

TOWNSHIP OF HOLLAND
COUNTY OF HUNTERDON
REPORT OF AUDIT
December 31, 2019



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

For the Year Ended December 31, 2019

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1 - 3
Financial Statements - Regulatory Basis	
A. Current Fund	
A Comparative Balance Sheet - Regulatory Basis	4 - 5
A-1 Comparative Statement of Operations and Change in Fund Balance - Regulatory Basis	6 - 7
A-2 Statement of Revenues - Regulatory Basis	8 - 10
A-3 Statement of Expenditures - Regulatory Basis	11 - 17
B. Trust Fund	
B Comparative Balance Sheet - Regulatory Basis	18
C. General Capital Fund	
C Comparative Balance Sheet - Regulatory Basis	19
C-1 Comparative Statement of Fund Balance - Regulatory Basis	20
D. Sewer Utility Fund	
D Comparative Balance Sheet - Regulatory Basis	21 - 22
D-1 Comparative Statement of Operations and Change in Fund Balance - Regulatory Basis	23
D-2 Comparative Statement of Fund Balance - Regulatory Basis	24
D-3 Statement of Revenues - Regulatory Basis	25
D-4 Statement of Expenditures - Regulatory Basis	26
E. General Fixed Asset Account Group	
E Comparative Statement of General Fixed Assets - Regulatory Basis	27
Notes to the Financial Statements	28 - 64
Supplementary Schedules	
A. Current Fund	
A-4 Schedule of Current Fund Cash - Treasurer	65 - 66
A-5 Schedule of Current Fund Cash and Reconciliation - Treasurer Per N.J.S.A. 40A:5-5	67
A-6 Schedule of Cash - Tax Collector	68
A-7 Schedule of Tax Collector Cash and Reconciliation - Tax Collector Per N.J.S.A. 40A:5-5	69
A-8 Schedule of Change Funds	70
A-9 Schedule of Taxes Receivable and Analysis of Property Tax Levy	71 - 72

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

For the Year Ended December 31, 2019

TABLE OF CONTENTS

	<u>Page</u>
Supplementary Schedules (continued)	
A. Current Fund (continued)	
A-10 Schedule of Tax Title Liens Receivable	73
A-11 Schedule of Property Acquired for Taxes - Assessed Valuation	73
A-12 Schedule of Revenue Accounts Receivable	74
A-13 Schedule of Due from Federal and State Grant Fund	75
A-14 Schedule of Due from General Capital Fund	75
A-15 Schedule of Due from Other Trust Funds	76
A-16 Schedule of Due to Payroll Account	76
A-17 Schedule of Due to Animal Control Fund	77
A-18 Schedule of Grants Receivable	78
A-19 Schedule of Appropriation Reserves	79 - 81
A-20 Schedule of Reserve for Encumbrances	82
A-21 Schedule of Due to State of New Jersey - Veteran's and Senior Citizen's Deductions	82
A-22 Schedule of Prepaid Taxes	83
A-23 Schedule of Tax Overpayments	83
A-24 Schedule of Local School Tax Payable	84
A-25 Schedule of Regional High School Tax Payable	85
A-26 Schedule of County Taxes Payable	86
A-27 Schedule of Due to Outside Agencies	86
A-28 Schedule of Due to Outside Lienholders	87
A-29 Schedule of Due to Sewer Operating Fund	87
A-30 Schedule of Reserve for First Aid Squad	88
A-31 Schedule of Reserve for Veteran's Day Celebration	88
A-32 Schedule of Sales Tax Payable	89
A-33 Schedule of Due to Regular Fund	89
A-34 Schedule of Appropriated Reserves for Grants	90 - 91
A-35 Schedule of Reserve for Encumbrances (Grant Fund)	92
B. Trust Fund	
B-1 Schedule of Trust Fund Cash - Treasurer	93
B-2 Schedule of Trust Fund Cash and Reconciliation Per N.J.S.A. 40A:5-5 - Treasurer	94
B-3 Schedule of Reserve for Animal Control Fund Expenditures	95
B-4 Schedule of Due to Current Fund - Animal Control Fund	96

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

For the Year Ended December 31, 2019

TABLE OF CONTENTS

	<u>Page</u>
Supplementary Schedules (continued)	
B. Trust Fund (continued)	
B-5 Schedule of Due to State of New Jersey	96
B-6 Schedule of Due from/to Current Fund - Other Trust Funds	97
B-7 Schedule of Reserve for Encumbrances - Animal Control Fund	97
B-8 Schedule of Reserve for Encumbrances - Other Trust Funds	98
B-9 Schedule of Loans Receivable	98
B-10 Schedule of Reserve for Escrow Funds	99
B-11 Schedule of Reserve for Small Cities Revolving Loan	99
B-12 Schedule of Reserve for Recreation and Community Services	100
B-13 Schedule of Reserve for Development Fees	100
B-14 Schedule of Reserve for Tax Sale Premiums	101
B-15 Schedule of Reserve for Snow Removal	101
B-16 Schedule of Reserve for Payroll Account	102
B-17 Schedule of Reserve for Future Legal Expenses	102
B-18 Schedule of Reserve for Performance Bond	103
B-19 Schedule of Reserve for POAA	103
C. General Capital Fund	
C-2 Schedule of General Capital Fund Cash - Treasurer	104
C-3 Schedule of General Capital Fund Cash and Reconciliation - Treasurer Per N.J.S.A. 40A:5-5	104
C-4 Schedule of Cash Activity	105
C-5 Schedule of NJ Department of Transportation Grants Receivable	106
C-6 Schedule of Due to Current Fund	106
C-7 Schedule of Due from Clearing Account	107
C-8 Schedule of Improvement Authorizations	108
C-9 Schedule of Reserve for Encumbrances	109
C-10 Schedule of Capital Improvement Fund	109
C-11 Schedule of Reserve for Capital Projects	110
D. Sewer Utility Fund	
D-5 Schedule of Cash - Treasurer	111
D-6 Schedule of Cash and Reconciliation - Treasurer Per N.J.S.A. 40A:5-5	112
D-7 Schedule of Cash - Collector	113
D-8 Schedule of Cash and Reconciliation - Collector Per N.J.S.A 40A:5-5	113
D-9 Schedule of Due from Payroll Account	114
D-10 Schedule of Consumer Accounts Receivable	114
D-11 Schedule of Due from Sewer Capital Fund	115

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

For the Year Ended December 31, 2019

TABLE OF CONTENTS

	<u>Page</u>
Supplementary Schedules (continued)	
D. Sewer Utility Fund (continued)	
D-12 Schedule of Fixed Capital	115
D-13 Schedule of Fixed Capital Authorized and Uncompleted	116
D-14 Schedule of Appropriation Reserves	117
D-15 Schedule of Reserve for Encumbrances	118
D-16 Schedule of Sewer Rent Overpayments	118
D-17 Schedule of Prepaid Sewer Rents	119
D-18 Schedule of Accrued Interest on Notes	119
D-19 Schedule of Due to Sewer Operating Fund	120
D-20 Schedule of Improvement Authorizations	121
D-21 Schedule of Capital Improvement Fund	122
D-22 Schedule of Reserve for Amortization	122
D-23 Schedule of Deferred Reserve for Amortization	123
D-24 Schedule of Bond Anticipation Notes Payable	124
 Additional Schedules	
Statistical Data (Unaudited)	125 - 134
Schedule of Insurance (Unaudited)	135
 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	 136 - 137
 Schedule 1 Schedule of Expenditures of Federal Financial Assistance	 138
Schedule 2 Schedule of Expenditures of State and Local Financial Assistance	139 - 140
Notes to the Schedules of Expenditures of Federal, State, and Local Financial Assistance	 141
 Schedule of Findings and Responses	 142
 List of Officials	 143
 General Comments (Unaudited)	 144 - 145
 Acknowledgments	 146



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

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, 2019 and 2018, 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, 2019, 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, 2019 and 2018, 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, 2019 and 2018, and the results 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, except for the budgetary information, which was not audited, for the year ended December 31, 2019 in conformity with accounting principles and practices prescribed by the Division, as described in Note 1.

