37	1.08	0.50	1.95
2009	-	0.37	1.05	0.50	1.92
2008	-	0.37	1.00	0.48	1.85
2007	-	0.38	0.99	0.46	1.83

\* Revalued/Reassessed

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**

Year	Net Assessed Valuations	Estimated Full Cash Valuations	Percentage of Net Assessed
			to Estimated Full Cash Valuations
2016	\$ 628,568,401	\$ 659,360,538	95.33%
2015	628,414,718	660,724,128	95.11%
2014*	629,009,734	670,270,971	93.84%
2013	763,875,389	691,448,812	110.47%
2012	767,128,401	783,944,071	97.85%
2011	770,225,050	783,944,701	98.25%
2010	771,939,817	832,100,698	92.77%
2009	770,397,199	830,689,491	92.74%
2008	770,110,821	854,549,495	90.12%
2007	767,370,480	876,204,072	87.58%

\* Revalued/Reassessed

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Statistical Data (continued)**

**COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY**

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in percentage of current collection could be an indication of probable increases in future tax levies.

Year	Tax Levy	Cash Collections	Percentage of Collections
2016	\$ 16,312,768	\$ 16,066,968	98.49%
2015	16,132,875	15,908,743	98.61%
2014	15,534,767	15,286,853	98.40%
2013	14,846,969	14,461,715	97.41%
2012	14,931,139	14,704,177	98.48%
2011	15,216,041	14,971,324	98.39%
2010	15,104,272	14,801,704	98.00%
2009	14,783,316	14,476,124	97.92%
2008	14,326,777	13,990,030	97.65%
2007	14,126,824	13,825,854	97.87%

Increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the Municipality, such as Federal and State aid, should decline without corresponding decreases in budgeted expenditures.

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Statistical Data (continued)**

**ASSESSED VALUES DISTRIBUTION**

Year	Vacant						Total
	Land	Residential	Apartments	Commercial	Farmland	Industrial	Real Property
2007	\$ 15,993,100	\$ 646,038,300	\$ 409,900	\$ 16,192,600	\$ 69,134,100	\$ 17,736,700	\$ 765,504,700
2008	13,910,600	644,816,900	409,900	16,192,600	75,148,600	17,716,700	768,195,300
2009	13,960,200	646,967,000	409,900	16,150,100	76,476,600	14,480,500	768,444,300
2010	13,623,600	646,506,300	409,900	16,302,400	78,550,200	14,480,500	769,872,900
2011	12,898,800	646,373,000	409,900	16,202,400	78,375,700	14,026,400	768,286,200
2012	11,043,000	646,768,800	409,900	16,745,200	77,067,200	13,145,500	765,179,600
2013	10,255,300	643,244,500	409,900	16,745,200	78,403,100	13,145,500	762,203,500
2014 (1)	6,480,600	525,191,400	429,300	16,026,211	68,119,310	11,231,600	627,478,421
2015	6,975,500	524,687,600	429,300	15,119,411	68,466,590	11,231,600	626,910,001
2016	7,439,600	526,884,100	429,300	13,883,911	67,235,780	11,231,600	627,104,291

(1) Revalued/Reassessed

**DELINQUENT TAXES AND TITLE LIENS**

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last ten years.

Year	Amount of	Amount of	Total	Percentage
	Tax Title	Delinquent		
	Liens	Taxes	Delinquent	of Tax Levy
2007	\$ 298,879	\$ 288,114	\$ 586,993	4.16%
2008	320,805	262,317	583,122	4.07%
2009	343,477	275,033	618,510	4.18%
2010	350,834	277,313	628,147	4.16%
2011	365,631	222,757	588,388	3.87%
2012	373,879	176,231	550,110	3.68%
2013	91,392	228,425	319,817	2.15%
2014	91,392	246,952	338,344	2.18%
2015	91,392	216,132	307,524	1.91%
2016	91,392	217,730	309,122	1.89%

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Statistical Data (continued)**

**PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties was as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 139,300
2015	194,300
2014	359,300
2013	424,300
2012	None
2011	None
2010	None
2009	None
2008	None
2007	None

**COMPARATIVE SCHEDULE OF FUND BALANCES**

	<u>Year</u>	<u>Dec. 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2016	\$ 2,313,298	\$ 700,000
	2015	2,060,853	700,000
	2014	2,019,743	695,000
	2013	2,681,841	1,346,453
	2012	3,621,364	1,807,654
	2011	4,698,234	1,884,883
	2010	5,722,723	1,744,520
	2009	6,890,854	1,800,000
	2008	7,602,591	1,700,000
	2007	8,538,576	1,750,000

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Statistical Data (continued)**

