

TOWNSHIP OF HOLLAND
COUNTY OF HUNTERDON
REPORT OF AUDIT
December 31, 2018



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

For the Year Ended December 31, 2018

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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 Comparative Balance Sheet - Regulatory Basis and the Comparative Statement of General Fixed Assets - Regulatory Basis of the various funds and account group of the Township of Holland, in the County of Hunterdon, State of New Jersey (the Municipality) as of December 31, 2018 and 2017, and the related Comparative Statement of Operations and Changes in Fund Balance for the years then ended, and the related Statement of Revenues - Regulatory Basis, Statement of Expenditures - Regulatory Basis for the fiscal year ended December 31, 2018, and the related Notes to the Financial Statements which collectively comprise the Municipality's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of 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.

Opinions

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

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 to meet the requirements of the Divisions. 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 Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America* 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 the Municipality as of December 31, 2018 and 2017, or the results of its operations and changes in fund balance for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the Comparative Balance Sheet - Regulatory Basis and the Comparative Statement of General Fixed Assets - Regulatory Basis of the various funds and account group of the Municipality as of December 31, 2018 and 2017, and the results of operations and changes in fund balance of such funds for the years then ended and the related Statement of Revenues - Regulatory Basis, Statement of Expenditures - Regulatory Basis, except for the budgetary information, which was not audited, for the year ended December 31, 2018 in conformity with accounting principles and practices prescribed by the Division, as described in Note 1.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 9 to the financial statements, in 2018 the Municipality adopted new accounting guidance, *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Municipality's basic financial statements. The supplementary schedules presented for the various funds, as listed in the table of contents, are presented for purposes of additional analysis as required by the Division and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of State Financial Assistance is presented for purposes of additional analysis as required by the Division through the State of New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* and is also not a required part of the financial statements.

The supplementary schedules presented for the various funds and the Schedules of Expenditures of Federal and State and Local Financial Assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental statements and schedules described in the previous paragraph are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The additional schedules as listed in the Table of Contents have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September October 9, 2019 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.



BKC, CPAs, PC



William M. Colantano
Certified Public Accountant
Registered Municipal Accountant

October 9, 2019
Flemington, New Jersey

FINANCIAL STATEMENTS - REGULATORY BASIS

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

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Assets			
Regular fund			
Cash			
Treasurer	A-4	\$ 9,287,357	\$ 9,477,411
Tax collector	A-6	196,732	664,476
Change funds	A-8	550	800
		<u>9,484,639</u>	<u>10,142,687</u>
Delinquent property taxes receivable	A-9	233,702	231,399
Tax title liens receivable	A-10	104,975	91,392
Property acquired for taxes - assessed valuation	A-11	139,300	139,300
Revenue accounts receivable	A-12	248	576
Due from federal and state grant fund	A-14	6,100	5,000
Due from performance bond escrow	A-15	180	141
Due from escrow funds	A-15	301	-
		<u>484,806</u>	<u>467,808</u>
Total regular fund		9,969,445	10,610,495
Federal and state grant fund			
Cash	A-4	691	1,379
Grants receivable	A-18	257,793	305,860
Total federal and state grant fund		<u>258,484</u>	<u>307,239</u>
Total assets		<u><u>\$ 10,227,929</u></u>	<u><u>\$ 10,917,734</u></u>

See accompanying notes to the financial statements.

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

	Ref.	2018	2017
Liabilities, reserves and fund balance			
Regular fund			
Appropriation reserves	A-3;A-19	\$ 350,806	\$ 674,488
Reserve for encumbrances	A-20	30,925	36,631
Due to State of NJ Veteran's & Senior			
Citizen's deductions	A-21	1,237	1,757
Prepaid taxes	A-22	98,706	648,449
Tax overpayments	A-23	5,135	19,001
Local school tax payable	A-24	4,512,892	4,471,531
Regional high school taxes payable	A-25	1,471,066	1,614,094
County tax payable	A-26	1,901	2,056
Due to outside agencies	A-27	275	150
Due to outside lienholders	A-28	972	972
Reserve for first aid squad	A-30	25,600	25,600
Reserve for veterans day celebration	A-31	200	200
		<u>6,499,715</u>	<u>7,494,929</u>
Reserve for receivables	A	484,806	467,808
Fund balance	A-1	2,984,924	2,647,758
Total regular fund		<u>9,969,445</u>	<u>10,610,495</u>
Federal & state grant fund			
Due to regular fund	A-33	6,100	5,000
Appropriated reserves for grants	A-34	210,617	247,785
Unappropriated reserves for grants	A-35	-	31,427
Reserve for encumbrances	A-36	41,767	23,027
Total federal & state grant fund		<u>258,484</u>	<u>307,239</u>
Total liabilities, reserves and fund balance		<u>\$ 10,227,929</u>	<u>\$ 10,917,734</u>

See accompanying notes to the financial statements.

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

	Ref.	2018	2017
Revenues and other income realized			
Fund balance utilized	A-2	\$ 695,000	\$ 700,000
Miscellaneous revenue anticipated	A-2	3,522,822	3,596,071
Receipts from delinquent taxes	A-2	226,711	220,468
Receipts from current taxes	A-2	16,259,757	16,400,351
Non-budget revenue	A-2	94,038	140,702
Other credits to income			
Unexpended balance of appropriation reserves	A-19	639,315	669,558
Tax overpayments canceled	A-23	17	82
Total income		<u>21,437,660</u>	<u>21,727,232</u>
Expenditures			
Budget and emergency appropriations			
Operations			
Salaries and wages	A-3	1,966,350	1,917,000
Other expenses	A-3	2,219,622	2,431,196
Capital improvements	A-3	500,000	500,000
Deferred charges & statutory expenditures	A-3	399,000	391,630
Local district school taxes	A-24	9,025,784	8,943,061
Regional high school taxes	A-25	3,766,087	4,052,144
County taxes	A-26	2,521,417	2,449,017
County share of added taxes	A-26	1,901	2,056
Other debits to income			
Interfund advances - net	A-2	1,440	3,500
Prior year refunds - tax appeals adjustments	A-23	2,643	-
Prior year senior citizen deduction disallowed	A-21	1,250	3,168
Total expenditures		<u>20,405,494</u>	<u>20,692,772</u>

See accompanying notes to the financial statements.

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

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Regulatory excess to fund balance		\$ 1,032,166	\$ 1,034,460
Balance January 1,	A	<u>2,647,758</u>	<u>2,313,298</u>
		3,679,924	3,347,758
Decreased by			
Utilized as anticipated revenue	A-2	<u>695,000</u>	<u>700,000</u>
Balance December 31,	A	<u>\$ 2,984,924</u>	<u>\$ 2,647,758</u>

See accompanying notes to the financial statements.

TOWNSHIP OF HOLLAND
Statement of Revenues - Regulatory Basis
Current Fund
For the Year Ended December 31, 2018

	Ref.	Unaudited Anticipated		Realized	Excess or Deficit
		Budget	NJS 40:4-87		
Fund balance anticipated	A-1	\$ 695,000	\$ -	\$ 695,000	\$ -
Miscellaneous revenues					
Licenses					
Alcoholic beverage	A-12	2,500	-	5,376	2,876
Fines and costs					
Municipal court	A-12	10,000	-	6,391	(3,609)
Interest on investments and deposits	A-2	20,538	-	83,270	62,732
Interest & cost on taxes	A-6	48,000	-	54,598	6,598
Swimming pool fees	A-12	104,000	-	109,876	5,876
Riegel Ridge Community Center fees	A-12	356,000	-	401,449	45,449
Snack bar fees	A-12	18,000	-	18,155	155
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-18	26,427	-	26,427	-
Penn East Pipeline Community					
Connect	A-18	-	5,000	5,000	-
Clean communities grant	A-18	-	16,495	16,494	(1)
N.J. Small grants program	A-18	30,000	-	30,000	-
National crime statistics exchange					
program grant	A-18	-	49,851	49,851	-
Hunterdon County emergency					
management grant	A-18	-	5,000	5,000	-
Total miscellaneous revenues	A-1	3,326,400	76,346	3,522,822	120,076
Receipts from delinquent taxes	A-1;A-2	210,000	-	226,711	16,711
Property tax for support of municipal					
budget appropriations					
Local tax for municipal purposes	A-2	1,193,600	-	1,360,942	167,342
Budget totals		5,425,000	76,346	5,805,475	\$ 304,129
Nonbudget revenues	A-1;A-2	-	-	94,038	
		<u>\$ 5,425,000</u>	<u>\$ 76,346</u>	<u>\$ 5,899,513</u>	
	Ref.	A-3	A-3		

See accompanying notes to the financial statements.

TOWNSHIP OF HOLLAND
Statement of Revenues - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2018

	<u>Ref.</u>			
Analysis of realized revenues				
Allocation of current tax collections				
Tax collections	A-1;A-9	\$ 16,259,757		
Allocated to				
Local district school taxes	A-9	9,025,784		
Regional high school taxes	A-9	3,766,087		
County taxes	A-9	<u>2,523,318</u>		
		<u>15,315,189</u>		
Balance for support of municipal budget appropriations		944,568		
Add: appropriation - reserve for uncollected taxes	A-3	<u>416,374</u>		
Realized for support of municipal budget	A-2	<u><u>\$ 1,360,942</u></u>		
Analysis of delinquent tax collections				
Receipts from delinquent tax collections	A-2; A-9	<u><u>\$ 226,711</u></u>		
Interest on investments				
Treasurer	A-4	\$ 38,047		
Tax collector	A-6	21,792		
Animal control fund	A-13	83		
Federal and state grant fund	A-14	186		
Other trust funds	A-15	340		
General capital fund	A-16	21,015		
Payroll account	A-17	<u>1,807</u>		
	A-2	<u><u>\$ 83,270</u></u>		
			Increase (Decrease)	
	<u>Ref.</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	
Interfund advances and return analysis				
Due from federal and state grant fund	A-14	\$ 6,100	\$ 5,000	\$ 1,100
Due from escrow funds	A-15	301	-	301
Due from performance bond escrow	A-15	<u>180</u>	<u>141</u>	<u>39</u>
		<u><u>\$ 6,581</u></u>	<u><u>\$ 5,141</u></u>	<u><u>\$ 1,440</u></u>
	<u>Ref.</u>			A-1

See accompanying notes to the financial statements.

TOWNSHIP OF HOLLAND
Statement of Revenues - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2018

	<u>Ref.</u>	
Analysis of realized revenues (continued)		
Analysis of nonbudget revenue		
Treasurer		
Cell tower rent		\$ 13,754
Tax assessor fees		100
Cable TV franchise fee		20,018
Veteran's & Seniors Citizen's - administrative fees		1,230
Homestead rebate processing fee		597
Clerk - other licenses		195
Planning board fees		2,050
Perc testing fees		6,750
Registrar fees		4,336
Copy fees		28
Zoning fees and permits		10,275
Food handling licenses		2,600
Holland book sales		774
Sale of surplus equipment		7,772
Road opening and driveway permits		1,775
Dumpster tickets		5,905
Recycling sales		1,348
Tire disposal		615
Police fees		430
Riegel Ridge Rams reimbursements		4,589
Miscellaneous other		3,178
Various refunds		4,635
	A-4	92,954
Tax collector		
Miscellaneous	A-6	1,000
Duplicate tax bills	A-6	84
		1,084
	A-2	\$ 94,038

See accompanying notes to the financial statements.

TOWNSHIP OF HOLLAND
Statement of Expenditures - Regulatory Basis
Current Fund
For the Year Ended December 31, 2018

	Unaudited		Expended by		Balance Canceled	Over- Expended
	Appropriations		Paid or Charged	Reserved		
	Budget	Budget After Modification				
Operations within CAPS						
General government						
Mayor and committee						
Salaries and wages	\$ 20,000	\$ 20,000	\$ 20,000	\$ -	\$ -	\$ -
Other expenses	43,500	46,500	43,883	2,617	-	-
Municipal clerk						
Salaries and wages	110,000	110,000	102,808	7,192	-	-
Other expenses	35,000	35,000	23,367	11,633	-	-
Financial administration						
Salaries and wages	35,000	35,000	25,873	9,127	-	-
Other expenses	61,000	61,000	54,834	6,166	-	-
Audit services	25,000	22,000	21,500	500	-	-
Assessment of taxes						
Salaries and wages	40,000	40,000	39,865	135	-	-
Other expenses	3,300	3,300	1,806	1,494	-	-
Collection of taxes						
Salaries and wages	26,000	26,000	21,420	4,580	-	-
Other expenses	9,000	9,000	8,727	273	-	-
Legal services and costs						
Other expenses	120,000	70,000	50,046	19,954	-	-
Engineering services & costs						
Other expenses	35,000	29,000	17,509	11,491	-	-
Municipal court						
Salaries and wages	14,000	14,000	11,218	2,782	-	-
Other expenses	15,000	15,000	14,593	407	-	-
Municipal prosecutor						
Salaries and wages	7,000	7,000	6,010	990	-	-
Public buildings and grounds						
Salaries and wages	30,000	39,000	37,163	1,837	-	-
Other expenses	175,000	187,000	178,610	8,390	-	-
Land use administration						
Planning board						
Salaries and wages	16,000	17,250	17,250	-	-	-
Other expenses	38,000	37,250	14,643	22,607	-	-

See accompanying notes to the financial statements.

TOWNSHIP OF HOLLAND
Statement of Expenditures - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2018

	Unaudited		Expended by		Balance Canceled	Over- Expended
	Appropriations		Paid or Charged	Reserved		
	Budget	After Modification				
Operations within CAPS (cont'd)						
General government (cont'd)						
Land use administration (cont'd)						
Zoning board of adjustment						
Salaries and wages	\$ 16,000	\$ 16,500	\$ 16,316	\$ 184	\$ -	\$ -
Other expenses	9,000	8,500	4,757	3,743	-	-
Zoning officer						
Salaries and wages	14,000	14,000	12,734	1,266	-	-
Other expenses	1,000	1,000	109	891	-	-
Public safety						
Fire						
Other expenses	23,500	23,500	20,275	3,225	-	-
Aid to volunteer fire companies	70,000	70,000	70,000	-	-	-
Police						
Salaries and wages	660,000	733,000	729,542	3,458	-	-
Other expenses	60,000	60,000	59,314	686	-	-
First aid organization - contribution	70,000	70,000	69,401	599	-	-
Office of emergency management						
Salaries and wages	7,000	7,000	6,583	417	-	-
Other expenses	10,000	10,000	9,352	648	-	-
Public defender						
Salaries and wages	1,400	1,400	1,224	176	-	-
Public works						
Road repairs and maintenance						
Salaries and wages	495,000	495,000	454,832	40,168	-	-
Other expenses	220,000	210,000	174,163	35,837	-	-
Snow removal						
Other expenses	65,000	70,000	67,067	2,933	-	-
Environmental commission - recycling						
Salaries and wages	5,000	5,000	900	4,100	-	-
Other expenses	6,000	6,000	5,998	2	-	-

See accompanying notes to the financial statements.

TOWNSHIP OF HOLLAND
Statement of Expenditures - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2018

	Unaudited		Expended by		Balance Canceled	Over- Expended
	Appropriations		Paid or Charged	Reserved		
	Budget	Budget After Modification				
Operations within CAPS (cont'd)						
General government (cont'd)						
Health and welfare						
Board of health						
Salaries and wages	\$ 1,500	\$ 1,500	\$ 990	\$ 510	\$ -	\$ -
Other expenses	2,900	2,900	1,200	1,700	-	-
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	990	510	-	-
Other expenses	10,000	10,000	7,399	2,601	-	-
Riegel Ridge Community Center						
Salaries and wages	300,000	300,000	288,821	11,179	-	-
Other expenses	135,000	156,000	155,894	106	-	-
Swimming pool						
Salaries and wages	90,000	75,000	74,706	294	-	-
Other expenses	40,000	35,000	24,139	10,861	-	-
Snack bar						
Salaries and wages	8,000	6,000	5,506	494	-	-
Other expenses	15,000	11,000	9,652	1,348	-	-
Historical preservation commission						
Salaries and wages	1,100	1,100	810	290	-	-
Other expenses	7,000	7,000	5,077	1,923	-	-
Agricultural advisory commission						
Salaries and wages	1,100	1,100	360	740	-	-
Other expenses	11,400	11,400	4,492	6,908	-	-
Insurance						
Workers compensation	60,000	60,000	56,454	3,546	-	-
Employee group health	330,000	330,000	299,264	30,736	-	-
Other insurance premiums	125,000	125,000	115,461	9,539	-	-

See accompanying notes to the financial statements.