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 July 6, 2020 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

July 6, 2020
Flemington, New Jersey

FINANCIAL STATEMENTS - REGULATORY BASIS

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

	Ref.	2019	2018
Assets			
Regular fund			
Cash			
Treasurer	A-4	\$ 9,809,183	\$ 9,287,357
Tax collector	A-6	332,544	196,732
Change funds	A-8	550	550
		10,142,277	9,484,639
Delinquent property taxes receivable	A-9	233,060	233,702
Tax title liens receivable	A-10	98,431	104,975
Property acquired for taxes - assessed valuation	A-11	5,700	139,300
Revenue accounts receivable	A-12	913	248
Due from federal and state grant fund	A-13	100,000	6,100
Due from performance bond escrow	A-15	-	180
Due from escrow funds	A-15	288	301
		438,392	484,806
Total regular fund		10,580,669	9,969,445
Federal and state grant fund			
Cash	A-4	31,949	691
Grants receivable	A-18	300,079	257,793
Total federal and state grant fund		332,028	258,484
Total assets		\$ 10,912,697	\$ 10,227,929

See accompanying notes to the financial statements.

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

	Ref.	2019	2018
Liabilities, reserves and fund balance			
Regular fund			
Appropriation reserves	A-3;A-19	\$ 515,822	\$ 350,806
Reserve for encumbrances	A-20	21,747	30,925
Due to State of NJ Veteran's & Senior			
Citizen's deductions	A-21	1,737	1,237
Prepaid taxes	A-22	94,717	98,706
Tax overpayments	A-23	9,599	5,135
Local school tax payable	A-24	4,600,650	4,512,892
Regional high school taxes payable	A-25	1,679,623	1,471,066
County tax payable	A-26	32,387	1,901
Due to outside agencies	A-27	275	275
Due to outside lienholders	A-28	972	972
Reserve for first aid squad	A-30	23,305	25,600
Reserve for veterans day celebration	A-31	200	200
		6,981,034	6,499,715
Reserve for receivables	A	438,392	484,806
Fund balance	A-1	3,161,243	2,984,924
Total regular fund		10,580,669	9,969,445
Federal and state grant fund			
Due to regular fund	A-33	100,000	6,100
Appropriated reserves for grants	A-34	218,351	210,617
Reserve for encumbrances	A-35	13,677	41,767
Total federal and state grant fund		332,028	258,484
Total liabilities, reserves and fund balance		\$ 10,912,697	\$ 10,227,929

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.	2019	2018
Revenues and other income realized			
Fund balance utilized	A-2	\$ 725,000	\$ 695,000
Miscellaneous revenue anticipated	A-2	3,620,436	3,522,822
Receipts from delinquent taxes	A-2	245,988	226,711
Receipts from current taxes	A-2	17,106,003	16,259,757
Non-budget revenue	A-2	200	94,038
Other credits to income			
Proceeds from the sale of foreclosed property	A-11	98,626	-
Unexpended balance of appropriation reserves	A-19	307,813	639,315
Tax overpayments canceled	A-23	1,559	17
Total income		<u>22,105,625</u>	<u>21,437,660</u>
Expenditures			
Budget and emergency appropriations			
Operations			
Salaries and wages	A-3	1,960,600	1,966,350
Other expenses	A-3	2,346,347	2,219,622
Capital improvements	A-3	500,000	500,000
Deferred charges & statutory expenditures	A-3	417,200	399,000
Local district school taxes	A-24	9,201,300	9,025,784
Regional high school taxes	A-25	4,183,203	3,766,087
County taxes	A-26	2,556,301	2,521,417
County share of added taxes	A-26	32,387	1,901
Other debits to income			
Interfund advances - net	A-2	93,707	1,440
Prior year refunds - taxes collected in prior year	A-23	1,045	2,643
Prior year senior citizen deduction disallowed	A-21	1,500	1,250
Total expenditures		<u>21,293,590</u>	<u>20,405,494</u>

See accompanying notes to the financial statements.

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

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Regulatory excess to fund balance		\$ 812,035	\$ 1,032,166
Balance January 1,	A	<u>2,984,924</u>	<u>2,647,758</u>
		3,796,959	3,679,924
Decreased by			
Utilized as anticipated revenue	A-2	<u>725,000</u>	<u>695,000</u>
Balance December 31,	A	<u><u>\$ 3,071,959</u></u>	<u><u>\$ 2,984,924</u></u>

See accompanying notes to the financial statements.

TOWNSHIP OF HOLLAND
Statement of Revenues - Regulatory Basis
Current Fund
For the Year Ended December 31, 2019

	Ref.	Unaudited Anticipated		Realized	Excess or Deficit
		Budget	NJS 40:4-87		
Fund balance anticipated	A-1	\$ 725,000	\$ -	\$ 725,000	\$ -
Miscellaneous revenues					
Licenses					
Alcoholic beverage	A-12	5,000	-	5,376	376
Fines and costs					
Municipal court	A-12	6,000	-	9,707	3,707
Interest on investments and deposits	A-2	70,000	-	171,109	101,109
Interest & cost on taxes	A-6	45,000	-	58,066	13,066
Swimming pool fees	A-12	105,000	-	101,817	(3,183)
Riegel Ridge Community Center fees	A-12	388,565	-	383,661	(4,904)
Snack bar fees	A-12	18,000	-	17,018	(982)
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	25,166	-	25,166	-
Clean communities grant	A-18	-	18,413	18,413	-
Green communities grant	A-18	-	3,000	3,000	-
County of Hunterdon Historic Preservation Program	A-18	-	75,000	75,000	-
Private donation - Improvements to RRCC	A-18	-	20,000	20,000	-
Highland grant	A-18	5,122	-	5,122	-
Body armor	A-18	1,046	-	1,046	-
Community Forestry Program	A-18	10,000	-	10,000	-
Highlands Grant Task 13	A-18	5,000	-	5,000	-
Total miscellaneous revenues	A-1	3,394,834	116,413	3,620,436	109,189
Receipts from delinquent taxes	A-1;A-2	210,000	-	245,988	35,988
Property tax for support of municipal budget appropriations					
Local tax for municipal purposes	A-2	1,193,600	-	1,548,512	354,912
Budget totals		5,523,434	116,413	6,139,936	\$ 500,089
Nonbudget revenues	A-1;A-2	-	-	200	
		\$ 5,523,434	\$ 116,413	\$ 6,140,136	
	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, 2019

	<u>Ref.</u>			
Analysis of realized revenues				
Allocation of current tax collections				
Tax collections	A-1;A-9			\$ 17,106,003
Allocated to				
Local district school taxes	A-9			9,201,300
Regional high school taxes	A-9			4,183,203
County taxes	A-9			2,588,688
				<u>15,973,191</u>
Balance for support of municipal budget appropriations				1,132,812
Add: appropriation - reserve for uncollected taxes	A-3			<u>415,700</u>
Realized for support of municipal budget	A-2			<u>\$ 1,548,512</u>
Analysis of delinquent tax collections				
Receipts from delinquent tax collections	A-9			\$ 232,405
Receipts from tax title lien collections	A-10			13,583
				<u>245,988</u>
	A-2			<u>\$ 245,988</u>
Interest on investments				
Treasurer	A-4			\$ 138,100
Tax collector	A-6			32,402
Other trust fund	A-15			607
	A-2			<u>\$ 171,109</u>
	<u>Ref.</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>Increase (Decrease)</u>
Interfund advances and return analysis				
Due from federal and state grant fund	A-13	\$ 100,000	\$ 6,100	\$ 93,900
Due from escrow funds	A-15	288	301	(13)
Due from performance bond escrow	A-15	-	180	(180)
		<u>\$ 100,288</u>	<u>\$ 6,581</u>	<u>\$ 93,707</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, 2019

	<u>Ref.</u>	
Analysis of realized revenues (continued)		
Analysis of nonbudget revenue		
Treasurer		
Cell tower rent		\$ 13,648
Tax assessor fees		620
Cable TV franchise fee		20,035
Veteran's & Seniors Citizen's - administrative fees		1,135
Homestead rebate processing fee		286
Clerk - other licenses		25
Perc testing fees		6,500
Registrar fees		5,314
Copy fees		110
Zoning fees and permits		11,850
Food handling licenses		2,050
Holland book sales		654
Sale of surplus equipment		5,024
Road opening and driveway permits		1,425
Dumpster tickets		7,010
Recycling sales		2,923
Tire disposal		1,000
Police fees		3,147
Riegel Ridge Rams reimbursements		2,018
Miscellaneous other		1,415
Various refunds		<u>3,095</u>
	A-4	\$ 89,284
Tax collector		
Miscellaneous	A-6	140
Duplicate tax bills	A-6	<u>60</u>
		<u>200</u>
	A-2	<u>\$ 200</u>

See accompanying notes to the financial statements.