**COMPARATIVE SCHEDULE OF FUND BALANCES**

	Year	Dec. 31,	Utilized in Budget of Succeeding Year
Sewer Utility	2016	\$ 80,038	\$ 50,000
	2015	146,486	121,750
	2014	123,181	59,600
	2013	79,780	35,200
	2012	86,141	50,000
	2011	96,008	50,000
	2010	74,801	21,540
	2009	35,261	-
	2008	97	-
	2007	97	-

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Statistical Data**  
**Debt Incurring Capacity as of December 31, 2016**

Municipal

1. Equalized valuations of real property (2016, 2015, 2014)	\$ 659,528,003
2. Permitted municipal debt limitation (3.5% of \$659,528,003)	23,083,480
3. Net debt issued, outstanding & authorized	300,000
4. Excess school borrowing	-
5. Total charges to borrowing margin	<u>300,000</u>
6. Remaining municipal borrowing capacity	<u><u>\$ 22,783,480</u></u>

Local school district

1. Permitted school district debt limitation (3.0% of \$659,528,003)	\$ 19,785,840
2. Debt issued, outstanding & authorized	<u>-</u>
3. Remaining municipal borrowing capacity	<u><u>\$ 19,785,840</u></u>

Gross & statutory net debt as of December 31,

Year	Gross Debt Amount	Statutory Net Debt	
		Amount	Percentage
2016	\$ 749,093	\$ 300,000	0.05%
2015	1,096,956	500,000	0.08%
2014	1,265,488	-	0.00%
2013	1,420,847	-	0.00%
2012	1,206,901	155,492	0.02%
2011	1,693,499	206,900	0.03%
2010	2,092,021	206,900	0.03%
2009	3,322,652	1,045,000	0.12%
2008	3,502,184	825,000	0.10%
2007	4,425,974	1,300,000	0.16%

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Statistical Data**  
**Statement of Indebtedness as of December 31, 2016**

General purposes			
Bonds, notes and loans issued and outstanding			
Bonds	\$	-	
Notes		-	
Bonds and notes authorized but not issued		-	
		-	\$ -
Sewer utility purposes			
Bonds, notes and loans issued and outstanding			
Bonds		-	
Notes		300,000	
Bonds and notes authorized but not issued		-	
		-	300,000
Local school district			
Bonds, notes and loans issued and outstanding			
Bonds		-	
Notes		-	
Bonds and notes authorized but not issued		-	
		-	-
Regional school district			
Bonds		449,093	
Notes		-	
Bonds and notes authorized but not issued		-	
		-	449,093
Total gross debt			749,093
Statutory deductions			
Municipal		-	
Local school district		-	
Regional school district		449,093	
		449,093	449,093
Total net debt			\$ 300,000
Overlapping debt as of December 31, 2015			
	Debt	Estimated %	
	Outstanding	Applicable	
Local school district debt	\$ -	100.00%	\$ -
Regional school district debt	1,585,000	28.33%	449,093
County debt	75,793,752	3.13%	2,370,891
Total overlapping debt			\$ 2,819,984

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Statistical Data**  
**Statement of Indebtedness as of December 31, 2016 (continued)**

	<u>Year</u>	<u>Assessed Valuation</u>		
Gross debt			\$	749,093
Per capita (population 2010 census - 5,124)			\$	146
Percent of average equalized valuation basis	2016	\$ 659,528,003		0.11%
Percent of net valuation taxable	2016	628,414,718		0.12%
 Net municipal debt			 \$	 300,000
Per capita (population 2010 census - 5,124)			\$	59
Percent of average equalized valuation basis	2016	\$ 659,528,003		0.05%
Percent of net valuation taxable	2016	628,414,718		0.05%
 Overall debt			 \$	 3,119,984
Per capita (population 2010 census - 5,124)			\$	609
Percent of average equalized valuation basis	2016	\$ 659,528,003		0.47%
Percent of net valuation taxable	2016	628,414,718		0.50%

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**Schedule of Insurance**  
**For the Year Ended December 31, 2016**  
**(Unaudited)**

	Coverage	Deductible
	Statutory	
General and Auto Liability - Statewide Insurance Fund	\$ 10,000,000	\$ -
Public Officials Liability - Statewide Insurance Fund	6,000,000	10,000
Police Professional Liability - National Casualty Company	6,000,000	10,000
Workers Compensation - Statewide Insurance Fund	2,000,000	-
Package Policy - Statewide Insurance Fund		
Property - Building & Contents (Policy Limit)	20,729,273	1,000
Excess General Liability - Statewide Insurance Fund	5,000,000	-
Crime Coverage - Statewide Insurance Fund		
Employee Dishonesty	1,000,000	5,000
Surety bond - Selective Insurance		
Tax and sewer collector	200,000	-

Adequacy of insurance coverage is the responsibility of the municipality.