TOWNSHIP OF HOLLAND
Statement of Expenditures - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2018

	Unaudited		Expended by			
	Appropriations		Paid or Charged	Reserved	Balance Canceled	Over- Expended
	Budget	Budget After Modification				
Operations within CAPS (cont'd)						
Unclassified						
Electricity	\$ 90,000	\$ 85,000	\$ 78,059	\$ 6,941	\$ -	\$ -
Street lighting	25,000	22,000	17,453	4,547	-	-
Telephone	28,000	30,000	29,171	829	-	-
Fuel oil	15,000	10,000	2,248	7,752	-	-
Gasoline & diesel fuel	60,000	57,500	44,930	12,570	-	-
Natural gas	20,000	20,000	14,923	5,077	-	-
Trash removal dumpster	30,000	25,000	17,125	7,875	-	-
Total operations within CAPS	<u>4,013,200</u>	<u>4,023,200</u>	<u>3,681,616</u>	<u>341,584</u>	<u>-</u>	<u>-</u>
Contingent	-	-	-	-	-	-
Total operations including contingent within CAPS	<u>4,013,200</u>	<u>4,023,200</u>	<u>3,681,616</u>	<u>341,584</u>	<u>-</u>	<u>-</u>
Detail						
Salaries and wages	1,899,600	1,966,350	1,875,921	90,429	-	-
Other expenses (including contingent)	<u>2,113,600</u>	<u>2,056,850</u>	<u>1,805,695</u>	<u>251,155</u>	<u>-</u>	<u>-</u>
Deferred charges and statutory Expenditures						
Statutory expenditures						
Contribution to Public employees retirement system	110,000	110,000	106,235	3,765	-	-
Social Security system (OASI)	150,000	140,000	137,879	2,121	-	-
Police and Firemen's retirement system	133,000	133,000	132,741	259	-	-
Defined contribution retirement program	5,500	5,500	4,088	1,412	-	-
State unemployment compensation	<u>10,500</u>	<u>10,500</u>	<u>8,835</u>	<u>1,665</u>	<u>-</u>	<u>-</u>
Total deferred charges and statutory expenditures - Municipal within CAPS	<u>409,000</u>	<u>399,000</u>	<u>389,778</u>	<u>9,222</u>	<u>-</u>	<u>-</u>

See accompanying notes to the financial statements.

TOWNSHIP OF HOLLAND
Statement of Expenditures - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2018

	Unaudited		Expended by			
	Appropriations		Paid or Charged	Reserved	Balance Canceled	Over- Expended
	Budget	Budget After Modification				
Total general appropriations for municipal purposes within CAPS	\$ 4,422,200	\$ 4,422,200	\$ 4,071,394	\$ 350,806	\$ -	\$ -
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	26,427	26,427	26,427	-	-	-
Clean communities						
Other expenses	16,494	16,494	16,494	-	-	-
Small cities grant program						
Other expenses	30,000	30,000	30,000	-	-	-
National crime statistics exchange program grant						
Other expenses	49,851	49,851	49,851	-	-	-
Hunterdon County emergency management grant						
Other expenses	5,000	5,000	5,000	-	-	-

See accompanying notes to the financial statements.

TOWNSHIP OF HOLLAND
Statement of Expenditures - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2018

	Unaudited		Expended by			
	Appropriations		Paid or Charged	Reserved	Balance Canceled	Over- Expended
	Budget	Budget After Modification				
Operations excluded from CAPS (cont'd)						
Penneast Pipeline						
Community Connect						
Other expenses	\$ 5,000	\$ 5,000	\$ 5,000	\$ -	\$ -	\$ -
Total operations excluded from CAPS	162,772	162,772	162,772	-	-	-
Detail						
Other expenses	162,772	162,772	162,772	-	-	-
Capital improvements - excluded from CAPS						
Reserves for						
Purchase of fire truck	50,000	50,000	50,000	-	-	-
Road improvements	260,000	260,000	260,000	-	-	-
Building improvements	100,000	100,000	100,000	-	-	-
Purchase of ambulance	15,000	15,000	15,000	-	-	-
Purchase of dpw equipment	75,000	75,000	75,000	-	-	-
Total capital improvements excluded from CAPS	500,000	500,000	500,000	-	-	-
Total general appropriation, for municipal purposes excluded from CAPS	662,772	662,772	662,772	-	-	-
Subtotal general appropriations	5,084,972	5,084,972	4,734,166	350,806	-	-
Reserve for uncollected taxes	416,374	416,374	416,374	-	-	-
Total general appropriations	\$ 5,501,346	\$ 5,501,346	\$ 5,150,540	\$ 350,806	\$ -	\$ -
Ref.	A-2	A-3	A-1;A-3	A;A-1		

See accompanying notes to the financial statements.

TOWNSHIP OF HOLLAND
Statement of Expenditures - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2018

	Ref.	Paid or Charged
Paid or charged		
Cash disbursed	A-4	\$ 1,880,672
Due to payroll account	A-17	2,183,417
Reserve for encumbrances	A-20	30,925
Reserve for uncollected taxes	A-2	416,374
Due from animal control fund	A-13	10,000
Due to general capital fund	A-16	500,000
Appropriated reserve for grants	A-34	132,772
		5,154,160
Less		
Appropriation refunds	A-4	3,620
	A-3	\$ 5,150,540
 Appropriations		
Budget	A-2	\$ 5,425,000
Added by NJSA 40A:4-87	A-2	76,346
	A-3	\$ 5,501,346

See accompanying notes to the financial statements.

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

	Ref.	2018	2017
Assets			
Animal control fund			
Cash	B-1	\$ 4,510	\$ 10,782
Other trust funds			
Cash - treasurer	B-1	496,940	564,575
Loans receivable	B-9	316,197	357,472
		<u>813,137</u>	<u>922,047</u>
Total assets		<u>\$ 817,647</u>	<u>\$ 932,829</u>
Liabilities and reserves			
Animal control fund			
Reserve for animal control fund expenditures	B-3	\$ 4,387	\$ 10,723
Due to State of New Jersey	B-5	101	59
Reserve for encumbrances	B-7	22	-
		<u>4,510</u>	<u>10,782</u>
Other trust funds			
Due to current fund	B-6	481	141
Reserve for encumbrances	B-8	363	518
Reserve for escrow funds	B-10	166,874	220,139
Reserve for small cities revolving loan	B-11	465,631	476,677
Reserve for recreation and community services	B-12	1	1,529
Reserve for development fees	B-13	9,369	6,678
Reserve for tax sale premiums	B-14	11,600	56,200
Reserve for snow removal	B-15	70,900	70,900
Reserve for payroll account	B-16	316	1,767
Reserve for future legal expenses	B-17	15,090	15,065
Reserve for performance bond	B-18	72,504	72,425
Reserve for POAA	B-19	8	8
		<u>813,137</u>	<u>922,047</u>
Total liabilities and reserves		<u>\$ 817,647</u>	<u>\$ 932,829</u>

See accompanying notes to the financial statements.

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

	Ref.	<u>2018</u>	<u>2017</u>
Assets			
Cash	C-2	\$ 2,637,788	\$ 2,852,099
NJ D.O.T. grants receivable	C-5	<u>11,514</u>	<u>11,514</u>
Total assets		<u><u>\$ 2,649,302</u></u>	<u><u>\$ 2,863,613</u></u>
Liabilities, reserves and fund balance			
Improvement authorizations funded	C-8	\$ 1,157,531	\$ 572,136
Reserve for encumbrances	C-9	175,090	99,919
Capital improvement fund	C-10	899,880	899,880
Reserve for capital projects	C-11	88,833	713,710
Fund balance	C-1	<u>327,968</u>	<u>577,968</u>
Total liabilities, reserves and fund balance		<u><u>\$ 2,649,302</u></u>	<u><u>\$ 2,863,613</u></u>

See accompanying notes to the financial statements.

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

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Balance - January 1	C	\$ 577,968	\$ 160,010
Increased by			
Proceeds from sale of land		-	402,000
Cancellation of improvement authorizations		-	15,958
		<u>577,968</u>	<u>577,968</u>
Decreased by			
Appropriated to finance improvement authorizations	C-8	<u>250,000</u>	<u>-</u>
Balance - December 31	C	<u>\$ 327,968</u>	<u>\$ 577,968</u>

See accompanying notes to the financial statements.

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

	Ref.	2018	2017
Assets			
Operating fund			
Cash			
Treasurer	D-5	\$ 147,001	\$ 108,020
Collector	D-7	60,107	22,360
		<u>207,108</u>	<u>130,380</u>
Receivables with full reserves			
Consumer accounts receivable	D-10	44,579	52,688
		<u>44,579</u>	<u>52,688</u>
Total operating fund		251,687	183,068
Capital fund			
Cash			
Treasurer	D-5	160,759	172,886
Fixed capital	D-12	1,314,238	989,826
Fixed capital authorized and uncompleted	D-13	90,000	490,000
Total capital fund		<u>1,564,997</u>	<u>1,652,712</u>
Total assets		<u>\$ 1,816,684</u>	<u>\$ 1,835,780</u>

See accompanying notes to the financial statements.

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

	Ref.	2018	2017
Liabilities, reserves and fund balance			
Operating fund			
Liabilities			
Appropriation reserves	D-4;D-14	\$ 69,475	\$ 60,502
Reserve for encumbrances	D-15	1,014	1,356
Sewer rent overpayments	D-16	1,285	274
Prepaid sewer rents	D-17	2,226	3,405
Accrued interest on notes	D-18	1,093	884
		<u>75,093</u>	<u>66,421</u>
Reserve for receivables	D	44,579	52,688
Fund balance	D-1	132,015	63,959
Total operating fund		<u>251,687</u>	<u>183,068</u>
Capital fund			
Bond anticipation note payable	D-25	200,000	250,000
Improvement authorizations	D-20	71,482	164,518
Reserve for amortization	D-21	1,189,826	989,826
Reserve for encumbrances	D-22	-	4,679
Deferred reserve for amortization	D-23	90,000	240,000
Capital improvement fund	D-24	13,545	3,545
Capital fund balance	D-2	144	144
Total capital fund		<u>1,564,997</u>	<u>1,652,712</u>
Total liabilities, reserves and fund balance		<u>\$ 1,816,684</u>	<u>\$ 1,835,780</u>

See accompanying notes to the financial statements.

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

	Ref.	2018	2017
Revenues and other income realized			
Fund balance utilized	D-3	\$ 50,000	\$ 50,000
Sewer service charges	D-3	558,583	510,847
Miscellaneous	D-3	6,513	4,708
Other credits to income			
Unexpended balance of appropriation reserves	D-14	60,495	30,245
Overpaid sewer accounts receivable balances canceled	D-16	24	16
Total income		<u>675,615</u>	<u>595,816</u>
Expenditures			
Operating expenses	D-4	491,500	496,500
Capital improvements	D-4	10,000	10,000
Debt service	D-4	54,559	53,895
Deferred charges & statutory expenditures	D-4	1,500	1,500
Total expenditures		<u>557,559</u>	<u>561,895</u>
Statutory excess to fund balance		118,056	33,921
Fund balance			
Balance January 1,	D	<u>63,959</u>	<u>80,038</u>
Decreased by		182,015	113,959
Utilized as anticipated revenue	D-3	<u>50,000</u>	<u>50,000</u>
Balance December 31,	D	<u>\$ 132,015</u>	<u>\$ 63,959</u>

See accompanying notes to the financial statements.

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

	Ref.	For the Years Ended	
		12/31/18	12/31/17
Balance - January 1	D	\$ 144	\$ 1,970
Increased by			
Improvement authorizations canceled		-	10,174
		144	12,144
Decreased by			
Appropriated to finance improvement authorization		-	12,000
Balance - December 31	D	\$ 144	\$ 144

See accompanying notes to the financial statements.

TOWNSHIP OF HOLLAND
Statement of Revenues - Regulatory Basis
Sewer Utility Fund
For the Year Ended December 31, 2018

	Ref.	Unaudited Anticipated		Realized	Excess or Deficit
		Budget	NJS 40:4-87		
Fund balance anticipated	D-1	\$ 50,000	\$ -	\$ 50,000	\$ -
Sewer service charges	D-1;D-10	510,000	-	558,583	48,583
		<u>560,000</u>	<u>-</u>	<u>608,583</u>	<u>48,583</u>
Non-budget revenue	D-1;D-3	-	-	6,513	6,513
		<u>\$ 560,000</u>	<u>\$ -</u>	<u>\$ 615,096</u>	<u>\$ 55,096</u>
	<u>Ref.</u>	D-4			
Analysis of non-budget revenue					
Interest on deposits	D-3		\$ 2,802		
Interest and costs on payments	D-7		3,646		
Miscellaneous revenue	D-7		65		
	D-3		<u>\$ 6,513</u>		
Interest on deposits					
Sewer operating	D-5		\$ 1,009		
Collector	D-7		597		
Sewer capital	D-11		1,196		
	D-3		<u>\$ 2,802</u>		

See accompanying notes to the financial statements.

TOWNSHIP OF HOLLAND
Statement of Expenditures - Regulatory Basis
Sewer Utility Fund
For the Year Ended December 31, 2018

	Unaudited Appropriations		Expended by		Balance Canceled	Over- Expended
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operating						
Salaries and wages	\$ 13,500	\$ 13,500	\$ 10,478	\$ 3,022	\$ -	\$ -
Other expenses						
Miscellaneous other expenses	23,000	23,000	8,009	14,991	-	-
Contribution to Milford sewer	455,000	455,000	404,237	50,763	-	-
Capital improvements						
Capital improvement fund	10,000	10,000	10,000	-	-	-
Debt service						
Principal on notes	50,000	50,000	50,000	-	-	-
Interest on notes	7,000	7,000	4,559	-	2,441	-
Statutory expenditures						
Contribution to Social Security system	1,500	1,500	801	699	-	-
	<u>\$560,000</u>	<u>\$560,000</u>	<u>\$488,084</u>	<u>\$69,475</u>	<u>\$ 2,441</u>	<u>\$ -</u>

Ref. D-3 D-3 D-1; Below D; D-1

Analysis of Paid or Charged

Disbursements	D-5	\$461,232
Due from payroll account	D-9	11,279
Encumbrances payable	D-15	1,014
Accrued interest on notes	D-18	4,559
Due to sewer capital fund	D-11	10,000
	D-4	<u>\$488,084</u>

See accompanying notes to the financial statements.

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

	<u>2018</u>	<u>2017</u>
General fixed assets		
Land	\$ 2,439,700	\$ 2,439,700
Construction in progress	179,093	179,761
Building & building improvements	7,100,538	6,850,507
Machinery & equipment	5,214,987	5,229,718
	<u>\$ 14,934,318</u>	<u>\$ 14,699,686</u>
Investment in general fixed assets	<u>\$ 14,934,318</u>	<u>\$ 14,699,686</u>

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2018

Note 1 - Summary of significant accounting policies

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 as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement Numbers 39, 61 and 80.

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 groups:

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.

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2018

Note 1 - Summary of significant accounting policies (continued)

Account Groups

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.

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 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 10th and adopt no later than March 20th 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
For the Years Ended December 31, 2018

Note 1 - Summary of significant accounting policies (continued)
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 31 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.

Property Acquired for Taxes/Foreclosed Property - is recorded in the current fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the Municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to USA taxpaying basis. For this reason, the value of the foreclosed property has not been included in the general fixed assets account group. If such property is converted to a municipal use, it will be recorded in the general fixed assets account group.

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
For the Years Ended December 31, 2018

Note 1 - Summary of significant accounting policies (continued)

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.

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, *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 Asset 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
For the Years Ended December 31, 2018

Note 1 - Summary of significant accounting policies (continued)

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. Losses arising from tax appeals and other contingencies are not recorded until paid.
10. 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.
11. Compensated absence liabilities for sick and vacation pay and for contributions to state administered pension plans are not recorded until paid.
12. Financial Reporting Model - These statements are not presented on the requirements as promulgated by GASB, *Accounting and Financial Reporting for Pensions an Amendment of GASB*. 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 rather than reported.
13. Financial Reporting Model - These statements are not presented on the requirements as promulgated by GASB, *Accounting and Financial Reporting for Other Postemployment Benefits an Amendment of GASB*. This statement made dramatic changes to the financial reporting requirements of state and local governments as it relates to reporting for other postemployment benefits for GAAP purposes. Information regarding pension activity is disclosed rather than reported.