TOWNSHIP OF HOLLAND
Statement of Expenditures - Regulatory Basis
Current Fund
For the Year Ended December 31, 2019

	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	\$ 19,913	\$ 87	\$ -	\$ -
Other expenses	43,500	45,500	41,934	3,566	-	-
Municipal clerk						
Salaries and wages	110,000	110,000	106,655	3,345	-	-
Other expenses	35,000	35,000	26,055	8,945	-	-
Financial administration						
Salaries and wages	35,000	35,000	29,275	5,726	-	-
Other expenses	60,000	60,000	55,109	4,891	-	-
Audit services	25,000	25,000	22,000	3,000	-	-
Assessment of taxes						
Salaries and wages	41,000	41,000	40,662	338	-	-
Other expenses	3,300	3,300	1,287	2,013	-	-
Collection of taxes						
Salaries and wages	26,000	26,000	21,848	4,152	-	-
Other expenses	9,000	9,000	8,513	487	-	-
Legal services and costs						
Other expenses	90,000	87,000	36,714	50,286	-	-
Engineering services & costs						
Other expenses	35,000	35,000	25,184	9,816	-	-
Municipal court						
Salaries and wages	14,000	14,000	5,876	8,124	-	-
Other expenses	20,000	20,000	12,650	7,350	-	-
Municipal prosecutor						
Salaries and wages	7,000	7,000	6,120	880	-	-
Public buildings and grounds						
Salaries and wages	32,000	35,000	34,029	971	-	-
Other expenses	198,000	203,000	197,025	5,975	-	-
Land use administration						
Planning board						
Salaries and wages	17,000	18,000	17,480	520	-	-
Other expenses	38,000	38,000	9,460	28,540	-	-

See accompanying notes to the financial statements.

TOWNSHIP OF HOLLAND
Statement of Expenditures - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2019

	Unaudited		Expended by		Balance Canceled	Over- Expended
	Appropriations		Paid or			
	Budget	After Modification	Charged	Reserved		
Operations within CAPS (cont'd)						
General government (cont'd)						
Land use administration (cont'd)						
Zoning Board of Adjustment						
Salaries and wages	\$ 17,000	\$ 18,000	\$ 17,707	\$ 293	\$ -	\$ -
Other expenses	9,000	9,000	5,166	3,834	-	-
Zoning officer						
Salaries and wages	14,000	14,000	12,962	1,038	-	-
Other expenses	1,000	1,000	731	269	-	-
Public safety						
Fire						
Other expenses	23,500	23,500	17,659	5,841	-	-
Aid to volunteer fire companies	70,000	70,000	70,000	-	-	-
Police						
Salaries and wages	715,000	715,000	702,365	12,635	-	-
Other expenses	70,000	70,000	68,856	1,144	-	-
First aid organization contribution	70,000	70,000	70,000	-	-	-
Office of Emergency Management						
Salaries and wages	7,000	7,000	6,615	385	-	-
Other expenses	10,000	10,000	9,665	335	-	-
Public defender						
Salaries and wages	1,400	1,400	1,248	152	-	-
Public works						
Road repairs and maintenance						
Salaries and wages	495,000	495,000	443,345	51,655	-	-
Other expenses	220,000	220,000	128,965	91,035	-	-
Snow removal						
Other expenses	65,000	65,000	42,017	22,983	-	-
Recycling						
Salaries and wages	5,000	5,000	3,724	1,276	-	-
Other expenses	6,000	6,000	3,865	2,135	-	-

See accompanying notes to the financial statements.

TOWNSHIP OF HOLLAND
Statement of Expenditures - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2019

	Unaudited					
	Appropriations		Expended by		Balance Canceled	Over- Expended
	Budget	After Modification	Paid or Charged	Reserved		
Operations within CAPS (cont'd)						
General government (cont'd)						
Health and welfare						
Board of Health						
Salaries and wages	\$ 1,500	\$ 1,500	\$ 1,080	\$ 420	\$ -	\$ -
Other expenses	2,900	2,900	1,300	1,600	-	-
Environmental health services						
Other expenses	5,000	5,000	2,800	2,200	-	-
Animal control						
Other expenses	15,000	15,000	15,000	-	-	-
Parks and recreation						
Recreation committee						
Salaries and wages	1,500	1,500	990	510	-	-
Other expenses	10,000	10,000	3,007	6,993	-	-
Riegel Ridge Community Center						
Salaries and wages	310,000	314,000	311,821	2,179	-	-
Other expenses	155,000	160,000	159,224	776	-	-
Swimming pool						
Salaries and wages	90,000	72,000	70,208	1,792	-	-
Other expenses	35,000	35,000	21,201	13,799	-	-
Snack bar						
Salaries and wages	8,000	8,000	6,263	1,737	-	-
Other expenses	15,000	15,000	11,544	3,456	-	-
Historical preservation commission						
Salaries and wages	1,100	1,100	720	380	-	-
Other expenses	7,000	7,000	4,084	2,916	-	-
Agricultural advisory commission						
Salaries and wages	1,100	1,100	540	560	-	-
Other expenses	11,400	11,400	3,431	7,969	-	-
Insurance						
Worker's Compensation	60,000	60,000	57,300	2,700	-	-
Employee group health	345,000	345,000	309,458	35,542	-	-
Other insurance premiums	125,000	125,000	122,944	2,056	-	-

See accompanying notes to the financial statements.

TOWNSHIP OF HOLLAND
Statement of Expenditures - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2019

	Unaudited					
	Appropriations		Expended by			
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Canceled	Over- Expended
Operations within CAPS (cont'd)						
Unclassified						
Electricity	\$ 90,000	\$ 90,000	\$ 76,614	\$ 13,386	\$ -	\$ -
Street lighting	22,000	22,000	15,401	6,599	-	-
Telephone	30,000	30,000	27,141	2,859	-	-
Fuel oil	10,000	10,000	6,519	3,481	-	-
Gasoline & diesel fuel	55,000	55,000	26,735	28,265	-	-
Natural gas	20,000	20,000	14,570	5,430	-	-
Trash removal dumpster	30,000	30,000	17,589	12,411	-	-
Total operations within CAPS	<u>4,114,200</u>	<u>4,114,200</u>	<u>3,610,163</u>	<u>504,037</u>	<u>-</u>	<u>-</u>
Contingent	-	-	-	-	-	-
Total operations including contingent within CAPS	<u>4,114,200</u>	<u>4,114,200</u>	<u>3,610,163</u>	<u>504,037</u>	<u>-</u>	<u>-</u>
Detail						
Salaries and wages	1,969,600	1,960,600	1,861,443	99,157	-	-
Other expenses (including contingent)	<u>2,144,600</u>	<u>2,153,600</u>	<u>1,748,720</u>	<u>404,880</u>	<u>-</u>	<u>-</u>
Deferred charges and statutory expenditures						
Statutory expenditures						
Contribution to						
Public employees						
retirement system	104,000	104,000	103,795	205	-	-
Social Security						
system (OASI)	150,000	150,000	139,617	10,383	-	-
Police and Firemen's						
retirement system	147,200	147,200	147,128	72	-	-
Defined contribution						
retirement program	5,500	5,500	5,004	496	-	-
State unemployment						
compensation	<u>10,500</u>	<u>10,500</u>	<u>9,870</u>	<u>630</u>	<u>-</u>	<u>-</u>
Total deferred charges and statutory expenditures - Municipal within CAPS	<u>417,200</u>	<u>417,200</u>	<u>405,415</u>	<u>11,785</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, 2019

	Unaudited		Expended by			
	Appropriations		Paid or Charged	Reserved	Balance Canceled	Over- Expended
	Budget	Budget After Modification				
Total general appropriations for municipal purposes within CAPS	\$ 4,531,400	\$ 4,531,400	\$ 4,015,578	\$ 515,822	\$ -	\$ -
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	25,166	25,166	25,166	-	-	-
Clean communities						
Other expenses	18,413	18,413	18,413	-	-	-
Green communities						
Other expenses	3,000	3,000	3,000	-	-	-
Improvements to Riegel Ridge C.C.						
Other expenses	20,000	20,000	20,000	-	-	-
Hunterdon County historic preservation program						
Other expenses	75,000	75,000	75,000	-	-	-
NJ Body Armor						
Other expenses	1,046	1,046	1,046	-	-	-
Highlands Grant						
Other expenses	5,122	5,122	5,122	-	-	-
Community Forestry Grant						
Other expenses	10,000	10,000	10,000	-	-	-
Highland Grant Task 13						
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, 2019