See independent auditors' report.

**TOWNSHIP OF HOLLAND**  
**List of Officials**

Officials in Office and Surety Bonds

The following officials were in office during the period under audit:

Name	Title
Raymond Krov	Mayor
Daniel Bush	Deputy Mayor
Kenneth Vogel	Committeeperson
Thomas Scheibener	Committeeperson
Anthony Roselle (to February 2016)	Committeeperson
Robert Thurgarland (from March 2016)	Committeeperson

\* \* \* \* \*

Name	Title
Catherine Miller	Municipal Clerk
Edward P Rees (to March 2016)	Treasurer & Chief Financial Officer
Margaret Pasqua (from March 2016)	Treasurer & Chief Financial Officer
Kay Winzenried	Tax and Sewer Collector
Michelle Trivigno	Assessor
Gebhardt and Kiefer	Attorney
Maser Consulting	Engineer
Elizabeth McKenzie	Planner

An excess crime bond pool issued by Municipal Excess Liability Joint Insurance Fund covers all Township employees in the aggregate of \$1,000,000. In addition, the Tax and Sewer Collector position was covered under a separate surety bond in the amount of \$200,000.

**TOWNSHIP OF HOLLAND**  
**General Comments**

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law."

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory limit within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Township Counsel's opinion should be sought before a commitment is made.

The minutes indicated that contracts were awarded for the following items:

Department of Public Works Vehicles	Road Materials
Installation of a Generator	Sewer Extension and Pump Station Project
Fireworks	Snow and Ice Control Materials
Cooperative Purchasing Services	Animal Control Services
Department of Public Works Equipment	

The minutes also indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5 as follows:

Auditor	Engineer
Planning Consultants	Risk Consultant
Hazardous Substances Consultant	Housing and Community Development Services
Highlands and COAH Advisors	Municipal Attorney
Health Benefits Advisors	Architect
Physician Services	

As the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

In accordance with N.J.S.A., 40A:11-3(c) and N.J.A.C. 5:34-5 et seq., the Municipality has appointed a "Qualified Purchasing Agent" which allows the Municipality to increase the bid threshold and to grant the authorization to negotiate contracts below the bid threshold. From our examination of expenditures, it appears that there were no individual payments, contracts or agreements in excess of \$17,500 "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A.40A:11-6.

**TOWNSHIP OF HOLLAND**  
**General Comments**

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

On January 1, 2016, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED that the rate of interest to be charged by the Township of Holland for nonpayment of taxes or assessments on or before the date they would become delinquent, shall be 8% on the first \$1,500 and 18% per annum on the balance over \$1,500 provided however that no interest shall be charged if payment of any installment is made within ten days after the date upon which the same became payable. Any installment received after the expiration of the said ten-day grace period, shall bear interest from the due date.

In addition to the above interest charges the municipality has authorized, by resolution, to charge additional penalties as follows:

Six percent (6%) penalty on any delinquency exceeding \$10,000 on any given parcel of property and who fails to pay the delinquency prior to the end of the calendar year.

It appears from a test examination of the Collector's records that interest was generally collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

A tax sale was held in the year 2016 and was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

The following comparison is made of the number of tax title liens receivable on December 31, of the last three years:

<u>Year</u>	<u>Number of Liens</u>
2016	1
2015	1
2014	1

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on the taxpaying basis.

**Finding**

2016-01 Receipts collected for the Animal Control Fund were not deposited timely.

It is recommended that procedures be implemented guaranteeing that receipts collected for the Animal Control Fund are deposited within 48 hours of collection.

**TOWNSHIP OF HOLLAND**  
**Recommendations**

It is recommended that:

- 1) 2016-01 Officials receiving funds for the Animal Control Fund should be advised of the statutory requirements that deposits are to be made within 48 hours of receipt and implement procedures to guarantee timeliness of deposits.

Status of Prior Year's Audit Findings/Recommendations

A review was performed on prior year recommendations and corrective action was taken on all.

\*\*\*\*\*

The foregoing conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our examination of the financial statements and this report of such conditions does not modify our report dated June 30, 2017.

We would be pleased to confer on questions that might arise with respect to any matter in this report.

We wish to express our appreciation for the assistance and courtesies rendered by the Township officials and employees during the course of the examination.

*Bedard, Kurowicki & Co.*  
**BEDARD, KUROWICKI & CO., CPA'S, PC**

  
William M. Colantano, Jr.  
Certified Public Accountant  
Registered Municipal Accountant