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

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2018

Note 2 - Deposits and investments

Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. The Municipality does not have any investments.

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.

The Cash Management Plan adopted by the Municipality requires it to deposit funds in public depositories protected from loss under provisions of the act.

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 does not have a policy for custodial credit risk. New Jersey statutes require that cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental 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 in excess of 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, 2018 and 2017, the Municipality's bank balances of \$13,006,711 and \$13,710,308, respectively, were exposed to custodial credit risk as follows:

	2018	2017
Insured by the FDIC	\$ 250,000	\$ 250,000
Deposits with New Jersey Cash Management Fund	73,836	72,504
Uninsured and collateralized with securities held by pledging financial institutions	12,682,875	13,387,804
Total	<u>\$ 13,006,711</u>	<u>\$ 13,710,308</u>

Concentration of credit risk

The State of New Jersey does not place any limit on the amount that the Municipality may invest with one issuer. As of December 31, 2018, and 2017, the Municipality's funds were invested in the New Jersey Cash Management Fund.

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2018

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 February 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.

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.

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2018

Note 4 - Long-term debt (continued)
Summary of municipal debt

	2018	2017
Issued		
Sewer utility bond anticipation notes	\$ 200,000	\$ 250,000
Net bonds and notes issued and authorized but not issued	\$ 200,000	\$ 250,000

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 .000%.

	Gross Debt	Deductions	Net Debt
Regional school district debt	\$ 150,787	\$ 150,787	\$ -
Sewer utility debt	200,000	200,000	-
	\$ 350,787	\$ 350,787	\$ -

Net debt \$0 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended, \$668,826,371 equals .000%.

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

3 1/2% of equalized valuation basis (municipal)	\$ 23,408,923
Net debt	-
Remaining borrowing power	\$ 23,408,923

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2018

Note 4 - Long-term debt (continued)
Changes in long-term debt

During the years ended December 31, 2017 and 2018, the following changes occurred in long-term debt.

	Balance 01/01/17	Additions	Reductions	Balance 12/31/17
Issued				
Sewer utility				
Bond anticipation				
notes	\$ 300,000	\$ 250,000	\$ 300,000	\$ 250,000
Total	<u>\$ 300,000</u>	<u>\$ 250,000</u>	<u>\$ 300,000</u>	<u>\$ 250,000</u>

	Balance 01/01/18	Additions	Reductions	Balance 12/31/18
Issued				
Sewer utility				
Bond anticipation				
notes	\$ 250,000	\$ 200,000	\$ 250,000	\$ 200,000
Total	<u>\$ 250,000</u>	<u>\$ 200,000</u>	<u>\$ 250,000</u>	<u>\$ 200,000</u>

Note 5 - Short-term debt - bond anticipation notes

The Municipality has outstanding bond anticipation notes at December 31, 2018 in the amount of \$200,000 and outstanding bond anticipation notes at December 31, 2017 in the amount of \$250,000. The note for December 31, 2018 has a term of October 16, 2018 to October 15, 2019 with an interest rate of 2.63% payable at maturity while the note for December 31, 2017 has a term from October 18, 2017 to October 17, 2018 with an interest rate of 1.745% payable at maturity. Principal and interest on the note are 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 12/31/18	Balance 12/31/17	Balance 12/31/18	Balance 12/31/17
Balance of tax	\$ 4,512,892	\$ 4,471,531	\$ 1,883,044	\$ 2,026,072
Deferred	-	-	411,978	411,978
Tax payable (prepaid)	<u>\$ 4,512,892</u>	<u>\$ 4,471,531</u>	<u>\$ 1,471,066</u>	<u>\$ 1,614,094</u>

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2018

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 12/31/18	Balance 12/31/17
Prepaid taxes	\$ 98,706	\$ 648,449
Less: discount allowed	-	-
Cash liability for taxes collected in advance	\$ 98,706	\$ 648,449

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

Due to the basis of accounting described in Note 1, no liability has been recorded in the financial statements for the municipal share of net pension liability for the Public Employees' Retirement System and the municipal and state share of net pension liability for the Police and Firemen's Retirement System.

Public employee's 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 Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.nj.gov/treasury/pensions/financial-reports.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.

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

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2018

Note 8 - Pensions (continued)
Public employee's retirement system (continued)
Plan description (continued)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, Tiers 3 and 4 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

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 for each group as of June 30, 2018, are based on the ratio of each employer's contributions to total employer contributions of the group for the State fiscal year ended June 30, 2018.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the state. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for non-contributory group insurance benefits is based on actual claims paid. For State Fiscal Year 2018, 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.

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2018

Note 8 - Pensions (continued)
Public employee's retirement system (continued)
Contributions (continued)

The contribution rate was 7.34% effective July 1, 2017 and will increase annually on July 1st until eventually reaching 7.50% of base salary effective July 1, 2018.

The Municipality's contractually required contribution rate for the year ended December 31, 2018 was 14.23% of the Municipality's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

The Municipality contributed \$107,182 and \$102,239 for the year ending December 31, 2018 and 2017, respectively.

Collective net pension liability and actuarial information
Components of net pension liability

The components of the Municipality's allocable share of the collective net pension liability for PERS as of December 31, 2018 and 2017 are as follows:

	2018	2017
Total pension liability	\$ 4,415,512	\$ 5,143,487
Plan fiduciary net position	2,366,584	2,474,015
Net pension liability	<u>\$ 2,048,928</u>	<u>\$ 2,669,472</u>
Plan fiduciary net position as a percentage of the total pension liability	53.60%	48.10%

Actuarial assumptions

The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Inflation rate	2.25%
Salary increases (based on age)	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Investment rate of return	7.00%

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2018

Note 8 - Pensions (continued)
Public employee's retirement system (continued)
Collective net pension liability and actuarial information(continued)
Actuarial assumptions (continued)

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For state employees, mortality tables are set back four years for males and females. For local employees, mortality tables are set back two years for males and seven years for females. In addition, the tables 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. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back one year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement 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 Table (set back three years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2017 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.

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2018

Note 8 - Pensions (continued)
Public employee's retirement system (continued)
Collective net pension liability and actuarial information(continued)
Long-term expected rate of return (continued)

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Risk mitigation strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, 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 State fiscal year.

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2018

Note 8 - Pensions (continued)
Public employee's retirement system (continued)
Collective net pension liability and actuarial information (continued)
Discount rate (continued)

The state employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plans fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 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 Municipality's proportionate share of the collective net pension liability of as of December 31, 2018 and 2017 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>2018</u>
At current discount rate (5.66%)	\$ 2,048,928
At a 1% lower rate (4.66%)	2,576,291
At a 1% higher rate (6.66%)	1,606,504
<u>Municipality's Proportionate Share of The Net Pension Liability</u>	<u>2017</u>
At current discount rate (5.00%)	\$ 2,669,472
At a 1% lower rate (4.00%)	3,311,662
At a 1% higher rate (6.00%)	2,134,449

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2018

Note 8 - Pensions (continued)
Public employee's retirement system (continued)
Collective net pension liability and actuarial information (continued)
Collective net pension liability and actuarial information

Collective deferred outflows of resources and deferred inflows of resources at December 31, 2018 and 2017, the Municipality reported deferred outflows and resources at deferred inflows of resources related to PERS from the following sources:

	2018		2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 39,073	\$ 10,565	\$ 62,857	\$ -
Changes of assumptions	337,629	655,138	537,807	535,835
Net difference between projected and actual earnings on pension plan investments	-	19,219	18,177	-
Changes in proportion and differences between Municipality contributions and proportionate share of contributions	<u>64,348</u>	<u>198,379</u>	<u>105,336</u>	<u>1,938</u>
Total	<u>\$ 441,050</u>	<u>\$ 883,301</u>	<u>\$ 724,177</u>	<u>\$ 537,773</u>

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 December 31, 2018 and 2017:

December 31, 2018	Beginning Balance	Increases	Decreases	Ending Balance
Deferred outflows of resources				
Differences between expected and actual experience	\$ 57,039	\$ -	\$ 17,966	\$ 39,073
Changes of assumptions	488,029	-	150,400	337,629
Deferred inflows of resources				
Differences between expected and actual experience	-	(12,847)	(2,282)	(10,565)
Changes of assumptions	(486,240)	(337,355)	(168,457)	(655,138)
Differences between projected and actual investment earnings on pension plan investments	<u>16,495</u>	<u>(48,148)</u>	<u>(12,434)</u>	<u>(19,219)</u>
Net changes in deferred outflows (inflows) of resources	<u>\$ 75,323</u>	<u>\$ (398,350)</u>	<u>\$ (14,807)</u>	<u>\$ (308,220)</u>

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2018

Note 8 - Pensions (continued)
Public employee's retirement system (continued)
Collective net pension liability and actuarial information (continued)
Collective deferred outflows of resources and deferred inflows of resources (continued)

December 31, 2017	Beginning Balance	Increases	Decreases	Ending Balance
Deferred outflows of resources				
Differences between expected and actual experience	\$ 63,162	\$ 19,493	\$ 19,798	\$ 62,857
Changes of assumptions	703,547	-	165,740	537,807
Differences between projected and actual investment earnings on pension plan investments	129,507	(114,420)	(3,090)	18,177
Deferred inflows of resources				
Changes of assumptions	-	(655,441)	(119,606)	(535,835)
Net changes in deferred outflows (inflows) of resources	<u>\$ 896,216</u>	<u>\$ (750,368)</u>	<u>\$ 62,842</u>	<u>\$ 83,006</u>

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:

December 31, 2018		December 31, 2017	
Year Ended June 30,		Year Ended June 30,	
2019	\$ 14,221	2018	\$ 62,842
2020	(19,689)	2019	94,830
2021	(141,184)	2020	57,462
2022	(122,380)	2021	(76,425)
2023	(39,188)	2022	(55,703)
Total	<u>\$ (308,220)</u>	Total	<u>\$ 83,006</u>

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2018

Note 8 - Pensions (continued)
Public employee's retirement system (continued)
Collective net pension liability and actuarial information (continued)
Pension expense

The components of allocable pension expense, which exclude pension expense related to specific liabilities of individual employers, for the Municipality for the year ending December 31, 2018 and 2017 are as follows:

	2018	2017
Service cost	\$ 96,714	\$ 124,511
Interest on total pension liability	232,505	225,943
Member contributions	(55,537)	(59,228)
Administrative expense	1,538	1,549
Expected investment return net of investment expense	(145,975)	(161,321)
Pension expense related to specific liabilities of individual employers	(855)	(1,752)
Recognition of deferred inflows/outflows of resources		
Amortization of expected versus actual experience	15,684	19,798
Amortization of assumption changes or inputs	(18,057)	46,134
Amortization of projected versus actual investment earnings on pension plan investments	(12,434)	(3,090)
Pension expense	\$ 113,583	\$ 192,544

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 PERS 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. For the year ended December 31, 2018 and 2017, the Municipality contributed \$4,088 and \$1,539 respectively. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program website: www.prudential.com/njdcprp.

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2018

Note 8 - Pensions (continued)
Public employee's retirement system (continued)
Collective net pension liability and actuarial information (continued)
Vesting and benefit provisions

All members who become eligible for DCRP are immediately vested. Benefits include a defined contribution retirement plan distribution that can be received in a lump-sum or in portions upon retirement, life insurance coverage, and long-term disability coverage.

Police and fireman's retirement system

Plan description

The State of New Jersey, Police and Firemen'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 the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.nj.gov/treasury/pensions/financial-reports.shtml.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, 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:

Tier	Definition
1	Members who were 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.

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2018

Note 8 - Pensions (continued)
Police and fireman's retirement system (continued)

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 2018, 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 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.

The Municipality's contractually required contribution rate for the year ended December 31, 2018 was 23.96% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

The Municipality contributions were \$132,741 and \$109,391 for the year ending December 31, 2018 and 2017 respectively.

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2018

Note 8 - Pensions (continued)
Police and fireman's retirement system (continued)
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 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, 2018 , the State of New Jersey contributed \$16,382 to the PFRS for normal pension benefits on behalf of the Municipality, which is less than the contractually required contributions or \$32,764.

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 December 31, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 6,164,156	\$ 6,220,127
Plan fiduciary net position	<u>3,851,141</u>	<u>3,645,266</u>
Net pension liability	<u>\$ 2,313,015</u>	<u>\$ 2,574,861</u>
Plan fiduciary net position as a percentage of the total pension liability	62.48%	58.60%

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2018

Note 8 - Pensions (continued)

Police and fireman's retirement system (continued)

Collective net pension liability and actuarial information (continued)

Actuarial assumptions

The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Inflation rate	2.25%
Salary increases (based on age)	
Through 2026	2.10% - 8.98%
Thereafter	3.10% - 9.98%
Investment rate of return	7.00%

Preretirement mortality rates were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rate was used and there is no mortality improvement assumed. Postretirement mortality rates for male service retirements are based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year of 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scales thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

The actuarial assumptions used in the July 1, 2017 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 (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2018 are summarized in the following table:

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2018

Note 8 - Pensions (continued)
Police and fireman's retirement system (continued)
Collective net pension liability and actuarial information (continued)
Long-term expected rate of return (continued)

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Risk mitigation strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount rate

The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, 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 and the non-employer contributing entity will be made based on the rate in the most recent state fiscal year.

The State employer contributed 50 percent of the actuarially determined contributions, and the local employers contributed 100 percent 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 June 30, 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2062, and the municipal bond rate was applied to the projected benefit payments after that date in determining the total pension liability.

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2018

Note 8 - Pensions (continued)

Police and fireman's retirement system (continued)

Collective net pension liability and actuarial information (continued)

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

The following presents the Municipality's proportionate share of the collective net pension liability of as of December 31, 2018 and 2017 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>	2018
At current discount rate (6.51%)	\$ 2,036,403
At a 1% lower rate (5.51%)	2,725,473
At a 1% higher rate (7.51%)	1,468,046

<u>State's Proportionate Share of The Net Pension Liability</u>	2018
At current discount rate (6.51%)	\$ 276,612
At a 1% lower rate (5.51%)	370,211
At a 1% higher rate (7.51%)	199,410

<u>Municipality's Proportionate Share of The Net Pension Liability</u>	2017
At current discount rate (6.14%)	\$ 2,315,505
At a 1% lower rate (5.14%)	3,050,868
At a 1% higher rate (7.14%)	1,903,002

<u>State's Proportionate Share of The Net Pension Liability</u>	2017
At current discount rate (6.14%)	\$ 259,356
At a 1% lower rate (5.14%)	341,723
At a 1% higher rate (7.14%)	191,682

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2018

Note 8 - Pensions (continued)

Police and fireman's retirement system (continued)

Collective net pension liability and actuarial information (continued)

Collective deferred outflows of resources and deferred inflows of resources

At December 31, 2018 and 2017, the Municipality reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	2018		2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,718	\$ 8,427	\$ 15,022	\$ 13,590
Changes of assumptions	174,798	521,895	285,528	379,212
Net difference between projected and actual earnings on pension plan investments	-	11,141	44,185	-
Changes in proportion and differences between Municipality contributions and proportionate share of contributions	202,146	88,758	263,183	146,765
Total	\$ 397,662	\$ 630,221	\$ 607,918	\$ 539,567

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 December 31, 2018 and 2017:

December 31, 2018	Beginning Balance	Increases	Decreases	Ending Balance
Deferred outflows of resources				
Differences between expected and actual experience	\$ 15,072	\$ 10,817	\$ 5,171	\$ 20,718
Changes of assumptions	286,489	-	111,691	174,798
Deferred inflows of resources				
Differences between expected and actual experience	(13,636)	-	(5,209)	(8,427)
Changes of assumptions	(380,489)	(271,722)	(130,316)	(521,895)
Differences between projected and actual investment earnings on pension plan investments	44,335	(67,595)	(12,119)	(11,141)
Net changes in deferred Outflows (inflows) of resources	\$ (48,229)	\$ (328,500)	\$ (30,782)	\$ (345,947)

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2018

Note 8 - Pensions (continued)
Police and fireman's retirement system (continued)
Collective net pension liability and actuarial information (continued)
Collective deferred outflows of resources and deferred inflows of resources (continued)