	Unaudited		Expended by			
	Appropriations		Paid or Charged	Reserved	Balance Canceled	Over- Expended
	Budget	Budget After Modification				
Operations excluded from CAPS (cont'd)						
Total operations excluded from CAPS	\$ 192,747	\$ 192,747	\$ 192,747	\$ -	\$ -	\$ -
Detail						
Other expenses	192,747	192,747	192,747	-	-	-
Capital improvements - excluded from CAPS						
Reserves for						
Purchase of fire truck	50,000	50,000	50,000	-	-	-
Road improvements	150,000	150,000	150,000	-	-	-
Building improvements	140,000	140,000	140,000	-	-	-
Police equipment	95,000	95,000	95,000	-	-	-
Purchase of ambulance	15,000	15,000	15,000	-	-	-
Purchase of DPW equipment	50,000	50,000	50,000	-	-	-
Total capital improvements excluded from CAPS	500,000	500,000	500,000	-	-	-
Total general appropriation, for municipal purposes excluded from CAPS	692,747	692,747	692,747	-	-	-
Subtotal general appropriations	5,224,147	5,224,147	4,708,325	515,822	-	-
Reserve for uncollected taxes	415,700	415,700	415,700	-	-	-
Total general appropriations	\$ 5,639,847	\$ 5,639,847	\$ 5,124,025	\$ 515,822	\$ -	\$ -
Ref.	A-3	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, 2019

	Ref.	Paid or Charged
Paid or charged		
Cash disbursed	A-4	\$ 2,081,405
Due to payroll account	A-16	1,966,488
Due to animal control fund	A-17	15,000
Reserve for encumbrances	A-20	21,597
Reserve for uncollected taxes	A-2	415,700
Due to general capital fund	A-14	500,000
Appropriated reserve for grants	A-34	162,747
		5,162,937
Less		
Appropriation refunds	A-4	38,912
	A-3	\$ 5,124,025
Appropriations		
Budget	A-2	\$ 5,523,434
Added by N.J.S.A. 40A:4-87	A-2	116,413
	A-3	\$ 5,639,847

See accompanying notes to the financial statements.

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

	Ref.	2019	2018
Assets			
Animal control fund			
Cash	B-1	\$ 2,957	\$ 4,510
Other trust funds			
Cash - Treasurer	B-1	559,747	496,940
Loans receivable	B-9	287,929	316,197
		<u>847,676</u>	<u>813,137</u>
Total assets		<u>\$ 850,633</u>	<u>\$ 817,647</u>
Liabilities and reserves			
Animal control fund			
Reserve for animal control fund expenditures	B-3	\$ 2,891	\$ 4,387
Due to State of New Jersey	B-5	66	101
Reserve for encumbrances	B-7	-	22
		<u>2,957</u>	<u>4,510</u>
Other trust funds			
Due to current fund	B-6	288	481
Reserve for encumbrances	B-8	1,403	363
Reserve for escrow funds	B-10	219,783	166,874
Reserve for small cities revolving loan	B-11	439,620	465,631
Reserve for recreation and community services	B-12	46	1
Reserve for development fees	B-13	15,040	9,369
Reserve for tax sale premiums	B-14	12,000	11,600
Reserve for snow removal	B-15	70,900	70,900
Reserve for payroll account	B-16	899	316
Reserve for future legal expenses	B-17	15,112	15,090
Reserve for performance bond	B-18	72,577	72,504
Reserve for POAA	B-19	8	8
		<u>847,676</u>	<u>813,137</u>
Total liabilities and reserves		<u>\$ 850,633</u>	<u>\$ 817,647</u>

See accompanying notes to the financial statements.

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

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Assets			
Cash	C-2	\$ 2,381,018	\$ 2,637,788
NJ D.O.T. grants receivable	C-5	-	11,514
Total assets		<u>\$ 2,381,018</u>	<u>\$ 2,649,302</u>
Liabilities, reserves and fund balance			
Improvement authorizations funded	C-8	\$ 904,997	\$ 1,157,531
Reserve for encumbrances	C-9	164,778	175,090
Capital improvement fund	C-10	929,442	899,880
Reserve for capital projects	C-11	103,833	88,833
Fund balance	C-1	<u>277,968</u>	<u>327,968</u>
Total liabilities, reserves and fund balance		<u>\$ 2,381,018</u>	<u>\$ 2,649,302</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>2019</u>	<u>2018</u>
Balance - January 1	C	\$ 327,968	\$ 577,968
Decreased by			
Appropriated to finance improvement authorizations	C-8	<u>50,000</u>	<u>250,000</u>
Balance - December 31	C	<u>\$ 277,968</u>	<u>\$ 327,968</u>

See accompanying notes to the financial statements.

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

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Assets			
Operating fund			
Cash			
Treasurer	D-5	\$ 247,485	\$ 147,001
Collector	D-7	11,583	60,107
		<u>259,068</u>	<u>207,108</u>
Receivables with full reserves			
Consumer accounts receivable	D-10	39,676	44,579
Total operating fund		<u>298,744</u>	<u>251,687</u>
Capital fund			
Cash	D-5	134,541	160,759
Fixed capital	D-12	1,314,238	1,314,238
Fixed capital authorized and uncompleted	D-13	90,000	90,000
Total capital fund		<u>1,538,779</u>	<u>1,564,997</u>
Total assets		<u>\$ 1,837,523</u>	<u>\$ 1,816,684</u>

See accompanying notes to the financial statements.

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

	Ref.	2019	2018
Liabilities, reserves and fund balance			
Operating fund			
Liabilities			
Appropriation reserves	D-4;D-14	\$ 86,766	\$ 69,475
Reserve for encumbrances	D-15	366	1,014
Sewer rent overpayments	D-16	1,134	1,285
Prepaid sewer rents	D-17	3,643	2,226
Accrued interest on notes	D-18	444	1,093
		<u>92,353</u>	<u>75,093</u>
Reserve for receivables	D	39,676	44,579
Fund balance	D-1	166,715	132,015
Total operating fund		<u>298,744</u>	<u>251,687</u>
Capital fund			
Bond anticipation note payable	D-24	100,000	200,000
Improvement authorizations	D-20	35,264	71,482
Capital improvement fund	D-21	23,545	13,545
Reserve for amortization	D-22	1,289,826	1,189,826
Deferred reserve for amortization	D-23	90,000	90,000
Capital fund balance	D-2	144	144
Total capital fund		<u>1,538,779</u>	<u>1,564,997</u>
Total liabilities, reserves and fund balance		<u>\$ 1,837,523</u>	<u>\$ 1,816,684</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.	2019	2018
Revenues and other income realized			
Fund balance utilized	D-3	\$ 50,000	\$ 50,000
Sewer service charges	D-3	555,396	558,583
Miscellaneous	D-3	9,680	6,513
Other credits to income			
Unexpended balance of appropriation reserves	D-14	67,206	60,495
Overpaid sewer accounts receivable balances canceled	D-16	14	24
Total income		<u>682,296</u>	<u>675,615</u>
Expenditures			
Operating expenses	D-4	481,500	491,500
Capital improvements	D-4	10,000	10,000
Debt service	D-4	104,596	54,559
Deferred charges & statutory expenditures	D-4	1,500	1,500
Total expenditures		<u>597,596</u>	<u>557,559</u>
Statutory excess to fund balance		84,700	118,056
Fund balance			
Balance January 1,	D	<u>132,015</u>	<u>63,959</u>
		216,715	182,015
Decreased by			
Utilized as anticipated revenue	D-3	<u>50,000</u>	<u>50,000</u>
Balance December 31,	D	<u><u>\$ 166,715</u></u>	<u><u>\$ 132,015</u></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,

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Balance - January 1	D	<u>\$ 144</u>	<u>\$ 144</u>
Balance - December 31	D	<u><u>\$ 144</u></u>	<u><u>\$ 144</u></u>

See accompanying notes to the financial statements.