December 31, 2017	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Deferred outflows of resources				
Differences between expected and actual experience	\$ -	\$ 18,294	\$ 3,273	\$ 15,021
Changes of assumptions	396,844	-	111,316	285,528
Differences between projected and actual investment earnings on pension plan investments	200,754	(155,174)	1,395	44,185
Deferred inflows of resources				
Difference between expected and actual experience	(18,781)	-	(5,191)	(13,590)
Changes of assumptions	-	(461,829)	(82,617)	(379,212)
Net changes in deferred outflows (inflows) of resources	<u>\$ 578,817</u>	<u>\$ (598,709)</u>	<u>\$ 28,176</u>	<u>\$ (48,068)</u>

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:

<u>December 31, 2018</u>		<u>December 31, 2017</u>	
<u>Year Ending June 30,</u>		<u>Year Ending June 30,</u>	
2019	\$ 17,513	2018	\$ 28,176
2020	(59,036)	2019	76,308
2021	(165,162)	2020	16
2022	(106,023)	2021	(105,754)
2023	(33,239)	2022	(46,814)
Total	<u>\$ (345,947)</u>	Total	<u>\$ (48,068)</u>

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2018

Note 8 - Pensions (continued)

Police and fireman's retirement system (continued)

Collective net pension liability and actuarial information (continued)

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

The components of allocable pension expense, which exclude pension expense related to specific liabilities of individual employers, for the Municipality for the year ending December 31, 2018 and 2017 are as follows:

	2018	2017
Service cost	\$ 135,612	\$ 148,319
Interest on total pension liability	381,349	358,775
Member contributions	(52,153)	(51,613)
Administrative expense	577	518
Expected investment return net of investment expense	(239,848)	(240,528)
Transfers between State and Local employers	(3,516)	-
Pension expense related to specific liabilities of individual employers	(532)	(1,921)
Recognition of deferred inflows/outflows of resources		
Amortization of assumption changes or inputs	(18,625)	28,699
Amortization of expected versus actual experience	(37)	(1,919)
Amortization of projected versus actual investment earnings on pension plan investments	(12,119)	1,395
Less: state proportionate share of employer expense	(32,764)	(31,725)
Pension expense	<u>\$ 157,944</u>	<u>\$ 210,000</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 December 31, 2018 and 2017:

	2018
Municipal share of net pension liability	\$ 2,036,403
State share of net pension liability	276,612
Net pension liability	<u>\$ 2,313,015</u>

	2017
Municipal share of net pension liability	\$ 2,315,505
State share of net pension liability	259,356
Net pension liability	<u>\$ 2,574,861</u>

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2018

Note 9 - Postretirement benefits

Plan description - The Municipality contributes to the State Health Benefits Program (SHBP), a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan administered by the State of New Jersey Division of Pensions and Benefits. It covers employees of local government employers that have adopted a resolution to participate in the plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information, please refer to the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The SHBP provides medical and prescription drug to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiation agreement.

In accordance with chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for state-paid retiree health benefits coverage under chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2018

Note 9 - Postretirement benefits (continued)

Allocation methodology

GASB Statement No 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employer's based on the ratio of the plan members of an individual employer to the total members of the plan's nonspecial funding situation during the measurement period July 1, 2016 through June 30, 2017. Employer and non-employer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and non-employer may result in immaterial differences.

Special funding situation

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement Number 75 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, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the Notes to the Financial Statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2018

Note 9 - Postretirement benefits (continued)

Components of net OPEB liability

The components of the collective net OPEB liability of the participating employers in the SHBP as of December 31, 2018 and 2017 were as follows:

	2018	2017
Total OPEB liability	\$ 2,160,326	\$ 2,556,145
Plan fiduciary net position	42,513	26,425
Net OPEB liability	\$ 2,117,813	\$ 2,529,720
 Plan fiduciary net position as a percentage of the total OPEB liability	1.97%	1.03%

The total OPEB liability as of December 31, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to the June 30, 2018 measurement date. The total OPEB liability as of December 31, 2017 was determined by an actuarial valuation as of the June 30, 2016 measurement date, which was rolled into June 30, 2017. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. The actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary increases	
Through 2026	1.65% to 8.98%
Thereafter	2.65% to 9.98%

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in the July 1, 2016 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan - the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

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

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2018

Note 9 - Postretirement benefits (continued)

Healthcare trend assumptions

For Pre-Medicare Preferred Provider Organization (PPO) and Health Maintenance Organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO benefits, the trend rate is 4.5%. For HMO medical benefits, the trend rate is 5.8% and decreases to a 5.0% long-term trend rate after eight years. For prescription drug benefits, the initial trend rate is 8% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount rate

The discount rate for June 30, 2018 and 2017 was 3.87% and 3.58%, respectively. This represents the municipal bond return rate as chosen by the state. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of net OPEB liability to changes in the discount rate

The following presents the collective net OPEB liability of the participating employers as of December 31, 2018 and 2017, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentagepoint higher than the current rate:

	2018	2017
At current discount rate (3.87% and 3.58%)	\$ 2,117,813	\$ 2,529,720
At a 1% lower rate (2.87% and 2.58%)	2,277,600	2,983,881
At a 1% higher rate (4.87% and 4.58%)	1,824,710	2,169,352

Sensitivity of net OPEB liability to changes in the healthcare trend rate

The following presents the net OPEB liability as of December 30, 2018 and 2017, respectively, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	2018	2017
Healthcare cost trend rate	\$ 2,117,813	\$ 2,529,720
At a 1% lower rate (1% decrease)	1,766,596	2,102,278
At a 1% higher rate (1% increase)	2,572,341	3,086,308

Collective deferred outflows of resources and deferred inflows of resources

At December 31, 2018 and 2017, the Municipality reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2018

Note 9 - Postretirement benefits (continued)

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

	2018		2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 429,992	\$ -	\$ -
Changes of assumptions	-	537,211	-	280,777
Net difference between projected and actual earnings on OPEB plan investments	1,119	-	434	-
Changes in proportion and differences between Municipality contributions and proportionate share of contributions	224,185	384,221	-	447,834
Total	\$ 225,304	\$ 1,351,424	\$ 434	\$ 728,611

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 years ended December 31, 2018 and 2017:

December 31, 2018	Beginning Balance	Increases	Decreases	Ending Balance
Deferred outflows of resources				
Differences between projected and actual investment earnings on OPEB plan investments	\$ 473	\$ 956	\$ 310	\$ 1,119
Deferred inflows of resources				
Differences between expected and actual experience	-	(490,215)	(60,223)	(429,992)
Changes of assumptions	(306,315)	(312,839)	(81,943)	(537,211)
Net changes in deferred outflows (inflows) of resources	<u>\$ (305,842)</u>	<u>\$ (802,098)</u>	<u>\$ (141,856)</u>	<u>\$ (996,084)</u>

December 31, 2018 (June 30, 2018 measurement date)

2019	\$ (141,857)
2020	(141,857)
2021	(141,857)
2022	(141,975)
2023	(142,165)
Thereafter	(256,373)
Total	\$ (966,084)

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2018

Note 9 - Postretirement benefits (continued)

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

<u>December 31, 2017</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Deferred outflows of resources				
Differences between projected and actual investment earnings on OPEB plan investments	\$ -	\$ 542	\$ 108	\$ 434
Deferred inflows of resources				
Differences between expected and actual experience	-	-	-	-
Changes of assumptions	-	(320,661)	(39,884)	(280,777)
Net changes in deferred outflows (inflows) of resources	<u>\$ -</u>	<u>\$ (320,119)</u>	<u>\$ (39,776)</u>	<u>\$ (280,343)</u>

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

December 31, 2017 (June 30, 2017 measurement date)

2018	\$ (39,775)
2019	(39,775)
2020	(39,775)
2021	(39,775)
2022	(39,883)
Thereafter	(81,360)
Total	<u>\$ (280,343)</u>

The year of deferral for the differences between projected and actual investment earnings on OPEB plan investments was 2017 and 2018 and the amortization period was 5 years for each year. The year of deferral for the change of assumptions was 2017 and 2018 and the amortization period was 8.04 years and 8.14 years respectively.

Changes in proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 8.04 years for the 2017 amounts and 8.14 years for 2018 amounts.

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2018

Note 9 - Postretirement benefits (continued)

OPEB expense

The components of allocable OPEB expense, which exclude OPEB expense related to specific liabilities of individual employers, for the year ended December 31, 2018 and 2017 are as follows:

	2018	2017
Service cost	\$ 121,153	\$ 131,906
Interest on total OPEB liability	103,289	80,346
Expected investment return	(1,269)	(640)
Administrative expense	1,108	1,102
Current period recognition (amortization) of deferred inflows/outflows of resources		
Differences between expected and actual experience	(81,943)	-
Changes of assumptions	(60,223)	(39,883)
Differences between projected and actual investment earnings on OPEB plan investments	309	108
Total OPEB expense	\$ 82,424	\$ 172,939

Note 10 - Accrued sick and vacation benefits

The Township has permitted certain employees to accrue unused sick pay which may be taken off as time or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits have not been accrued by charges to operations or to budgets of prior years. At December 31, 2018 and 2017, the Municipality has estimated the liability to be approximately \$25,553 and \$28,620, respectively. This amount is not reported either as an expenditure or liability due to the likelihood of all employees terminating in one fiscal year being improbable. The policy of not reflecting the accrued benefit in the financial statements is not in agreement with GASB but is in accordance with reporting procedures promulgated by the State of New Jersey.

Note 11 - Fixed assets

The following schedule is a summarization of the changes in general fixed assets for the years ended December 31, 2018 and 2017:

	Balance 12/31/17	Additions	Deletions	Balance 12/31/18
Land	\$ 2,439,700	\$ -	\$ -	\$ 2,439,700
Building & building improvements	6,850,507	250,031	-	7,100,538
Furniture, machinery, & equipment	5,229,718	51,569	66,300	5,214,987
Construction in progress	179,691	219,718	220,316	179,093
Total	\$ 14,699,616	\$ 521,318	\$ 286,616	\$ 14,934,318

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2018

Note 11 - Fixed assets (continued)

	Balance 12/31/16	Additions	Deletions	Balance 12/31/17
Land	\$ 2,439,700	\$ -	\$ -	\$ 2,439,700
Building & building improvements	6,850,507	-	-	6,850,507
Furniture, machinery, & equipment	5,031,139	393,244	194,665	5,229,718
Construction in progress	-	179,691	-	179,691
Total	<u>\$ 14,321,346</u>	<u>\$ 572,935</u>	<u>\$ 194,665</u>	<u>\$ 14,699,616</u>

Note 12 - Interfunds receivable and payable

The following interfund balances remained on the various balance sheets of the Municipality as of December 31, 2018 and 2017:

<u>December 31, 2018</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current fund		
Federal and state grant fund	\$ 6,100	\$ -
Other trust funds	481	-
Federal and state grant fund		
Current fund	-	6,100
Other trust funds		
Current fund	-	481
	<u>\$ 6,581</u>	<u>\$ 6,581</u>

The balance due to the current fund from the other trust fund represents interest earned but not transferred to the current fund. The balance due to the current 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.

<u>December 31, 2017</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current fund		
Federal and state grant fund	\$ 5,000	\$ -
Other trust fund	141	-
Federal and state grant fund		
Current fund	-	5,000
Other trust fund		
Current fund	-	141
	<u>\$ 5,141</u>	<u>\$ 5,141</u>

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2018

Note 12 - Interfunds receivable and payable (continued)

The balance due to the current fund from the other trust fund represents interest earned but not transferred to the current fund. The balance due to the current 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.

Note 13 - Contingent liabilities
Litigation

The Municipality is involved with various litigation matters. It is believed that the outcome, or exposure to the Municipality, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Grantor agencies

Receipts and/or receivables from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Municipality expects such amount, if any, to be immaterial.

Note 14 - Economic dependency

The Municipality receives a significant portion of revenue in the current fund from the energy receipts tax. Should the Municipality receive reduced funding from the energy receipts tax, it would be compelled to consider enhancing existing revenue streams, reducing services provided, or a combination of both.

Note 15 - Risk management

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

Property and Liability Insurance - The Municipality maintains commercial insurance coverage for property, liability, and surety bonds. Significant losses are covered by commercial insurance for all major programs and there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current or the three prior years.

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
For the Years Ended December 31, 2018

Note 15 - Risk management (continued)

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

- a) Worker's 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-owner Aircraft Liability
- m) Cyber Liability

Financial statements for the Statewide Insurance Fund can be obtained by contacting:

Statewide Insurance Fund
One Sylvan Way, Suite 100
Parsippany NJ 07054
1-862-260-2050

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 - Union contracts

As of December 31, 2018, select Municipal employees are organized into two collective bargaining units.

The New Jersey Policeman'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.

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2018

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.

Note 18 - Loans receivable

The Municipality participated in a New Jersey grant program where funding is made available for housing rehabilitation projects for low-and moderate-income households within the Municipality. The loans must be repaid to the Municipality prior to the homeowner selling the property. The loans are non-interest bearing and require no regular principal payment. The balance of outstanding loans is \$316,197 as of December 31, 2018 and \$357,472 as of December 31, 2017.

Note 19 - Subsequent events

The Municipality has evaluated subsequent events through October 9, 2019, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

Note 20 - Fund balances appropriated

For the year ending December 31, 2018, fund balances which were appropriated and included as anticipated revenue in their own respective funds were as follows:

Current fund	\$	725,000
Sewer operating fund		50,000

For the year ending December 31, 2017, fund balances which were appropriated and included as anticipated revenue in their own respective funds were as follows:

Current fund	\$	695,000
Sewer operating fund		50,000

SUPPLEMENTARY SCHEDULES

TOWNSHIP OF HOLLAND

COUNTY OF HUNTERDON

2018

CURRENT FUND

TOWNSHIP OF HOLLAND
Schedule of Current Fund Cash - Treasurer

	Ref.	Regular Fund	Federal & State Grant Fund
Balance - December 31, 2017	A	\$ 9,477,411	\$ 1,379
Increased by receipts			
Non-budget revenue	A-2	\$ 92,954	\$ -
Interest on investments and deposits	A-2	38,047	-
Appropriation refunds	A-3	3,620	-
Tax collector	A-6	16,509,117	-
Change fund	A-8	250	-
Revenue accounts receivable	A-12	3,258,500	-
Due from animal control fund	A-13	83	-
Due from federal and state grant fund	A-14	24,186	-
Due from general capital fund	A-16	21,015	-
Due to payroll account	A-17	53,179	-
Grants receivable	A-18	-	149,412
Appropriation reserve refunds	A-19	1,549	-
State of NJ - Veteran's & Senior Citizen's deductions	A-21	61,480	-
Due to outside agencies	A-27	550	-
Sales tax payable	A-32	1,201	-
Due from regular fund	A-33	-	20,186
		<u>20,065,731</u>	<u>169,598</u>
		29,543,142	170,977

See independent auditors' report.

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

	Ref.	Regular Fund	Federal & State Grant Fund
Decreased by disbursements			
2018 budget appropriations	A-3	\$ 1,880,672	\$ -
2017 appropriation reserves	A-19	68,144	-
Revenue accounts receivable refunds and adjustments	A-12	6,318	-
Due from animal control fund	A-13	10,000	-
Due to federal and state grant fund	A-14	25,100	-
Due from general capital fund	A-16	500,000	-
Due to payroll account	A-17	2,239,923	-
Encumbrances payable	A-20; A-36	75 -	- 23,027
Tax overpayments refunded	A-23	12,017	-
Local school tax payable	A-24	8,984,423	-
Regional high school tax payable	A-25	3,909,115	-
County taxes payable	A-26	2,523,473	-
Due to outside agencies	A-27	425	-
Due to outside lienholders	A-28	94,899	-
Sales tax payable	A-32	1,201	-
Due from regular fund	A-33	-	24,186
Appropriated reserves for state grants	A-34	-	123,073
		<u>\$ 20,255,785</u>	<u>\$ 170,286</u>
Balance - December 31, 2018	A	<u>\$ 9,287,357</u>	<u>\$ 691</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Current Fund Cash and Reconciliation
Per N.J.S.A 40A:5.5 - Treasurer

	<u>Ref.</u>	<u>Regular Fund</u>	<u>Federal & State Grant Fund</u>
Balance - December 31, 2018	A-4	\$ 9,287,357	\$ 691
Increased by			
Receipts		3,533,673	76,944
		<u>12,821,030</u>	<u>77,635</u>
Decreased by			
Disbursements		11,634,505	56,228
		<u>11,634,505</u>	<u>56,228</u>
Balance - April 30, 2019		<u>\$ 1,186,525</u>	<u>\$ 21,407</u>
Cash reconciliation - April 30, 2019			
Balance per statement			
Northfield Bank		\$ 2,479,544	\$ 21,407
NJ Cash Management		77,890	-
		<u>2,557,434</u>	<u>21,407</u>
Add: deposit-in-transit		139,692	-
		<u>2,697,126</u>	<u>21,407</u>
Less: outstanding checks		1,510,601	-
		<u>1,510,601</u>	<u>-</u>
Book balance		<u>\$ 1,186,525</u>	<u>\$ 21,407</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Cash - Tax Collector

	<u>Ref.</u>		
Balance - December 31, 2017	A		\$ 664,476
Increased by receipts			
Interest and costs on taxes	A-2	\$ 54,598	
Interest on deposits	A-2	21,792	
Miscellaneous revenue not anticipated	A-2	1,084	
Taxes receivable	A-9	15,758,817	
Prepaid taxes	A-22	98,706	
Tax overpayments	A-23	11,477	
Due to outside lienholders	A-28	94,899	
Due to sewer operating fund	A-29	<u>1,422</u>	
			<u>16,042,795</u>
			16,707,271
Decreased by disbursements			
Paid to treasurer	A-4	16,509,117	
Paid to sewer operating fund	A-29	<u>1,422</u>	
			<u>16,510,539</u>
Balance - December 31, 2018	A; A-7		<u><u>\$ 196,732</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, 2018	A-6	\$ 196,732
Increased by		
Receipts		6,639,801
		<u>6,836,533</u>
Decreased by		
Disbursements		<u>-</u>
Balance - April 30, 2019		<u><u>\$ 6,836,533</u></u>
Cash reconciliation - April 30, 2019		
Balance per statement		
Northfield Bank		<u><u>\$ 6,836,533</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Change Funds

	<u>Ref.</u>	
Balance - December 31, 2017	A	\$ 800
Decreased by		
Cash receipts	A-4	<u>250</u>
Balance - December 31, 2018	A	<u><u>\$ 550</u></u>

See independent auditors' report.

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

Year	Balance 12/31/17	2018 Levy	Added		Collected		Transferred to Tax Title Liens	Veteran's & Senior Citizens' Deductions	Tax Overpayment Applied	Canceled	Balance 12/31/18
			2018	2018	2017	2018					
2016	\$ 250	-	\$ -	\$ -	\$ -	\$ 250	-	\$ -	-	\$ -	-
2017	231,149	-	1,250	-	-	226,461	5,938	-	-	-	-
2018	-	16,519,976	-	648,449	15,532,106	5,988	63,250	15,952	20,529	233,702	
Ref.	\$ 231,399	\$ 16,519,976	\$ 1,250	\$ 648,449	\$ 15,758,817	\$ 11,926	\$ 63,250	\$ 15,952	\$ 20,529	\$ 233,702	
	A	Reserve	Reserve	A-22	A-6	A-10	A-21	A-23	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 2018 property tax			
Tax yield			
General purpose tax			\$ 16,507,453
Added and omitted taxes			<u>12,523</u>
	A-9		<u>\$ 16,519,976</u>
Detail of tax levy			
Authorizations			
Local district school tax	A-2;A-24		\$ 9,025,784
Regional district school tax	A-2;A-25		3,766,087
County tax		\$ 2,112,274	
County library tax		207,415	
County open space tax		201,728	
County share of added and omitted taxes		<u>1,901</u>	
Total county taxes	A-2;A-26		2,523,318
Municipal purpose tax	A-2	1,193,600	
Additional tax levied		<u>11,187</u>	
Total municipal purpose tax			<u>1,204,787</u>
	A-9		<u>\$ 16,519,976</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Tax Title Liens Receivable

	<u>Ref.</u>	
Balance - December 31, 2017	A	\$ 91,392
Increased by		
Transferred from taxes receivable	A-9	\$ 11,926
Interest and costs on tax sale	Reserve	<u>1,657</u>
		<u>13,583</u>
Balance - December 31, 2018	A	<u>\$ 104,975</u>

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

	<u>Ref.</u>	
Balance - December 31, 2017	A	<u>\$ 139,300</u>
Balance - December 31, 2018	A	<u>\$ 139,300</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Revenue Accounts Receivable

	<u>Ref.</u>	<u>Balance 12/31/17</u>	<u>Accrued in 2018</u>	<u>Collected Treasurer</u>	<u>Balance 12/31/18</u>
Alcoholic beverage licenses	A-2	\$ -	\$ 5,376	\$ 5,376	\$ -
Municipal court	A-2	576	6,063	6,391	248
Swimming pool fees	A-2	-	109,876	109,876	-
Riegel Ridge Community Center fees	A-2	-	401,449	401,449	-
Snack bar fees	A-2	-	18,155	18,155	-
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>\$ 576</u>	<u>\$ 3,251,854</u>	<u>\$ 3,252,182</u>	<u>\$ 248</u>
	<u>Ref.</u>	A	Reserve	Below	A
Receipts	A-4			\$ 3,258,500	
Less: refunds and adjustments	A-4			<u>6,318</u>	
				<u>\$ 3,252,182</u>	

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Due from Animal Control Fund

	<u>Ref.</u>			
Balance - December 31, 2017	A		\$	-
Increased by				
Interest on investments	A-2	\$	83	
Disbursements	A-4		<u>10,000</u>	
				<u>10,083</u>
				10,083
Decreased by				
Current fund budget appropriation	A-3		10,000	
Receipts	A-4		<u>83</u>	
				<u>10,083</u>
				10,083
Balance - December 31, 2018	A		<u>\$</u>	<u>-</u>

A-14

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

	<u>Ref.</u>			
Balance - December 31, 2017	A		\$	5,000
Increased by				
Interest on investments	A-2	\$	186	
Disbursements	A-4		<u>25,100</u>	
				<u>25,286</u>
				30,286
Decreased by				
Receipts	A-4			<u>24,186</u>
Balance - December 31, 2018	A		<u>\$</u>	<u>6,100</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Due from Other Trust Funds

	<u>Ref.</u>	
Balance - December 31, 2017	A	\$ 141
Increased by		
Interest on investments	A-2	<u>340</u>
Balance - December 31, 2018	Below	<u>\$ 481</u>
Analysis of balance		
Due from escrow funds		\$ 301
Due from performance bond escrow		<u>180</u>
	A	<u>\$ 481</u>

A-16

TOWNSHIP OF HOLLAND
Schedule of Due from General Capital Fund

	<u>Ref.</u>		
Balance - December 31, 2017	A		\$ -
Increased by			
Interest on investments	A-2	\$ 21,015	
Disbursements	A-4	<u>500,000</u>	
			<u>521,015</u>
			521,015
Decreased by			
Receipts	A-4	21,015	
Current year budget appropriations	A-3	<u>500,000</u>	
			<u>521,015</u>
Balance - December 31, 2018	A		<u>\$ -</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Due to Payroll Account

	<u>Ref.</u>		
Balance - December 31, 2017	A		\$ -
Increased by			
Interest on investments	A-2	\$ 1,807	
Disbursements	A-4	<u>2,239,923</u>	
			<u>2,241,730</u>
			2,241,730
Decreased by			
Current year budget appropriations	A-3	2,183,417	
Receipts	A-4	53,179	
Prior year appropriation reserves	A-19	<u>5,134</u>	
			<u>2,241,730</u>
Balance - December 31, 2018	A		<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Grants Receivable

Grant	Balance 12/31/17	Revenue in 2018	Received	Balance 12/31/18
National crime statistics exchange program	\$ -	\$ 49,851	\$ -	\$ 49,851
Highlands grant	179,360	-	45,370	133,990
N.J. Highlands water protection and planning council	25,000	-	6,048	18,952
Highlands water protection and planning council - amended plan confirmation	15,000	-	-	15,000
DEP recreation trails program	24,000	-	24,000	-
Clean communities grant	-	16,494	16,494	-
Small cities grant program	-	30,000	15,000	15,000
Recycling tonnage grant	-	26,427	26,427	-
Hunterdon historical preservation grant	25,000	-	-	25,000
Hunterdon historical preservation grant	37,500	-	37,500	-
Hunterdon County emergency management grant	-	5,000	5,000	-
Penn East Pipeline Community Connect	-	5,000	5,000	-
	<u>\$ 305,860</u>	<u>\$ 132,772</u>	<u>\$ 180,839</u>	<u>\$ 257,793</u>
Ref.	A	A-2	Below	A
Cash receipts	A-4		\$ 149,412	
Appropriated in the current year	A-35		31,427	
			<u>\$ 180,839</u>	

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Appropriation Reserves
For the Year Ended December 31, 2018

	<u>Balance</u> <u>12/31/17</u>	<u>Balance</u> <u>After</u> <u>Transfer</u>	<u>Expended</u>	<u>Balance</u> <u>Lapsed</u>
Mayor and council				
Other expenses	\$ 6,754	\$ 6,799	\$ (597)	\$ 7,396
Municipal clerk				
Salaries and wages	8,164	8,164	132	8,032
Miscellaneous other expenses	11,160	11,613	1,108	10,505
Financial administration				
Salaries and wages	7,053	7,053	384	6,669
Other expenses	7,094	7,104	837	6,267
Audit services	4,500	4,500	-	4,500
Assessment of taxes				
Salaries and wages	717	717	-	717
Other expenses	2,080	2,497	432	2,065
Revenue administration				
Salaries and wages	8,418	8,418	-	8,418
Other expenses	342	356	14	342
Legal services and costs				
Other expenses	61,925	61,925	6,013	55,912
Engineering service and costs				
Other expenses	2,053	2,383	623	1,760
Municipal court				
Salaries and wages	7,480	7,480	63	7,417
Other expenses	7,883	7,883	-	7,883
Municipal prosecutor				
Salaries and wages	1,600	1,600	-	1,600
Public building and grounds				
Salaries and wages	13,700	13,700	-	13,700
Other expenses	21,174	25,478	5,494	19,984
Planning board				
Salaries and wages	238	238	238	-
Other expenses	28,904	29,382	516	28,866
Zoning board of adjustment				
Salaries and wages	366	366	366	-
Other expenses	5,823	6,090	305	5,785
Zoning officer				
Salaries and wages	515	515	-	515
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, 2018

	Balance 12/31/17	Balance After Transfer	Expended	Balance Lapsed
Fire				
Other expenses	\$ 5,797	\$ 5,797	\$ 3,792	\$ 2,005
Police				
Salaries and wages	19,541	19,541	385	19,156
Other expenses	22,792	26,637	7,474	19,163
First aid organization - contribution	599	599	-	599
Office of emergency management				
Salaries and wages	448	448	-	448
Other expenses	1,633	3,824	2,487	1,337
Public defender				
Salaries and wages	200	200	-	200
Road repair and maintenance				
Salaries and wages	81,416	81,416	252	81,164
Other expenses	51,617	59,919	9,038	50,881
Snow removal				
Other expenses	26,262	26,910	648	26,262
Environmental commission - recycling				
Salaries and wages	150	150	-	150
Other expenses	1,910	4,835	3,053	1,782
Board of health				
Salaries and wages	600	600	-	600
Other expenses	1,300	2,100	1,000	1,100
Environmental health services				
Other expenses	2,200	2,200	-	2,200
Recreation committee				
Salaries and wages	330	330	-	330
Other expenses	5,673	5,710	1,037	4,673
Riegel Ridge Community Center				
Salaries and wages	15,048	15,048	3,314	11,734
Other expenses	2,411	8,316	7,740	576
Swimming pool				
Salaries and wages	14,091	14,091	-	14,091
Other expenses	9,091	9,091	217	8,874
Snack bar				
Salaries and wages	9,315	9,315	-	9,315
Other expenses	7,184	7,255	71	7,184

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Appropriation Reserves (continued)
For the Year Ended December 31, 2018

	Balance 12/31/17	Balance After Transfer	Expended	Balance Lapsed
Historical preservation commission				
Salaries and wages	\$ 470	\$ 470	\$ -	\$ 470
Other expenses	5,602	5,602	4,100	1,502
Agricultural advisory committee				
Salaries and wages	807	807	-	807
Other expenses	8,998	8,998	2,011	6,987
Insurance				
Other insurance premiums	1,165	1,165	-	1,165
Worker's compensation insurance	4,372	4,372	-	4,372
Employee group health	21,323	21,323	-	21,323
Unclassified				
Utilities				
Electricity	14,001	17,703	5,199	12,504
Street lighting	11,378	11,378	-	11,378
Telephone	2,810	2,971	320	2,651
Fuel oil	20,000	20,000	-	20,000
Gasoline and diesel fuel	36,069	36,069	-	36,069
Natural gas	9,223	10,743	2,887	7,856
Trash removal dumpster	20,656	20,787	131	20,656
Contribution to				
Public employees retirement system	844	844	-	844
Social Security system	22,787	22,787	-	22,787
DCRP contribution	3,461	3,461	108	3,353
Unemployment insurance	1,971	1,971	537	1,434
	<u>\$ 674,488</u>	<u>\$ 711,044</u>	<u>\$ 71,729</u>	<u>\$ 639,315</u>

Ref.	A	Below	Below	A-1
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Appropriation reserves	A	\$ 674,488
Encumbrances payable	A-20	36,556
		<u>\$ 711,044</u>

Cash disbursed	A-4	\$ 68,144
Cash received	A-4	(1,549)
Due to payroll fund	A-17	5,134
		<u>\$ 71,729</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Encumbrances

	<u>Ref.</u>		
Balance - December 31, 2017	A		\$ 36,631
Increased by			
2018 budget charges	A-3		<u>30,925</u>
			67,556
Decreased by			
Disbursements	A-4	\$ 75	
Applied to appropriation reserves	A-19	<u>36,556</u>	
			<u>36,631</u>
Balance - December 31, 2018	A		<u><u>\$ 30,925</u></u>

A-21

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

	<u>Ref.</u>		
Balance - December 31, 2017	A		\$ 1,757
Increased by			
Prior year Senior Citizen's deductions disallowed by collector	A-1	\$ 1,250	
Receipts	A-4	<u>61,480</u>	
			<u>62,730</u>
			64,487
Decreased by			
Veteran's deductions per tax billings		52,500	
Veteran's deductions allowed by tax collector		500	
Senior Citizen's deductions per tax billings		10,250	
Senior Citizen's deductions allowed by tax collector		<u>500</u>	
		63,750	
Less			
Senior Citizen's deductions disallowed by tax collector		<u>500</u>	
	A-9		<u>63,250</u>
Balance - December 31, 2018	A		<u><u>\$ 1,237</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Prepaid Taxes

	<u>Ref.</u>	
Balance - December 31, 2017	A	\$ 648,449
Increased by		
Collection of 2019 taxes	A-6	<u>98,706</u>
		747,155
Decreased by		
Applied to 2018 taxes receivable	A-9	<u>648,449</u>
Balance - December 31, 2018	A	<u><u>\$ 98,706</u></u>

A-23

TOWNSHIP OF HOLLAND
Schedule of Tax Overpayments

	<u>Ref.</u>		
Balance - December 31, 2017	A		\$ 19,001
Increase by			
Refund of prior year revenue	A-1	\$ 2,643	
Receipts	A-6	<u>11,477</u>	
			<u>14,120</u>
			33,121
Decrease by			
Overpayments canceled	A-1	\$ 17	
Refunded	A-4	12,017	
Applied to 2018 taxes	A-9	<u>15,952</u>	
			<u>27,986</u>
Balance - December 31, 2018	A		<u><u>\$ 5,135</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Local School Tax Payable

	<u>Ref.</u>	
Balance - December 31, 2017	A	\$ 4,471,531
Increased by		
Levy - School year July 1, 2018 to June 30, 2019	A-9	9,025,784
		<u>13,497,315</u>
Decreased by		
Disbursements	A-4	8,984,423
		<u>8,984,423</u>
Balance - December 31, 2018	A	<u>\$ 4,512,892</u>
2018 Liability for local school tax		
Tax paid		\$ 8,984,423
Add: tax payable December 31, 2018		4,512,892
		<u>13,497,315</u>
Less: tax payable December 31, 2017		4,471,531
Amount charged to operations	A-1	<u>\$ 9,025,784</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Regional High School Tax Payable