TOWNSHIP OF HOLLAND
Statement of Revenues - Regulatory Basis
Sewer Utility Fund
For the Year Ended December 31, 2019

	Ref.	Unaudited Anticipated		Realized	Excess or Deficit
		Budget	N.J.S.A. 40:4-87		
Fund balance anticipated	D-1	\$ 50,000	\$ -	\$ 50,000	\$ -
Sewer service charges	D-1;D-10	550,000	-	555,396	5,396
		<u>600,000</u>	<u>-</u>	<u>605,396</u>	<u>5,396</u>
Non-budget revenue	D-1;D-3	-	-	9,680	9,680
		<u>\$ 600,000</u>	<u>\$ -</u>	<u>\$ 615,076</u>	<u>\$ 15,076</u>
	<u>Ref.</u>	D-4			
Analysis of non-budget revenue					
Interest on deposits	D-3		\$ 6,549		
Interest and costs on payments	D-7		3,066		
Miscellaneous revenue	D-7		65		
	D-3		<u>\$ 9,680</u>		
Interest on deposits					
Sewer operating	D-5		\$ 2,607		
Collector	D-7		1,669		
Sewer capital	D-11		2,273		
	D-3		<u>\$ 6,549</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, 2019

	Unaudited Appropriations		Expended by		Balance Canceled	Over- Expended
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operating						
Salaries and wages	\$ 13,500	\$ 13,500	\$ 10,688	\$ 2,812	\$ -	\$ -
Other expenses	20,000	20,000	10,586	9,414	-	-
Contribution to Milford sewer	448,000	448,000	374,142	73,858	-	-
Capital improvements						
Capital improvement fund	10,000	10,000	10,000	-	-	-
Debt service						
Payment on bond anticipation	100,000	100,000	100,000	-	-	-
Interest on notes	7,000	7,000	4,596	-	2,404	-
Statutory expenditures						
Contribution to Social Security system	1,500	1,500	818	682	-	-
	<u>\$600,000</u>	<u>\$600,000</u>	<u>\$510,830</u>	<u>\$ 86,766</u>	<u>\$ 2,404</u>	<u>\$ -</u>

<u>Ref.</u>	D-3	D-3	D-1; Below	D; D-1
-------------	-----	-----	------------	--------

Analysis of Paid or Charged

Disbursements	D-5	\$484,362
Due from payroll account	D-9	11,506
Encumbrances payable	D-15	366
Accrued interest on notes	D-18	4,596
Due to sewer capital fund	D-11	10,000
	D-4	<u>\$510,830</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>2019</u>	<u>2018</u>
General fixed assets		
Land	\$ 2,439,700	\$ 2,439,700
Construction in progress	192,221	179,093
Building and building improvements	7,265,921	7,100,538
Machinery and equipment	<u>5,290,905</u>	<u>5,214,987</u>
Investment in general fixed assets	<u>\$ 15,188,747</u>	<u>\$ 14,934,318</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, 2019 and 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, 2019 and 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, 2019 and 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, 2019 and 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. Revenues - GAAP records taxes, utility charges and other revenues as income when levied and there is no reserve for receivables for unpaid balances.
2. Expenditures - GAAP records expenditures when incurred and does not reflect appropriation reserve balances or deferred charges to future taxation.
3. 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.
4. Interfunds - GAAP does not require offsetting reserves for interfund receivables and resulting revenue recognition when interfunds are liquidated.
5. Inventories - GAAP requires inventories to be reported on the balance sheet at year-end.
6. 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.

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2019 and 2018

Note 1 - Summary of significant accounting policies (continued)

Departures from generally accepted accounting principles (continued)

7. Grant accounting - GAAP requires that grants be recorded within a special revenue fund and revenues are not to be realized until earned.
8. 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.
9. Compensated absence liabilities for sick and vacation pay and for contributions to state administered pension plans are not recorded until paid.
10. Losses arising from tax appeals and other contingencies are not recorded until paid.
11. Financial Reporting Model - These statements are not presented on the requirements as promulgated by the following GASB Statements which made a dramatic change to the financial reporting requirements of State and Local governments as it relates to reporting for GAAP purposes:

GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions - Information regarding pension activity is disclosed rather than reported.

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions - Information regarding postemployment benefits other than pensions are disclosed rather than reported.

GASB Statement No. 84, Fiduciary Activities - This statement made dramatic changes to the financial reporting requirements relating to trust funds.

GASB Statement No. 87, Leases - Information regarding leases are 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, 2019 and 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, 2019 and 2018, the Municipality's bank balances of \$13,537,488 and \$13,006,711, respectively, were exposed to custodial credit risk as follows:

	2019	2018
Insured by the FDIC	\$ 250,000	\$ 250,000
Deposits with New Jersey Cash Management Fund	75,491	73,836
Uninsured and collateralized with securities held by pledging financial institutions	13,211,997	12,682,875
Total	\$ 13,537,488	\$ 13,006,711

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, 2019, and 2018, 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, 2019 and 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 determined 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 1st and November 1st, respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1st and May 1st 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, 2019 and 2018

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

	2019	2018
Issued		
Sewer utility bond anticipation notes	\$ 100,000	\$ 200,000
Net bonds and notes issued and authorized but not issued	\$ 100,000	\$ 200,000

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 .015%.

	Gross Debt	Deductions	Net Debt
Sewer utility debt	\$ 100,000	\$ -	\$ 100,000
	\$ 100,000	\$ -	\$ 100,000

Net debt \$100,000 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended, \$677,801,992 equals .015%.

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

3 ½ % of equalized valuation basis (municipal)	\$ 23,723,070
Net debt	100,000
Remaining borrowing power	\$ 23,623,070

Changes in long-term debt

During the years ended December 31, 2018 and 2019, the following changes occurred in long-term debt.

	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	\$ 250,000	\$ 200,000	\$ 250,000	\$ 200,000

	Balance 01/01/19	Additions	Reductions	Balance 12/31/19
Issued				
Sewer utility bond anticipation notes	\$ 200,000	\$ 100,000	\$ 200,000	\$ 100,000
Total	\$ 200,000	\$ 100,000	\$ 200,000	\$ 100,000

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2019 and 2018

Note 5 - Short-term debt - bond anticipation notes

The Municipality has outstanding bond anticipation notes at December 31, 2019 in the amount of \$100,000 and outstanding bond anticipation notes at December 31, 2018 in the amount of \$200,000. The note for December 31, 2019 has a term of October 10, 2019 to October 9, 2020 with an interest rate of 2.00% payable at maturity while the note for December 31, 2018 has a term from October 16, 2018 to October 15, 2019 with an interest rate of 2.63% 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 12/31/19	Balance 12/31/18	Balance 12/31/19	Balance 12/31/18
Balance of tax	\$ 4,600,650	\$ 4,512,892	\$ 2,091,601	\$ 1,883,044
Deferred	-	-	411,978	411,978
Tax payable (prepaid)	\$ 4,600,650	\$ 4,512,892	\$ 1,679,623	\$ 1,471,066

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 12/31/19	Balance 12/31/18
Prepaid taxes	\$ 94,717	\$ 98,706
Less: discount allowed	-	-
Cash liability for taxes collected in advance	\$ 94,717	\$ 98,706

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

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2019 and 2018

Note 8 - Pensions (continued)

Due to the basis of accounting described in Note 1, no liability has been recorded in the financial statements for the Municipal's 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

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.

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2019 and 2018

Note 8 - Pensions (continued)
Public employee's retirement system (continued)
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, 2019, 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, 2019.

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 2019, the State's pension contribution was less than the actuarial determined amount.

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

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

The Municipality's contractually required contribution rate for the year ended December 31, 2019 and 2018 was 14.05% and 14.23%, respectively, 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 \$103,134 and \$107,182 for the year ending December 31, 2019 and 2018, respectively.

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2019 and 2018

Note 8 - Pensions (continued)

Public employee's retirement system (continued)

Collective net pension liability and actuarial information

The Municipality's proportionate share of the collective net pension liability for PERS as of December 31, 2019 and 2018 are as follows:

	2019	2018
Net pension liability	\$ 1,910,463	\$ 2,048,928
Proportionate share	0.0105295452%	0.0104061954%
 Plan fiduciary net position as a percentage of the total pension liability	56.27%	53.60%

Actuarial assumptions

The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation rate		
Price		2.75%
Wage		3.25%
Salary increases (based on years of service)		
Through 2026		2.00% - 6.00%
Thereafter		3.00% - 7.00%
Investment rate of return		7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2019 and 2018

Note 8 - Pensions (continued)

Public employee's retirement system (continued)

Collective net pension liability and actuarial information(continued)

Actuarial assumptions (continued)

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. 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, 2019) 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.0%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2019 and 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)

Discount rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019, 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 based on 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 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, 2019 and 2018 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:

Municipality's proportionate share of the net pension liability	<u>2019</u>
At current discount rate (6.28%)	\$ 1,910,463
At a 1% lower rate (5.28%)	2,413,225
At a 1% higher rate (7.28%)	1,486,815
 Municipality's proportionate share of the net pension liability	 <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

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2019 and 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

At December 31, 2019 and 2018, the Municipality reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 34,290	\$ 8,440	\$ 39,073	\$ 10,565
Changes of assumptions	190,767	663,116	337,629	655,138
Net difference between projected and actual earnings on pension plan investments	-	30,157	-	19,219
Changes in proportion and differences between Municipality contributions and proportionate share of contributions	59,346	155,426	64,348	198,379
Total	<u>\$ 284,403</u>	<u>\$ 857,139</u>	<u>\$ 441,050</u>	<u>\$ 883,301</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, 2019 and 2018:

<u>December 31, 2019</u>	<u>Beginning Balance</u>	<u>Net Change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 39,073	\$ (4,783)	\$ 34,290
Changes of assumptions	337,629	(146,862)	190,767
Deferred inflows of resources			
Differences between expected and actual experience	(10,565)	2,125	(8,440)
Changes of assumptions	(655,138)	(7,978)	(663,116)
Differences between projected and actual investment earnings on pension plan investments	(19,219)	(10,938)	(30,157)
Net changes in deferred outflows (inflows) of resources	<u>\$ (308,220)</u>	<u>\$ (168,436)</u>	<u>\$ (476,656)</u>

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2019 and 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)

<u>December 31, 2018</u>	<u>Beginning Balance</u>	<u>Net Change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 62,857	\$ (23,784)	\$ 39,073
Changes of assumptions	537,807	(200,178)	337,629
Differences between projected and actual investment earnings on pension plan investments	18,177	(18,177)	-
Deferred inflows of resources			
Differences between expected and actual experience	-	(10,565)	(10,565)
Changes of assumptions	(535,835)	(119,303)	(655,138)
Differences between projected and actual investment earnings on pension plan investments	16,495	(35,714)	(19,219)
Net changes in deferred outflows (inflows) of resources	<u>\$ 99,501</u>	<u>\$ (407,721)</u>	<u>\$ (308,220)</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 for the year ending December 31, 2019 and 2018 are as follows:

	<u>2019</u>		<u>2018</u>
2020	\$ (55,165)	2019	\$ 14,221
2021	(178,956)	2020	(19,689)
2022	(159,797)	2021	(141,184)
2023	(75,033)	2022	(122,380)
2024	(7,704)	2023	(39,188)
Total	<u>\$ (476,655)</u>	Total	<u>\$ (308,220)</u>

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, 2019 and 2018 are as follows:

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2019 and 2018

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

	2019	2018
Service cost	\$ 73,580	\$ 96,714
Interest on total pension liability	218,083	232,505
Member contributions	(50,680)	(55,537)
Administrative expense	1,343	1,538
Expected investment return net of investment expense	(135,319)	(145,975)
Pension expense related to specific liabilities of individual employers	(634)	(855)
Recognition of deferred inflows/outflows of resources		
Amortization of expected versus actual experience	16,419	15,684
Amortization of assumption changes or inputs	(50,183)	(18,057)
Amortization of projected versus actual investment earnings on pension plan investments	15,964	(12,434)
Pension expense	<u>\$ 88,573</u>	<u>\$ 113,583</u>

Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established in 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15:c-1 et seq.) and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established maximum compensation limits; employees enrolled in PFRS after May 21, 2010, who earn salary in excess of established maximum compensation limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for Tier 3 enrollment but who earn salary of at least \$5,000 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 annually. For the year ended December 31, 2019 and 2018, the Municipality contributed \$5,004 and \$4,196 respectively. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program website: www.prudential.com/njdcrp.

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.

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2019 and 2018

Note 8 - Pensions (continued)

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 Division's Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

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

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 2019, 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.

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2019 and 2018

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

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 Township's contractually required contribution rate for the year ended December 31, 2019 and 2018 was 29.73% and 23.96%, respectively, 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 \$147,128 and \$132,741 for the year ending December 31, 2019 and 2018, respectively.

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 that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2019 and 2018

Note 8 - Pensions (continued)

Police and fireman's retirement system (continued)

Special funding situation (continued)

During the fiscal year ended June 30, 2019, the State of New Jersey contributed \$19,647 to the PFRS for normal pension benefits on behalf of the Municipality, which is less than the contractually required contributions of \$33,880.

Collective net pension liability and actuarial information

The Municipality's proportionate share of the net pension liability for PFRS as of December 31, 2019 and 2018 are as follows:

	2019	2018
Municipality proportionate share of net pension liability	\$ 2,138,244	\$ 2,313,015
Less: State proportionate share of net pension liability	291,590	276,612
Net pension liability	\$ 1,846,654	\$ 2,036,403
Proportionate share	0.0150897338%	0.0150491895%
Plan fiduciary net position as a percentage of the total pension liability	65.00%	62.48%

Actuarial assumptions

The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases (based on years of service)	
Through all future years	3.25% - 15.25%
Investment rate of return	7.00%

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2019 and 2018

Note 8 - Pensions (continued)

Police and fireman's retirement system (continued)

Actuarial assumptions (continued)

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

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, 2019) 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 rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2019 are summarized in the following table:

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2019 and 2018

Note 8 - Pensions (continued)
Police and fireman's retirement system (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	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging market equity	6.50%	11.37%
Private equity	12.00%	10.85%

Discount rate

The discount rate used to measure the total pension liability was 6.85% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. 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 2076.

Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2076, and the municipal bond rate was applied to 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, 2019 and 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, 2019 and 2018 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>	2019
At current discount rate (6.85%)	\$ 2,138,244
At a 1% lower rate (5.85%)	2,890,127
At a 1% higher rate (7.85%)	1,515,953
<u>Municipality's proportionate share of the net pension liability</u>	2018
At current discount rate (6.51%)	\$ 2,313,015
At a 1% lower rate (5.51%)	3,095,684
At a 1% higher rate (7.51%)	1,667,456

Collective deferred outflows of resources and deferred inflows of resources

At December 31, 2019 and 2018, the Municipality reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,588	\$ 11,692	\$ 20,718	\$ 8,427
Changes of assumptions	63,276	596,822	174,798	521,895
Net difference between projected and actual earnings on pension plan investments	-	25,022	-	11,141
Changes in proportion and differences between Municipality contributions and proportionate share of contributions	138,479	30,748	202,146	88,758
Total	\$ 217,343	\$ 664,284	\$ 397,662	\$ 630,221

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2019 and 2018

Note 9 - 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 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, 2019 and 2018:

December 31, 2019	<u>Beginning Balance</u>	<u>Net Change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 20,718	\$ (5,130)	\$ 15,588
Changes of assumptions	174,798	(111,522)	63,276
Deferred inflows of resources			
Differences between expected and actual experience	(8,427)	(3,265)	(11,692)
Changes of assumptions	(521,895)	(74,927)	(596,822)
Differences between projected and actual investment earnings on pension plan investments	<u>(11,141)</u>	<u>(13,881)</u>	<u>(25,022)</u>
Net changes in deferred outflows (inflows) of resources	<u>\$ (345,947)</u>	<u>\$ (208,725)</u>	<u>\$ (554,672)</u>
December 31, 2018	<u>Beginning Balance</u>	<u>Net Change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 15,072	\$ 5,646	\$ 20,718
Changes of assumptions	286,489	(111,691)	174,798
Deferred inflows of resources			
Difference between expected and actual experience	(13,636)	5,209	(8,427)
Changes of assumptions	(380,489)	(141,406)	(521,895)
Differences between projected and actual investment earnings on pension plan investments	<u>44,335</u>	<u>(55,476)</u>	<u>(11,141)</u>
Net changes in deferred outflows (inflows) of resources	<u>\$ (48,229)</u>	<u>\$ (297,718)</u>	<u>\$ (345,947)</u>

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2019 and 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)

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 for the year ending December 31, 2019 and 2018 are as follows:

	2019		2018
2020	\$ (65,753)	2019	\$ 17,513
2021	(138,026)	2020	(59,036)
2022	(97,751)	2021	(165,162)
2023	(48,185)	2022	(106,023)
2024	(27,007)	2023	(33,239)
Total	\$ (376,722)	Total	\$ (345,947)

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, 2019 and 2018 are as follows:

	2019	2018
Service cost	\$ 126,841	\$ 135,612
Interest on total pension liability	399,641	381,349
Member contributions	(54,133)	(52,153)
Administrative expense	850	577
Expected investment return net of investment expense	(253,059)	(239,848)
Transfers between State and Local employers	-	(3,516)
Pension expense related to specific liabilities of individual employers	(1,226)	(532)
Recognition of deferred inflows/outflows of resources		
Amortization of assumption changes or inputs	(60,176)	(18,625)
Amortization of expected versus actual experience	(1,758)	(37)
Amortization of projected versus actual investment earnings on pension plan investments	41,878	(12,119)
Less: state proportionate share of employer expense	(33,880)	(32,764)
Pension expense	\$ 164,978	\$ 157,944

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2019 and 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 coverage to retirees and their covered dependents. 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.

The Municipality has adopted a resolution to participate in the SHBP.

Funding Policy - Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Postretirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

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, 2019 and 2018

Note 9 - Postretirement benefits (continued)

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Municipality monthly. Premiums are funded entirely by the Municipality and are based on the type of coverage selected by the employee.

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 employers based on the ration 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, 2018 through June 30, 2019. 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.