	<u>Ref.</u>		
Balance - December 31, 2017			
School tax payable	A	\$ 1,614,094	
School tax deferred (10.17%)		<u>411,978</u>	
			\$ 2,026,072
Increased by			
Levy - School year July 1, 2018 to June 30, 2019	A-9		<u>3,766,087</u>
			<u>5,792,159</u>
Decreased by			
Disbursements	A-4		<u>3,909,115</u>
Balance - December 31, 2018			
School tax payable	A	1,471,066	
School tax deferred (10.94%)		<u>411,978</u>	
			<u>\$ 1,883,044</u>
2018 Liability for Regional High School Tax			
Tax paid			\$ 3,909,115
Add: tax payable December 31, 2018			<u>1,471,066</u>
			5,380,181
Less: tax payable December 31, 2017			<u>1,614,094</u>
Amount charged to operations	A-1		<u>\$ 3,766,087</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of County Taxes Payable

	<u>Ref.</u>	
Balance - December 31, 2017	A	\$ 2,056
Increased by		
2018 levy		
County taxes		\$ 2,112,274
County library tax		207,415
County open space tax		201,728
County share of added and omitted taxes		<u>1,901</u>
	A-1;A-9	<u>2,523,318</u>
		<u>2,525,374</u>
Decreased by		
Disbursements	A-4	<u>2,523,473</u>
Balance - December 31, 2018	A	<u>\$ 1,901</u>

TOWNSHIP OF HOLLAND
Schedule of Due to Outside Agencies

	<u>Ref.</u>	
Balance - December 31, 2017	A	\$ 150
Increase by		
Receipts	A-4	<u>550</u>
		700
Decreased by		
Disbursements	A-4	<u>425</u>
Balance - December 31, 2018	A	<u>\$ 275</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Due to Outside Lienholders

	<u>Ref.</u>	
Balance - December 31, 2017	A	\$ 972
Increased by		
Receipts	A-6	94,899
		<u>95,871</u>
Decreased by		
Disbursements	A-4	94,899
		<u>94,899</u>
Balance - December 31, 2018	A	<u>\$ 972</u>

TOWNSHIP OF HOLLAND
Schedule of Due to Sewer Operating Fund

	<u>Ref.</u>	
Balance - December 31, 2017	A	\$ -
Increased by		
Receipts	A-6	1,422
		<u>1,422</u>
Decreased by		
Disbursements	A-6	1,422
		<u>1,422</u>
Balance - December 31, 2018	A	<u>\$ -</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for First Aid Squad

	<u>Ref.</u>	
Balance - December 31, 2017	A	<u>\$ 25,600</u>
Balance - December 31, 2018	A	<u><u>\$ 25,600</u></u>

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

	<u>Ref.</u>	
Balance - December 31, 2017	A	<u>\$ 200</u>
Balance - December 31, 2018	A	<u><u>\$ 200</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND

COUNTY OF HUNTERDON

2018

TRUST FUND

TOWNSHIP OF HOLLAND
Schedule of Trust Fund Cash - Treasurer

	<u>Ref.</u>	<u>Animal Control Funds</u>	<u>Other Trust Funds</u>
Balance - December 31, 2017	B	\$ 10,782	\$ 564,575
Increased by receipts			
Animal control fund	B-3	\$ 5,850	\$ -
Due to current fund	B-4	10,083	-
Due to State of New Jersey	B-5	1,299	-
Due from current fund	B-6	-	39
Reserve for escrow funds	B-10	-	77,489
Reserve for small cities revolving loan	B-11	-	30,229
Reserve for recreation and community services	B-12	-	10
Reserve for development fees	B-13	-	2,691
Reserve for payroll account	B-16	-	2,270,175
Reserve for future legal expenses	B-17	-	25
Reserve for performance bond	B-18	-	79
		<u>17,232</u>	<u>2,380,737</u>
		28,014	2,945,312
Decreased by disbursements			
Animal control fund	B-3	22,164	-
Due to current fund	B-4	83	-
Due to State of New Jersey	B-5	1,257	-
Reserve for encumbrances	B-8	-	518
Reserve for escrow funds	B-10	-	130,090
Reserve for recreation and community services	B-12	-	1,538
Reserve for tax sale premiums	B-14	-	44,600
Reserve for payroll	B-16	-	2,271,626
		<u>23,504</u>	<u>2,448,372</u>
Balance - December 31, 2018	B;B-2	<u>\$ 4,510</u>	<u>\$ 496,940</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, 2018	B-1	\$ 4,510	\$ 496,940
Increased by			
Receipts		5,508	1,067,329
		<u>10,018</u>	<u>1,564,269</u>
Decreased by			
Disbursements		9,047	886,235
		<u>9,047</u>	<u>886,235</u>
Balance - April 30, 2019		<u>\$ 971</u>	<u>\$ 678,034</u>
Cash reconciliation - April 30, 2019			
Balance per statement			
Northfield Bank		\$ 971	\$ 680,420
Less: outstanding checks		<u>-</u>	<u>2,386</u>
Book balance		<u>\$ 971</u>	<u>\$ 678,034</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Animal Control Fund Expenditures

	<u>Ref.</u>		
Balance - December 31, 2017	B		\$ 10,723
Increased by receipts			
Animal control fees	B-1	\$ 5,850	
Due from current fund	B-4	<u>10,000</u>	
			<u>15,850</u>
			26,573
Decreased by			
Expenditures under RS 4:119.15	B-1	22,164	
Encumbrances payable	B-7	<u>22</u>	
			<u>22,186</u>
Balance - December 31, 2018	B		<u><u>\$ 4,387</u></u>
Animal control collections			
2016			\$ 5,972
2017			<u>6,614</u>
Maximum allowable reserve			<u><u>\$ 12,586</u></u>

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ -
Increased by		
Receipts	B-1	<u>10,083</u>
		10,083
Decreased by		
Disbursements	B-1	\$ 83
Budget appropriation	B-3	<u>10,000</u>
		<u>10,083</u>
Balance - December 31, 2018	B	<u><u>\$ -</u></u>

TOWNSHIP OF HOLLAND
Schedule of Due to State of New Jersey

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 59
Increased by		
State fees collected	B-1	<u>1,299</u>
		1,358
Increased by		
Disbursements	B-1	<u>1,257</u>
Balance - December 31, 2018	B	<u><u>\$ 101</u></u>

See independent auditors' report.

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

	<u>Ref.</u>		
Balance - December 31, 2017	B		\$ 141
Increased by			
Interest on investments	B-1	\$ 39	
Due from escrow funds	B-10	<u>301</u>	
			<u>340</u>
 Balance - December 31, 2018	 B		 <u><u>\$ 481</u></u>

		<u>12/31/18</u>	<u>12/31/17</u>
Analysis of balance			
Due from			
Escrow funds		\$ 301	\$ -
Performance bond		<u>180</u>	<u>141</u>
		<u><u>\$ 481</u></u>	<u><u>\$ 141</u></u>

TOWNSHIP OF HOLLAND
Schedule of Reserve for Encumbrances
Animal Control Fund

	<u>Ref.</u>		
Balance - December 31, 2017	B		\$ -
Increased by			
Encumbrances payable	B-3		<u>22</u>
 Balance - December 31, 2018	 B		 <u><u>\$ 22</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Encumbrances
Other Trust Funds

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 518
Increased by		
Encumbrances payable		
Reserve for escrow	B-10	<u>363</u>
		881
Decreased by		
Disbursements	B-1	<u>518</u>
Balance - December 31, 2018	B	<u><u>\$ 363</u></u>

TOWNSHIP OF HOLLAND
Schedule of Loans Receivable

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 357,472
Decreased by		
Mortgage paid	B-11	<u>41,275</u>
Balance - December 31, 2018	B	<u><u>\$ 316,197</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Escrow Funds

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 220,139
Increased by		
Receipts	B-1	<u>77,489</u>
		297,628
Decreased by		
Disbursements	B-1	\$ 130,090
Encumbrances payable	B-8	363
Due to current fund	B-6	<u>301</u>
		<u>130,754</u>
Balance - December 31, 2018	B	<u><u>\$ 166,874</u></u>

B-11

TOWNSHIP OF HOLLAND
Schedule of Reserve for Small Cities Revolving Loan

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 476,677
Increased by		
Receipts	B-1	<u>30,229</u>
		506,906
Decreased by		
Mortgage paid	B-9	<u>41,275</u>
Balance - December 31, 2018	B	<u><u>\$ 465,631</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Recreation and Community Services

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 1,529
Increased by Receipts	B-1	<div style="text-align: right;"> <u>10</u> 1,539 </div>
Decreased by Disbursements	B-1	<div style="text-align: right;"> <u>1,538</u> </div>
Balance - December 31, 2018	B	<div style="text-align: right;"> <u><u>\$ 1</u></u> </div>

TOWNSHIP OF HOLLAND
Schedule of Reserve for Development Fees

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 6,678
Increased by Receipts	B-1	<div style="text-align: right;"> <u>2,691</u> </div>
Balance - December 31, 2018	B	<div style="text-align: right;"> <u><u>\$ 9,369</u></u> </div>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Tax Sale Premiums

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 56,200
Decreased by Disbursements	B-1	<u>44,600</u>
Balance - December 31, 2018	B	<u><u>\$ 11,600</u></u>

TOWNSHIP OF HOLLAND
Schedule of Reserve for Snow Removal

	<u>Ref.</u>	
Balance - December 31, 2017	B	<u>\$ 70,900</u>
Balance - December 31, 2018	B	<u><u>\$ 70,900</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Payroll Account

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 1,767
Increased by		
Receipts	B-1	<u>2,270,175</u>
		2,271,942
Decreased by		
Disbursements	B-1	<u>2,271,626</u>
Balance - December 31, 2018	B	<u><u>\$ 316</u></u>

TOWNSHIP OF HOLLAND
Schedule of Reserve for Future Legal Expenses

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 15,065
Increased by		
Receipts	B-1	<u>25</u>
Balance - December 31, 2018	B	<u><u>\$ 15,090</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Performance Bond

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 72,425
Increased by Receipts	B-1	<u>79</u>
Balance - December 31, 2018	B	<u>\$ 72,504</u>

TOWNSHIP OF HOLLAND
Schedule of Reserve for POAA

	<u>Ref.</u>	
Balance - December 31, 2017	B	<u>\$ 8</u>
Balance - December 31, 2018	B	<u>\$ 8</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND

COUNTY OF HUNTERDON

2018

GENERAL CAPITAL FUND

TOWNSHIP OF HOLLAND
Schedule of General Capital Fund Cash - Treasurer

	<u>Ref.</u>	
Balance - December 31, 2017	C	\$ 2,852,099
Increased by receipts		
Due from current fund	C-6	\$ 521,015
Refunds to improvement authorizations	C-8	<u>37,500</u>
		<u>558,515</u>
		3,410,614
Decreased by disbursements		
Due from current fund	C-6	21,015
Due from clearing account	C-7	<u>751,811</u>
		<u>772,826</u>
Balance - December 31, 2018	C;C-3	<u><u>\$ 2,637,788</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, 2018	C-2	\$ 2,637,788
Decreased by		
Disbursements		<u>137,602</u>
Balance - April 30, 2019		<u><u>\$ 2,500,186</u></u>
Cash reconciliation - April 30, 2019		
Balance per statement		
Northfield Bank		<u><u>\$ 2,500,186</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Cash Activity

Description	Balance 12/31/17	Receipts	Disbursements	Transfers (From) To	Balance 12/31/18
Fund balance	\$ 577,968	\$ -	\$ -	\$ (250,000)	\$ 327,968
Capital improvement fund	899,880	-	-	-	899,880
Due to current fund	-	521,015	21,015	(500,000)	-
Due to clearing account	-	-	751,811	751,811	-
NJ D.O.T. grants receivable	(11,514)	-	-	-	(11,514)
Encumbrances payable	99,919	-	-	75,171	175,090
Reserve for capital projects	713,710	-	-	(624,877)	88,833
Improvement authorizations					
Various improvements to the grove at the Riegel Ridge Community Center	4,024	-	-	(4,024)	-
Various outdoor improvements to the Riegel Ridge Community Center	8,123	-	-	(8,123)	-
Preservation of farm land	248,330	-	-	-	248,330
Various improvements at the Riegel Ridge Community Center and pool	2,338	-	-	(2,338)	-
Improvements to Bellis Road phase I	41,076	-	-	-	41,076
Improvements to Riegel Ridge Community Center	81,680	-	-	(81,680)	-
Acquisition of police equipment including a police cruiser	5,174	-	-	-	5,174
Improvements to the Riegel Ridge Community Center	111,228	37,500	-	(111,228)	37,500
Various building improvements	55,323	-	-	(39,231)	16,092
Improvements to various roads	14,840	-	-	(14,840)	-
Purchase of land for preservation	-	-	-	439,877	439,877
Improvements to various roads	-	-	-	63,958	63,958
Acquisition of various public works equipment	-	-	-	20,885	20,885
Improvement to Township buildings	-	-	-	36,600	36,600
Improvements to Bellis Road phase III	-	-	-	248,039	248,039
Total	<u>\$ 2,852,099</u>	<u>\$ 558,515</u>	<u>\$ 772,826</u>	<u>\$ -</u>	<u>\$ 2,637,788</u>
	<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, 2017	<u>Ref.</u> C	<u>\$ 11,514</u>
Balance - December 31, 2018	C	<u><u>\$ 11,514</u></u>

TOWNSHIP OF HOLLAND
Schedule of Due to Current Fund

Balance - December 31, 2017	<u>Ref.</u> C	\$ -
Increased by		
Receipts	C-2	<u>521,015</u>
		521,015
Decreased by		
Disbursements	C-2	\$ 21,015
2018 municipal budget appropriations		
Building improvements	C-11	100,000
Purchase of an ambulance	C-11	15,000
Purchase of a fire truck	C-11	50,000
Road improvement	C-11	260,000
Purchase of various public works equipment	C-11	<u>75,000</u>
		<u>521,015</u>
Balance - December 31, 2018	C	<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Due from Clearing Account

	<u>Ref.</u>		
Balance - December 31, 2017	C		\$ -
Increased by			
Disbursements	C-2		<u>751,811</u>
			751,811
Decreased by			
Improvement authorization charges	C-8	\$ 651,892	
Encumbrances payable	C-9	<u>99,919</u>	
			<u>751,811</u>
Balance - December 31, 2018	C		<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Improvement Authorizations

Improvement Description	Ordinance		Balance	2018	Paid or	Unexpended	Balance	Balance
	Date	Amount	12/31/17					
Various improvements to the grove at the Riegel Ridge Community Center	10/20/09	\$ 125,000	\$ 4,024	\$ -	\$ 4,024	\$ -	\$ -	\$ -
Various outdoor improvements to the Riegel Ridge Community Center	04/02/13	125,000	8,123	-	8,123	-	-	-
Preservation of farm land	05/07/13	550,000	248,330	-	-	-	-	248,330
Various improvements at the Riegel Ridge Community Center and pool	03/04/14	50,000	2,338	-	2,338	-	-	-
Improvements to Bellis Road phase I	04/21/15	200,000	41,076	-	-	-	-	41,076
Improvements to the Riegel Ridge Community Center	02/02/16	105,543	81,680	-	81,680	-	-	-
Acquisition of police equipment including a police cruiser	03/21/17	50,000	5,174	-	-	-	-	5,174
Improvements to the Riegel Ridge Community Center	03/21/17	200,000	111,228	-	73,728	-	-	37,500
Various building improvements	03/21/17	82,000	55,323	-	39,231	-	-	16,092
Improvements to various roads	03/21/17	150,000	14,840	-	14,840	-	-	-
Purchase of land for preservation	01/02/18	439,877	-	439,877	-	-	-	439,877
Improvements to various roads	03/20/18	260,000	-	260,000	196,042	-	-	63,958
Acquisition of various public works equipment	03/20/18	75,000	-	75,000	54,115	-	-	20,885
Purchase of a class a pumper fire truck	03/20/18	250,000	-	250,000	250,000	-	-	-
Improvement to Township buildings	03/20/18	100,000	-	100,000	63,400	-	-	36,600
Improvements to Bellis Road phase III	03/20/18	250,000	-	250,000	1,961	-	-	248,039
			<u>\$ 572,136</u>	<u>\$ 1,374,877</u>	<u>\$ 789,482</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,157,531</u>
	Ref.		C	Below	Below			C
Summary of 2018 authorizations								
Capital fund balance	C-1			\$ 250,000				
Reserve for capital projects								
Purchase of land	C-11			439,877				
Building improvements	C-11			100,000				
Purchase of a fire truck	C-11			250,000				
Road improvement	C-11			260,000				
Purchase of various public works equipment	C-11			75,000				
				<u>\$ 1,374,877</u>				
Summary of paid or charged				C-8				
Receipts	C-2				\$ (37,500)			
Clearing account	C-7				651,892			
Encumbrances payable	C-9				175,090			
					<u>\$ 789,482</u>			

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Encumbrances

Balance - December 31, 2017	<u>Ref.</u> C	\$ 99,919
Increased by		
Current year capital charges	C-8	<u>175,090</u>
		275,009
Decreased by		
Due to clearing account	C-7	<u>99,919</u>
Balance - December 31, 2018	C	<u><u>\$ 175,090</u></u>

TOWNSHIP OF HOLLAND
Schedule of Capital Improvement Fund

Balance - December 31, 2017	<u>Ref.</u> C	<u>\$ 899,880</u>
Balance - December 31, 2018	C	<u><u>\$ 899,880</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Capital Projects

Improvement Description	Balance 12/31/17	Increased in 2018	Decreased in 2018	Balance 12/31/18
Park construction	\$ 32,138	\$ -	\$ -	\$ 32,138
Community center parking lot	200	-	-	200
Purchase of land	439,877	-	439,877	-
Purchase of an ambulance	39,301	15,000	-	54,301
Purchase of a fire truck	202,194	50,000	250,000	2,194
Building improvements	-	100,000	100,000	-
Road improvement	-	260,000	260,000	-
Purchase of various public works equipment	-	75,000	75,000	-
	<u>\$ 713,710</u>	<u>\$ 500,000</u>	<u>\$ 1,124,877</u>	<u>\$ 88,833</u>
<u>Ref.</u>	C	C-6	C-8	C

See independent auditors' report.

TOWNSHIP OF HOLLAND

COUNTY OF HUNTERDON

2018

SEWER UTILITY FUND

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

	Ref.	Operating Fund	Capital Fund
Balance - December 31, 2017	D	\$ 108,020	\$ 172,886
Increased by receipts			
Interest on deposits	D-3	\$ 1,009	\$ -
Sewer collector	D-7	525,000	-
Due from sewer capital fund	D-11	1,196	-
Due to sewer operating fund	D-19	-	11,196
		<u>527,205</u>	<u>11,196</u>
		635,225	184,082
Decreased by disbursements			
Budget appropriations	D-4	461,232	-
Due from payroll account	D-9	11,279	-
Due from sewer capital	D-11	10,000	-
Appropriation reserves	D-14	7	-
Reserve for encumbrances	D-15; D-22	1,356 -	-
Accrued interest on notes	D-18	4,350	4,679
Due to sewer operating fund	D-19	-	1,196
Improvement authorizations	D-20	-	17,448
		<u>488,224</u>	<u>23,323</u>
Balance - December 31, 2018	D; D-6	<u>\$ 147,001</u>	<u>\$ 160,759</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

	Ref.	Operating Fund	Capital Fund
Balance - December 31, 2018	D-5	\$ 147,001	\$ 160,759
Increased by			
Receipts		1,423	-
		148,424	160,759
Decreased by			
Disbursements		108,361	-
Balance - April 30, 2019		<u>\$ 40,063</u>	<u>\$ 160,759</u>
<u>Cash Reconciliation April 30, 2019</u>			
Balance per statement			
Northfield Bank		<u>\$ 40,063</u>	<u>\$ 160,759</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, 2017	D	\$ 22,360
Increased by receipts		
Interest and costs on sewer charges	D-3	\$ 3,646
Interest on deposits	D-3	597
Miscellaneous revenue	D-3	65
Consumer accounts receivable	D-10	554,921
Sewer rent overpayments	D-16	1,292
Prepaid rents received	D-17	2,226
		<u>562,747</u>
		585,107
Decreased by		
Paid to sewer treasurer	D-5	525,000
		<u>525,000</u>
Balance - December 31, 2018	D; D-8	<u>\$ 60,107</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, 2018	D-7	\$ 60,107
Increased by		
Receipts		<u>198,596</u>
Balance - April 30, 2019		<u>\$ 258,703</u>
<u>Cash Reconciliation April 30, 2019</u>		
Balance per statement		
Northfield Bank		<u>\$ 258,703</u>

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2017	D	\$ -
Increased by		
Disbursements	D-5	<u>11,279</u>
		11,279
Decreased by		
Budget charges	D-4	<u>11,279</u>
Balance - December 31, 2018	D	<u><u>\$ -</u></u>

D-10

TOWNSHIP OF HOLLAND
Sewer Operating Fund
Schedule of Consumer Accounts Receivable

	<u>Ref.</u>	
Balance - December 31, 2017	D	\$ 52,688
Increased by		
User fees levied	Reserve	<u>550,474</u>
		603,162
Decreased by		
Collections	D-7	\$ 554,921
Overpayments applied	D-16	257
Prepayments applied	D-17	<u>3,405</u>
	D-3	<u>558,583</u>
Balance - December 31, 2018	D	<u><u>\$ 44,579</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, 2017	D		\$ -
Increased by			
Disbursements	D-5	\$ 10,000	
Interest earned	D-3	<u>1,196</u>	
			<u>11,196</u>
			11,196
Decreased by			
Current year budget appropriations			
Capital improvement fund	D-4	10,000	
Receipts	D-5	<u>1,196</u>	
			<u>11,196</u>
			11,196
Balance - December 31, 2018	D		<u><u>\$ -</u></u>

TOWNSHIP OF HOLLAND
Sewer Capital Fund
Schedule of Fixed Capital

<u>Description</u>	<u>Ref.</u>	<u>Balance</u> <u>12/31/18</u>	<u>Balance</u> <u>12/31/17</u>
Sanitary sewer system	D	\$ 989,826	\$ 989,826
Replacement of the Gridley Circle Pump Station	D-13	<u>324,412</u>	<u>-</u>
	D	<u><u>\$ 1,314,238</u></u>	<u><u>\$ 989,826</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Sewer Capital Fund
Schedule of Fixed Capital Authorized and Uncompleted
For the Year Ended December 31, 2018

Purpose	Ordinance		Balance	Authorizations	Decreased	Balance
	Date	Amount	12/31/17			12/31/18
Replacement of the Gridley Circle Pump Station	08/06/13	\$ 550,000	\$ 400,000	\$ -	\$ 400,000	\$ -
Improvement and repairs to the sewer lines	10/03/17	90,000	90,000	-	-	90,000
			<u>\$ 490,000</u>	<u>\$ -</u>	<u>\$ 400,000</u>	<u>\$ 90,000</u>
	<u>Ref.</u>		D		Below	D
Improvement authorization balance canceled		D-20			\$ 75,588	
Balance transferred to fixed capital		D-12			<u>324,412</u>	
					<u>\$ 400,000</u>	

See independent auditors' report.

TOWNSHIP OF HOLLAND
Sewer Operating Fund
Schedule of Appropriation Reserves
For the Year Ended December 31, 2018

	Balance 12/31/17	Balance After Transfer	Expended	Balance Lapsed
Operating				
Salaries and wages	\$ 2,982	\$ 2,982	\$ -	\$ 2,982
Other expenses	16,710	16,710	7	16,703
Contribution to Milford Sewer	40,114	40,114	-	40,114
Statutory expenditures				
Contribution to Social Security system	696	696	-	696
	<u>\$ 60,502</u>	<u>\$ 60,502</u>	<u>\$ 7</u>	<u>\$ 60,495</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, 2017	D	\$ 1,356
Increased by		
Current year budget charges	D-4	<u>1,014</u>
		2,370
Decreased by		
Disbursements	D-5	<u>1,356</u>
Balance - December 31, 2018	D	<u><u>\$ 1,014</u></u>

TOWNSHIP OF HOLLAND
Sewer Operating Fund
Schedule of Sewer Rent Overpayments

	<u>Ref.</u>		
Balance - December 31, 2017	D		\$ 274
Increased by			
Overpayments received	D-7		<u>1,292</u>
			1,566
Decreased by			
Overpayments canceled	D-1	\$ 24	
Applied to 2018 sewer rents	D-10	<u>257</u>	
			<u>281</u>
Balance - December 31, 2018	D		<u><u>\$ 1,285</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Sewer Operating Fund
Schedule of Prepaid Sewer Rents

	<u>Ref.</u>	
Balance - December 31, 2017	D	\$ 3,405
Increased by		
Prepayments received	D-7	<u>2,226</u>
		5,631
Decreased by		
Applied to consumer accounts receivable	D-10	<u>3,405</u>
Balance - December 31, 2018	D	<u><u>\$ 2,226</u></u>

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

	<u>Ref.</u>	
Balance - December 31, 2017	D	\$ 884
Increased by		
Current year budget charge	D-4	<u>4,559</u>
		5,443
Decreased by		
Interest paid	D-5	<u>4,350</u>
Balance - December 31, 2018	D	<u><u>\$ 1,093</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, 2017	D		\$ -
Increased by			
Receipts	D-5	\$ 10,000	
Interest earned	D-5	<u>1,196</u>	
			<u>11,196</u>
Decreased by			
Budget appropriation	D-24	10,000	
Disbursements	D-5	<u>1,196</u>	
			<u>11,196</u>
Balance - December 31, 2018	D		<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Sewer Capital Fund
Schedule of Improvement Authorizations

Improvement Description	Ordinance Date	Amount	12/31/17		2018 Authorization	Paid or Charged	Balance		12/31/18	
			Funded	Unfunded			Canceled	Funded	Unfunded	
Replacement of the Gridley Circle Pump Station	08/06/13	\$ 550,000	\$ -	\$ 75,858	\$ -	\$ 270	\$ 75,588	\$ -	\$ -	
Improvement and repairs to the sewer lines	10/03/17	90,000	88,660	-	-	17,178	-	71,482	-	
			<u>\$ 88,660</u>	<u>\$ 75,858</u>	<u>\$ -</u>	<u>\$ 17,448</u>	<u>\$ 75,588</u>	<u>\$ 71,482</u>	<u>\$ -</u>	
	Ref.		D	D		D-5	D-13	D	D	

See independent auditors' report.

TOWNSHIP OF HOLLAND
Sewer Capital Fund
Schedule of Reserve for Amortization

	<u>Ref.</u>	
Balance - December 31, 2017	D	\$ 989,826
Increased by		
Completed improvement authorization	D-23	<u>200,000</u>
Balance - December 31, 2018	D	<u><u>\$ 1,189,826</u></u>

TOWNSHIP OF HOLLAND
Sewer Capital Fund
Schedule of Reserve for Encumbrances

	<u>Ref.</u>	
Balance - December 31, 2017	D	\$ 4,679
Decreased by		
Disbursements	D-5	<u>4,679</u>
Balance - December 31, 2018	D	<u><u>\$ -</u></u>

TOWNSHIP OF HOLLAND
Sewer Capital Fund
Schedule of Deferred Reserve for Amortization
For the Year Ended December 31, 2018

<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance 12/31/17</u>	<u>To Reserve For Amortization</u>	<u>Current Year Budget Appropriation</u>	<u>Balance 12/31/18</u>
Replacement of the Gridley Circle Pump Station	08/16/13	\$ 150,000	\$ (200,000)	\$ 50,000	\$ -
Improvement and repairs to the sewer lines	10/03/17	<u>90,000</u>	<u>-</u>	<u>-</u>	<u>90,000</u>
		<u>\$ 240,000</u>	<u>\$ (200,000)</u>	<u>\$ 50,000</u>	<u>\$ 90,000</u>
	<u>Ref.</u>	D	D-21	D-25	D

See independent auditors' report.

TOWNSHIP OF HOLLAND
Sewer Capital Fund
Schedule of Capital Improvement Fund

	<u>Ref.</u>	
Balance - December 31, 2017	D	\$ 3,545
Increased by		
Current year budget appropriation	D-19	<u>10,000</u>
Balance - December 31, 2018	D	<u>\$ 13,545</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 12/31/17	Increased	Decreased	Balance 12/31/18
		Issue	Maturity					
Sewer purposes	10/23/14	10/18/17	10/17/18	1.745%	\$ 250,000	\$ -	\$ 250,000	\$ -
Sewer purposes	10/23/14	10/16/18	10/15/19	2.630%	-	200,000	-	200,000
					<u>\$ 250,000</u>	<u>\$ 200,000</u>	<u>\$ 250,000</u>	<u>\$ 200,000</u>
				Ref.	D	Below	Below	D
Notes reissued				Contra		\$ 200,000	\$ 200,000	
Paid from budget appropriation				D-23		-	50,000	
						<u>\$ 200,000</u>	<u>\$ 250,000</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
FINANCIAL ASSISTANCE**

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL,
STATE, AND LOCAL FINANCIAL ASSISTANCE**

SCHEDULE OF FINDINGS AND RESPONSES

TOWNSHIP OF HOLLAND
Schedule of Sales Tax Payable

	<u>Ref.</u>	
Balance - December 31, 2017	A	\$ -
Increased by		
Receipts	A-4	<u>1,201</u>
		1,201
Decreased by		
Disbursements	A-4	<u>1,201</u>
Balance - December 31, 2018	A	<u><u>\$ -</u></u>

TOWNSHIP OF HOLLAND
Schedule of Due to Regular Fund

	<u>Ref.</u>	
Balance - December 31, 2017	A	\$ 5,000
Increased by		
Receipts	A-4	\$ 20,000
Interest on investments	A-4	186
Appropriated reserve expense paid	A-34	<u>5,100</u>
		<u>25,286</u>
		30,286
Decreased by		
Disbursements	A-4	<u>24,186</u>
Balance - December 31, 2018	A	<u><u>\$ 6,100</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Appropriated Reserves for Grants

Grant	Balance 12/31/17	Transferred from 2018 Budget	Paid or Charged	Balance Canceled	Balance 12/31/18
State Grants					
Recycling tonnage grant - 2017	\$ 3	\$ -	\$ 3	\$ -	\$ -
Recycling tonnage grant - 2018	-	26,427	26,406	-	21
Body armor grant reserve - 2014	700	-	-	-	700
Body armor grant - 2014	922	-	-	-	922
Body armor grant - 2015	1,005	-	-	-	1,005
Body armor grant - 2016	981	-	-	-	981
Body armor grant - 2017	982	-	-	-	982
Clean communities program - 2017	4,501	-	4,501	-	-
Clean communities program - 2018	-	16,494	16,494	-	-
NJ D.E.P. storm water management - 2005	416	-	-	-	416
Uniform fire code violations - 2008	375	-	-	-	375
Highlands grant second - 2011	153,477	-	23,327	-	130,150
Highlands grant special - 2015	14,634	-	-	-	14,634
Highlands water protection and planning council - amended plan confirmation	837	-	837	-	-
Small cities grant program	-	30,000	30,000	-	-
Federal Grants					
Recreational trails program - 2016	1,452	-	1,452	-	-
National crime statistics exchange program through NJ Department of law and public safety	-	49,851	27,022	-	22,829

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Appropriated Reserves for Grants (continued)

Grant	Balance 12/31/17	Transferred from 2018 Budget	Paid or Charged	Balance Canceled	Balance 12/31/18
Local Grants					
Hunterdon County emergency management 2013 EMAA - 2016	\$ 5,000	\$ -	\$ -	\$ -	\$ 5,000
Hunterdon County emergency management grant	-	5,000	-	-	5,000
Hunterdon historical preservation grant	25,000	-	-	-	25,000
Hunterdon historical preservation grant	37,500	-	37,500	-	-
Penn East Pipeline Community Connect	-	5,000	2,398	-	2,602
	<u>\$ 247,785</u>	<u>\$ 132,772</u>	<u>\$ 169,940</u>	<u>\$ -</u>	<u>\$ 210,617</u>
<u>Ref.</u>	A	A-3	Below		A
Cash disbursed	A-4		\$ 123,073		
Due to regular fund	A-33		5,100		
Encumbrances payable	A-36		41,767		
			<u>\$ 169,940</u>		

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Unappropriated Reserves for Grants

	<u>Ref.</u>	
Balance - December 31, 2017	A	\$ 31,427
Decreased by		
Appropriated in the 2018 budget	A-18	<u>31,427</u>
Balance - December 31, 2018	A	<u><u>\$ -</u></u>

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

	<u>Ref.</u>	
Balance - December 31, 2017	A	\$ 23,027
Increased by		
Current year grant charges	A-4	<u>41,767</u>
		64,794
Decreased by		
Disbursements	A-4	<u>23,027</u>
Balance - December 31, 2018	A	<u><u>\$ 41,767</u></u>

See independent auditors' report.