Components of net OPEB liability

The Municipality's proportionate share of the net OPEB liability of the participating employers in the SHBP as of December 31, 2019 and 2018 were as follows:

	2019	2018
Net OPEB liability	\$ 1,695,833	\$ 2,117,813
Proportionate share	0.012519%	0.013518%
 Plan fiduciary net position as a percentage of the total OPEB liability	 1.98%	 1.97%

The net OPEB liability as of December 31, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. Salary increases are based on the defined benefit plan that the member is enrolled in and the member's age. The actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2019 and 2018

Note 9 - Postretirement benefits (continued)

Components of net OPEB liability (continued)

Inflation rate	2.50%
Salary increases (based on years of service)	
PERS	
Initial fiscal year applied	
Rate through 2026	2.00% to 6.00%
Rate thereafter	3.00% to 7.00%
PFRS	
Rate for all future years	3.25% to 15.25%

Mortality:

PERS Pub-2010 General classification head count weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019

PFRS Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019

Actuarial assumptions used in the July 1, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively

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

Healthcare trend assumptions

For pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

Discount rate

The discount rate for June 30, 2019 and 2018 was 3.50% and 3.87%, 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, 2019 and 2018, 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-percentage point higher than the current rate:

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2019 and 2018

Note 9 - Postretirement benefits (continued)

Sensitivity of net OPEB liability to changes in the discount rate

	2019	2018
At current discount rate (3.50% and 3.87%)	\$ 1,695,833	\$ 2,117,813
At a 1% lower rate (2.50% and 2.87%)	1,960,814	2,484,755
At a 1% higher rate (4.50% and 4.87%)	1,480,500	1,824,710

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

The following presents the collective net OPEB liability of the participating employers as of December 31, 2019 and 2018, 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-percentage point higher than the current rate:

	2019	2018
Healthcare cost trend rate	\$ 1,695,833	\$ 2,117,813
At a 1% lower rate (1% decrease)	1,431,074	1,766,596
At a 1% higher rate (1% increase)	2,033,577	2,572,341

Collective deferred outflows of resources and deferred inflows of resources

At December 31, 2019 and 2018, the Municipality reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 495,928	\$ -	\$ 429,992
Changes of assumptions	-	600,965	-	537,211
Net difference between projected and actual earnings on OPEB plan investments	1,397	-	1,119	-
Changes in proportion and differences between Municipality contributions and proportionate share of contributions	192,787	520,202	224,185	384,221
Total	\$ 194,184	\$ 1,617,095	\$ 225,304	\$ 1,351,424

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2019 and 2018

Note 9 - Postretirement benefits (continued)

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

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended December 31, 2019 and 2018, respectively:

<u>December 31, 2019</u>	<u>Beginning Balance</u>	<u>Net Change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between projected and actual investment earnings on OPEB plan investments	\$ 1,119	\$ 278	\$ 1,397
Deferred inflows of resources			
Differences between expected and actual experience	(429,992)	(65,936)	(495,928)
Changes of assumptions	(537,211)	(63,754)	(600,965)
Net changes in deferred outflow: (inflows) of resources	<u>\$ (966,084)</u>	<u>\$ (129,412)</u>	<u>\$ (1,095,496)</u>
 <u>Year ending December 31, 2019,</u>			
2020			\$ (178,421)
2021			(178,421)
2022			(178,530)
2023			(178,707)
2024			(178,869)
Thereafter			(202,548)
Total			<u>\$ (1,095,496)</u>
<u>December 31, 2018</u>	<u>Beginning Balance</u>	<u>Net Change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between projected and actual investment earnings on OPEB plan investments	\$ 473	\$ 646	\$ 1,119
Deferred inflows of resources			
Differences between expected and actual experience	-	(429,992)	(429,992)
Changes of assumptions	(306,315)	(230,896)	(537,211)
Net changes in deferred outflows (inflows) of resources	<u>\$ (305,842)</u>	<u>\$ (660,242)</u>	<u>\$ (966,084)</u>

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2019 and 2018

Note 9 - Postretirement benefits (continued)

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

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

Year ending December 31, 2018,

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

The year of deferral for the differences between projected and actual investment earnings on OPEB plan investments was 2018 and 2019 and the amortization period was 5 years for each year. The year of deferral for the change of assumptions was 2018 and 2019 and the amortization period was 8.14 years and 8.05 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 8.14 years for the 2018 amounts and 8.05 years for 2019.

OPEB (benefit) expense

The components of allocable OPEB (benefit) expense, which exclude OPEB (benefit) expense related to specific liabilities of individual employers, for the year ended December 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Service cost	\$ 83,448	\$ 121,153
Interest on total OPEB liability	79,631	103,289
Expected investment return	(1,413)	(1,269)
Administrative expense	1,187	1,108
Changes in benefit terms	(238)	
Current period recognition (amortization) of deferred inflows/outflows of resources		
Differences between expected and actual experience	(101,326)	(81,943)
Changes of assumptions	(77,543)	(60,223)
Differences between projected and actual investment earnings on OPEB plan investments	448	309
Total OPEB (benefit) expense	<u><u>\$ (15,806)</u></u>	<u><u>\$ 82,424</u></u>

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2019 and 2018

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, 2019 and 2018, the Municipality has estimated the liability to be approximately \$28,511 and \$23,553, 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, 2019 and 2018:

	Balance 12/31/18	Additions	Deletions	Balance 12/31/19
Land	\$ 2,439,700	\$ -	\$ -	\$ 2,439,700
Building & building improvements	7,100,538	165,383	-	7,265,921
Furniture, machinery, & equipment	5,214,987	140,926	65,008	5,290,905
Construction in progress	179,093	13,128	-	192,221
Total	<u>\$ 14,934,318</u>	<u>\$ 319,437</u>	<u>\$ 65,008</u>	<u>\$ 15,188,747</u>

	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	<u>\$ 14,699,616</u>	<u>\$ 521,318</u>	<u>\$ 286,616</u>	<u>\$ 14,934,318</u>

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2019 and 2018

Note 12 - Interfunds receivable and payable

The following interfund balances remained on the various balance sheets of the Municipality as of December 31, 2019 and 2018:

December 31, 2019	Interfund Receivable	Interfund Payable
Current fund		
Federal and state grant fund	\$ 100,000	\$ -
Other trust funds	288	-
Federal and state grant fund		
Current fund	-	100,000
Other trust funds		
Current fund	-	288
	<u>\$ 100,288</u>	<u>\$ 100,288</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.

December 31, 2018	Interfund Receivable	Interfund Payable
Current fund		
Federal and state grant fund	\$ 6,100	\$ -
Other trust fund	481	-
Federal and state grant fund		
Current fund	-	6,100
Other trust fund		
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.

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.

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2019 and 2018

Note 13 - Contingent liabilities (continued)
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, 2019 and 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, 2019, 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, 2019 and 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 \$287,929 as of December 31, 2019 and \$316,197 as of December 31, 2018.

Note 19 - Subsequent events

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (The "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Municipality's financial condition, liquidity, and future results of operations. The spread of the COVID-19 Coronavirus has resulted in stay-at-home orders issued by the State of New Jersey and the duration of the impact may be only temporary. However, the related financial impact cannot be reasonably estimated at this time.

The Municipality has determined that no material events or transactions other than those noted above, have occurred subsequent to December 31, 2019 and through July 6, 2020 the date of the Municipality's financial statement issuance, which requires additional financial disclosure in the Municipality's financial statements.

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2019 and 2018

Note 20 - Fund balances appropriated

For the year ending December 31, 2019, fund balances which were appropriated and included as anticipated revenue for December 31, 2020 in their own respective funds were as follows:

Current fund	\$	800,000
Sewer operating fund		70,000

For the year ending December 31, 2018, fund balances which were appropriated and included as anticipated revenue for December 31, 2019 in their own respective funds were as follows:

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

SUPPLEMENTARY SCHEDULES

TOWNSHIP OF HOLLAND
COUNTY OF HUNTERDON
2019
CURRENT FUND

TOWNSHIP OF HOLLAND
Schedule of Current Fund Cash - Treasurer

	Ref.	Regular Fund	Federal & State Grant Fund
Balance - December 31, 2018	A	\$ 9,287,357	\$ 691
Increased by receipts			
Non-budget revenue	A-2	\$ 89,284	\$ -
Interest on investments and deposits	A-2	138,100	-
Appropriation refunds	A-3	38,912	-
Tax collector	A-6	17,307,309	-
Property acquired for taxes	A-11	98,626	-
Revenue accounts receivable	A-12	3,232,649	-
Due from federal and state grant fund	A-13	11,100	-
Due from other trust fund	A-15	800	-
Grants receivable	A-18	-	120,461
Appropriation reserve refunds	A-19	1,679	-
State of NJ - Veteran's & Senior Citizen's deductions	A-21	56,750	-
Due to outside agencies	A-27	450	-
Sales tax payable	A-32	1,127	-
Due from regular fund	A-33	-	105,000
Appropriated reserves	A-34	-	4,069
		<u>20,976,786</u>	<u>229,530</u>
		30,264,143	230,221

See independent auditors' report.