Certified Public Accountants, PC
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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**

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 regulatory basis financial statements 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, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated October 9, 2019. 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 Regulatory Basis Financial Statements and an emphasis of matter paragraph describing the adoption of a new accounting principle.

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.

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.

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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as item 2018-01 that we consider to be a significant deficiency.

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*.

Response to Findings

The Municipality's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses section of the report. The Municipality's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

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.



BKC, CPAs, PC



William M. Colantano
Certified Public Accountant
Registered Municipal Accountant

October 9, 2019
Flemington, New Jersey

TOWNSHIP OF HOLLAND
Schedule of Expenditure of Federal Financial Assistance
For the Year Ended December 31, 2018

	Project Number	Award Amount	Grant Period		Balance 12/31/17	Receipts	Expended	Balance 12/31/18
			From	To				
Grant Award Program								
Passed-through from federal bureau of justice statistics								
National crime statistics exchange program through NJ Department of law and public safety	Not available	\$ 49,851	01/01/18	12/31/18	\$ -	\$ -	\$ 27,022	\$ (27,022)
Passed-through from federal highway administration								
NJ Department of Environmental Protection - Recreation Trails Program	Not available	24,000	01/01/17	12/31/18	(22,548)	24,000	1,452	-
Total federal financial assistance					\$ (22,548)	\$ 24,000	\$ 28,474	\$ (27,022)

See independent auditors' report.
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TOWNSHIP OF HOLLAND
Schedule of Expenditures of State and Local Financial Assistance
For the Year Ended December 31, 2018

Grant Award Program	Project Number	Award Amount	Grant Period		Receipts	Expended	Balance 12/31/17	Balance 12/31/18
			From	To				
State financial assistance								
Clean communities program	765-042-4900-004	\$ 17,220	01/01/17	12/31/17	\$ -	\$ 4,501	\$ -	
Clean communities program	765-042-4900-004	16,494	01/01/18	12/31/18	16,494	16,494	-	
Stormwater management	Not available	3,750	01/01/05	12/31/05	-	416	416	
Recycling tonnage grant	752-042-4900-001	31,779	01/01/17	12/31/17	-	3	-	
Recycling tonnage grant	752-042-4900-001	26,427	01/01/18	12/31/18	26,427	26,406	21	
NJ Body armor	066-1020-718-001	1,318	01/01/13	12/31/13	-	700	700	
NJ Body armor	066-1020-718-001	922	01/01/14	12/31/14	-	922	922	
NJ Body armor	066-1020-718-001	1,005	01/01/15	12/31/15	-	1,005	1,005	
NJ Body armor	066-1020-718-001	981	01/01/16	12/31/16	-	981	981	
NJ Body armor	066-1020-718-001	982	01/01/17	12/31/17	-	982	982	
Uniform fire code violations	Not available	375	01/01/08	12/31/08	-	375	375	
Highlands grant second	Not available	174,100	01/01/11	12/31/11	45,370	(25,883)	(3,840)	
Highlands grant special	Not available	25,000	01/01/15	12/31/15	6,048	(10,366)	(4,318)	
Highlands grant amended plan confirmation	Not available	15,000	01/01/17	12/31/17	-	(14,163)	(15,000)	
Small cities grant program	Not available	30,000	01/01/18	12/31/18	15,000	-	(15,000)	
NJ Dept. of transportation aid - Improvements to Bellis Road	480-078-6320	155,000	01/01/15	12/31/15	-	(11,514)	(11,514)	
Total state financial assistance					109,339	101,568	(44,270)	

See independent auditors' report.
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TOWNSHIP OF HOLLAND
Schedule of Expenditures of State and Local Financial Assistance
For the Year Ended December 31, 2018

Grant	Project Number	Award Amount	Grant Period		Balance 12/31/17	Receipts	Expended	Balance 12/31/18
			From	To				
Local financial assistance								
PennEast Pipeline community connect	Not available	\$ 5,000	01/01/17	12/31/17	\$ -	\$ 5,000	\$ 2,398	\$ 2,602
Historical commission grant	Not available	75,000	01/01/17	12/31/17	-	37,500	37,500	-
Hunterdon County emergency management 2013 EMMA	Not available	5,000	01/01/16	12/31/16	5,000	-	-	5,000
Hunterdon County emergency management grant	Not available	5,000	01/01/18	12/31/18	-	5,000	-	5,000
Total local financial assistance					<u>5,000</u>	<u>47,500</u>	<u>39,898</u>	<u>12,602</u>
Total state and local financial assistance					<u>\$ (47,041)</u>	<u>\$ 156,839</u>	<u>\$ 141,466</u>	<u>\$ (31,668)</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Notes to the Schedules of Expenditures of Federal, State, and Local Financial Assistance
For the Year Ended December 31, 2018

Note 1 - General

The accompanying Schedule of Expenditures of Federal Financial Assistance and Schedule of Expenditures of State and Local Financial Assistance (the Schedules) present the activity of all Federal, State and Local Financial Award Programs of the Township of Holland, County of Hunterdon, State of New Jersey (the Municipality) for the year ended December 31, 2018.

Note 2 - Basis of accounting

The accompanying Schedules of Expenditures of Federal Financial Assistance and State and Local Financial Assistance 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>Local</u>	<u>Total</u>
Grant Fund	\$ 28,474	\$ 101,568	\$ 39,898	\$ 169,940

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Findings and Responses

General Comments and Recommendations

Finding 2018-01

Criteria: Receipts collected for the animal control fund should be deposited timely.

Condition: animal control fund receipts were not deposited timely.

Cause: Limited staffing prohibits the timeliness of deposits made to the animal control fund.

Effect: Receipts collected for the animal control fund are not always deposited in a timely manner.

Questioned costs: Not applicable.

Recommendation: Procedures should be implemented by the Municipality to ensure that receipts collected for the animal control fund are deposited in a timely manner.

Management's Response (unaudited): The officials of the Municipality agree with the finding and will continue to implement procedures guaranteeing that receipts collected for the animal control fund are deposited timely.

Status of Prior Year's Audit Findings/Recommendations

A review was performed on prior year recommendations and corrective action was taken on all except for the following:

2017-01 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.

TOWNSHIP OF HOLLAND

PART III

ADDITIONAL SCHEDULES

STATISTICAL DATA

SCHEDULE OF INSURANCE

LIST OF OFFICIALS

GENERAL COMMENTS

ACKNOWLEDGEMENTS

TOWNSHIP OF HOLLAND

STATISTICAL DATA

TOWNSHIP OF HOLLAND
Statistical Data
Current Fund
Comparative Schedule of Operations and Changes
in Fund Balance - Regulatory Basis
For the Years Ended December 31, 2018 and 2017
(Unaudited)

	2018		2017	
	Amount	%	Amount	%
<u>Revenue and other Income Realized</u>				
Fund balance utilized	\$ 695,000	3.24	\$ 700,000	3.22
Miscellaneous - from other than local property tax levied	4,256,192	19.85	4,406,413	20.28
Collection of delinquent taxes and tax title liens	226,711	1.06	220,468	1.01
Collection of current tax levy	<u>16,259,757</u>	<u>75.85</u>	<u>16,400,351</u>	<u>75.49</u>
Total income	<u>21,437,660</u>	<u>100.00</u>	<u>21,727,232</u>	<u>100.00</u>
<u>Expenditures</u>				
Budget expenditures				
Municipal purposes	5,084,972	24.92	5,239,826	25.32
County taxes	2,523,318	12.37	2,451,073	11.85
Local school taxes	9,025,784	44.24	8,943,061	43.22
Regional school taxes	3,766,087	18.45	4,052,144	19.58
Other debits to income	<u>5,333</u>	<u>0.02</u>	<u>6,668</u>	<u>0.03</u>
Total expenditures	<u>20,405,494</u>	<u>100.00</u>	<u>20,692,772</u>	<u>100.00</u>
Regulatory excess to fund balance	1,032,166		1,034,460	
<u>Fund Balance</u>				
Fund balance - January 1,	<u>2,647,758</u>		<u>2,313,298</u>	
	3,679,924		3,347,758	
Less: utilization as anticipated revenue	<u>695,000</u>		<u>700,000</u>	
Fund balance - December 31,	<u>\$ 2,984,924</u>		<u>\$ 2,647,758</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, 2018 and 2017
(Unaudited)

	2018		2017	
	Amount	%	Amount	%
<u>Revenue and other Income Realized</u>				
Fund balance utilized	\$ 50,000	7.40	\$ 50,000	8.39
Miscellaneous - from other than sewer service charges	67,032	9.92	34,969	5.87
Collection of sewer service charges	<u>558,583</u>	<u>82.68</u>	<u>510,847</u>	<u>85.74</u>
Total income	<u>675,615</u>	<u>100.00</u>	<u>595,816</u>	<u>100.00</u>
<u>Expenditures</u>				
Budget expenditures				
Operating	491,500	88.15	496,500	88.36
Capital improvements	10,000	1.79	10,000	1.78
Debt service	54,559	9.79	53,895	9.59
Deferred charges and statutory expenditures	<u>1,500</u>	<u>0.27</u>	<u>1,500</u>	<u>0.27</u>
Total expenditures	<u>557,559</u>	<u>100.00</u>	<u>561,895</u>	<u>100.00</u>
Regulatory excess to fund balance	118,056		33,921	
<u>Fund Balance</u>				
Fund balance - January 1,	<u>63,959</u>		<u>80,038</u>	
	182,015		113,959	
Less: utilization as anticipated revenue	<u>50,000</u>		<u>50,000</u>	
Fund balance - December 31,	<u>\$ 132,015</u>		<u>\$ 63,959</u>	

See independent auditors' report.

TOWNSHIP OF HOLLAND
Statistical Data (continued)
(Unaudited)

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

Year	Apportionment				Total Tax Rate
	Municipal	County	Local School	Regional High School	
2018	\$ 0.19	\$ 0.40	\$ 1.44	\$ 0.60	\$ 2.63
2017	0.19	0.39	1.43	0.64	2.65
2016	0.19	0.39	1.40	0.58	2.56
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

* 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
2018	\$ 626,706,636	\$ 668,986,588	93.68%
2017	626,947,136	661,057,714	94.84%
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%

* Revalued/Reassessed

See independent auditors' report.

TOWNSHIP OF HOLLAND
Statistical Data (continued)
(Unaudited)

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
2018	\$ 16,519,976	\$ 16,259,757	98.42%
2017	16,653,130	16,400,351	98.48%
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%

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)
(Unaudited)

ASSESSED VALUES DISTRIBUTION

Year	Vacant				Apartments	Commercial	Farmland	Industrial	Total
	Land	Residential	Real Property	Real Property					
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		
2017	8,046,300	527,053,100	429,300	14,136,311	65,405,630	10,448,100	625,518,741		
2018	7,665,900	524,938,100	429,300	14,447,811	67,640,830	10,448,100	625,570,041		

(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

Year	Amount of		Total Delinquent	Percentage of Tax Levy
	Tax Title Liens	Delinquent Taxes		
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%
2017	91,392	231,399	322,791	1.94%
2018	104,975	233,702	338,677	2.05%

See independent auditors' report.

TOWNSHIP OF HOLLAND
Statistical Data (continued)
(Unaudited)

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>
2018	\$ 139,300
2017	139,300
2016	139,300
2015	194,300
2014	359,300
2013	424,300
2012	None
2011	None
2010	None
2009	None

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Dec. 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
Current fund	2018	\$ 2,984,924	\$ 725,000
	2017	2,647,758	695,000
	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

See independent auditors' report.

TOWNSHIP OF HOLLAND
Statistical Data (continued)
(Unaudited)

COMPARATIVE SCHEDULE OF FUND BALANCES

	Year	Dec. 31,	Utilized in Budget of Succeeding Year
Sewer utility	2018	\$ 132,015	\$ 50,000
	2017	63,959	50,000
	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	-

See independent auditors' report.

TOWNSHIP OF HOLLAND
Statistical Data
Debt Incurring Capacity as of December 31, 2018
(Unaudited)

Municipal

1.	Equalized valuations of real property (2018, 2017, 2016)	\$ 668,826,371
2.	Permitted municipal debt limitation (3.5% of \$668,826,371)	23,408,923
3.	Net debt issued, outstanding and authorized	-
4.	Excess school borrowing	-
5.	Total charges to borrowing margin	-
6.	Remaining municipal borrowing capacity	<u>\$ 23,408,923</u>

Local school district

1.	Permitted school district debt limitation (3.0% of \$668,826,371)	\$ 20,064,791
2.	Debt issued, outstanding and authorized	-
3.	Remaining municipal borrowing capacity	<u>\$ 20,064,791</u>

Gross & statutory net debt as of December 31,

Year	Gross Debt Amount	Statutory Net Debt	
		Amount	Percentage
2018	\$ 350,787	\$ -	0.00%
2017	552,011	250,000	0.04%
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%

See independent auditors' report.

TOWNSHIP OF HOLLAND
Statistical Data
Statement of Indebtedness as of December 31, 2018
(Unaudited)

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	200,000		
Bonds and notes authorized but not issued			-
			200,000
Local school district			
Bonds, notes and loans issued and outstanding			
Bonds			-
Notes			-
Bonds and notes authorized but not issued			-
			-
Regional school district			
Bonds	150,787		
Notes			-
Bonds and notes authorized but not issued			-
			150,787
Total gross debt			350,787
Statutory deductions			
Municipal	200,000		
Local school district			-
Regional school district	150,787		
			350,787
Total net debt			\$ -
Overlapping debt as of December 31, 2018			
	<u>Debt</u>	<u>Estimated %</u>	
	<u>Outstanding</u>	<u>Applicable</u>	
Local school district debt	\$ -	100.00%	\$ -
Regional school district debt	530,000	28.45%	150,787
County debt	83,452,933	3.11%	2,598,425
Total overlapping debt			\$ 2,749,212

See independent auditors' report.

TOWNSHIP OF HOLLAND
Statistical Data
Statement of Indebtedness as of December 31, 2018 (continued)
(Unaudited)

	<u>Year</u>	<u>Assessed Valuation</u>	
Gross debt			\$ 350,787
Per capita (population 2010 census - 5,124)			68
Percent of average equalized valuation basis	2018	\$ 668,826,371	0.05%
Percent of net valuation taxable	2018	626,706,636	0.06%
 Net municipal debt			 -
Per capita (population 2010 census - 5,124)			-
Percent of average equalized valuation basis	2018	668,826,371	0.00%
Percent of net valuation taxable	2018	626,706,636	0.00%
 Overall debt			 2,949,212
Per capita (population 2010 census - 5,124)			576
Percent of average equalized valuation basis	2018	668,826,371	0.44%
Percent of net valuation taxable	2018	626,706,636	0.47%

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Insurance
For the Year Ended December 31, 2018
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
	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 - Statewide Insurance Fund	10,000,000	-
Workers Compensation - Statewide Insurance Fund	2,000,000	-
Package Policy - Statewide Insurance Fund		
Property - Building & Contents (Policy Limit)	20,528,766	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
Daniel Bush	Mayor
Raymond Krov	Deputy Mayor
Thomas Scheibener	Committeeperson
Robert Thurgarland	Committeeperson
Scott Wilhelm	Committeeperson

* * * * *

Name	Title
Catherine Miller	Municipal Clerk
Margaret Pasqua	Treasurer & Chief Financial Officer
Kris Boxwell	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
(unaudited)

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:

Cleaning Services	Road Improvements
Fuel Oil and Gasoline	Fireworks
Riegel Ridge Community Center Renovations	

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
Architect	Physician Services
Highlands and COAH Advisors	Municipal Attorney
Health Benefits Advisors	

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
(unaudited)

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 2, 2018, 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 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 2018 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>
2018	2
2017	1
2016	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.

TOWNSHIP OF HOLLAND
Acknowledgements

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.



BKC, CPAs, PC



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Certified Public Accountant
Registered Municipal Accountant