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

	Ref.	Regular Fund	Federal & State Grant Fund
Decreased by disbursements			
2019 budget appropriations	A-3	\$ 2,081,405	\$ -
2018 appropriation reserves	A-19	75,597	-
Revenue accounts receivable refunds and adjustments	A-12	4,135	-
Due to federal and state grant fund	A-13	105,000	-
Due from general capital fund	A-14	500,000	-
Due to payroll account	A-16	1,966,488	-
Due from animal control fund	A-17	15,000	-
Tax overpayments refunded	A-23	5,219	-
Local school tax payable	A-24	9,113,542	-
Regional high school tax payable	A-25	3,974,646	-
County taxes payable	A-26	2,558,202	-
Due to outside agencies	A-27	300	-
Due to outside lienholders	A-28	52,004	-
Reserve for first aid squad	A-30	2,295	-
Sales tax payable	A-32	1,127	-
Due from regular fund	A-33	-	11,100
Appropriated reserves for state grants	A-34	-	157,076
Encumbrances payable	A-35	-	30,096
		<u>\$ 20,454,960</u>	<u>\$ 198,272</u>
Balance - December 31, 2019	A; A-5	<u>\$ 9,809,183</u>	<u>\$ 31,949</u>

See independent auditors' report.

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

	<u>Ref.</u>	<u>Regular Fund</u>	<u>Federal & State Grant Fund</u>
Balance - December 31, 2019	A-4	\$ 9,809,183	\$ 31,949
Increased by			
Receipts		17,869,305	3,443
		<u>27,678,488</u>	<u>35,392</u>
Decreased by			
Disbursements		20,114,695	5,973
		<u>20,114,695</u>	<u>5,973</u>
Balance - May 31, 2020		<u>\$ 7,563,793</u>	<u>\$ 29,419</u>
Cash reconciliation - May 31, 2020			
Balance per statement			
Northfield Bank		\$ 7,558,653	\$ 29,419
NJ Cash Management		75,853	-
Subtotal		<u>7,634,506</u>	<u>29,419</u>
Less: outstanding checks		<u>70,713</u>	<u>-</u>
Book balance		<u>\$ 7,563,793</u>	<u>\$ 29,419</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Cash - Tax Collector

	<u>Ref.</u>		
Balance - December 31, 2018	A		\$ 196,732
Increased by receipts			
Interest and costs on taxes	A-2	\$ 58,066	
Interest on deposits	A-2	32,402	
Miscellaneous revenue not anticipated	A-2	200	
Taxes receivable	A-9	17,181,952	
Tax title liens receivable	A-10	13,583	
Prepaid taxes	A-22	94,717	
Tax overpayments	A-23	10,197	
Due to outside lienholders	A-28	52,004	
Due to sewer operating fund	A-29	472	
		<u>17,443,593</u>	
			<u>17,640,325</u>
Decreased by disbursements			
Paid to treasurer	A-4	17,307,309	
Paid to sewer operating fund	A-29	472	
		<u>17,307,781</u>	
Balance - December 31, 2019	A; A-7		<u><u>\$ 332,544</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Tax Collector Cash and Reconciliation
Tax Collector Per N.J.S.A. 40A:5.5

	<u>Ref.</u>	
Balance - December 31, 2019	A-6	\$ 332,544
Increased by		
Receipts		8,254,785
		<u>8,587,329</u>
Decreased by		
Disbursements		8,323,567
		<u>8,323,567</u>
Balance - May 31, 2020		<u><u>\$ 263,762</u></u>
Cash reconciliation - May 31, 2020		
Balance per statement		
Northfield Bank		\$ 262,464
Add: deposits in transit		1,298
		<u>1,298</u>
Book balance		<u><u>\$ 263,762</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Change Funds

	<u>Ref.</u>	
Balance - December 31, 2018	A	<u>\$ 550</u>
Balance - December 31, 2019	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	2019 Levy	Added	Collected		Transferred	Veteran's & Senior	Canceled	Balance
	12/31/18		2019	2018	2019	to Tax	Citizen's		12/31/19
						Title Liens	Deductions		
2018	\$ 233,702	\$ -	\$ 1,500	\$ -	\$ 232,405	\$ 2,285	\$ -	\$ -	\$ 512
2019	-	17,137,036	215,482	98,706	16,949,547	4,288	57,750	9,679	232,548
	<u>\$ 233,702</u>	<u>\$ 17,137,036</u>	<u>\$ 216,982</u>	<u>\$ 98,706</u>	<u>\$ 17,181,952</u>	<u>\$ 6,573</u>	<u>\$ 57,750</u>	<u>\$ 9,679</u>	<u>\$ 233,060</u>
<u>Ref.</u>	A	Reserve	Reserve	A-22	A-6	A-10	A-21	Reserve	A

See independent auditors' report.

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

	Ref.	
Analysis of 2019 property tax		
Tax yield		
General purpose tax		\$ 17,137,036
Added and omitted taxes		215,482
	A-9	\$ 17,352,518
Detail of tax levy		
Authorizations		
Local district school tax	A-2;A-24	\$ 9,201,300
Regional district school tax	A-2;A-25	4,183,203
County tax		\$ 2,141,491
County library tax		210,287
County open space tax		204,523
County share of added and omitted taxes		32,387
Total county taxes	A-2;A-26	2,588,688
Municipal purpose tax	A-2	1,193,600
Additional tax levied		185,727
Total municipal purpose tax		1,379,327
	A-9	\$ 17,352,518

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Tax Title Liens Receivable

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ 104,975
Increased by		
Transferred from taxes receivable	A-9	\$ 6,573
Interest and costs on tax sale	Reserve	<u>466</u>
		<u>7,039</u>
		112,014
Decreased by		
Receipts	A-3; A-6	<u>13,583</u>
Balance - December 31, 2019	A	<u><u>\$ 98,431</u></u>

A-11

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

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ 139,300
Decreased by		
Proceeds on sale of property acquired for taxes	A-1; A-4	\$ 98,626
Adjustment to assessed valuation	Reserve	<u>34,974</u>
		<u>133,600</u>
Balance - December 31, 2019	A	<u><u>\$ 5,700</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Revenue Accounts Receivable

	<u>Ref.</u>	<u>Balance 12/31/18</u>	<u>Accrued in 2019</u>	<u>Collected Treasurer</u>	<u>Balance 12/31/19</u>
Alcoholic beverage licenses	A-2	\$ -	\$ 5,376	\$ 5,376	\$ -
Municipal court	A-2	248	10,372	9,707	913
Swimming pool fees	A-2	-	101,817	101,817	-
Riegel Ridge Community Center fees	A-2	-	383,661	383,661	-
Snack bar fees	A-2	-	17,018	17,018	-
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>\$ 248</u>	<u>\$ 3,229,179</u>	<u>\$ 3,228,514</u>	<u>\$ 913</u>
	<u>Ref.</u>	A	Reserve	Below	A
Receipts	A-4			\$ 3,232,649	
Less: refunds and adjustments	A-4			4,135	
				<u>\$ 3,228,514</u>	

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ 6,100
Increased by		
Disbursements	A-4	<u>105,000</u>
		111,100
Decreased by		
Receipts	A-4	<u>11,100</u>
Balance - December 31, 2019	A	<u><u>\$ 100,000</u></u>

A-14

TOWNSHIP OF HOLLAND
Schedule of Due from General Capital Fund

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ -
Increased by		
Disbursements	A-4	<u>500,000</u>
		500,000
Decreased by		
Current year budget appropriations	A-3	<u>500,000</u>
Balance - December 31, 2019	A	<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Due from Other Trust Funds

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ 481
Increased by		
Interest on investments	A-2	<u>607</u>
		1,088
Decreased by		
Receipts	A-4	<u>800</u>
Balance - December 31, 2019	Below	<u><u>\$ 288</u></u>
Analysis of balance		
Due from escrow funds		<u><u>\$ 288</u></u>

A-16

TOWNSHIP OF HOLLAND
Schedule of Due to Payroll Account

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ -
Increased by		
Disbursements	A-4	<u>1,966,488</u>
		1,966,488
Decreased by		
Current year budget appropriations	A-3	<u>1,966,488</u>
Balance - December 31, 2019	A	<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Due to Animal Control Fund

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ -
Increased by		
Disbursements	A-4	15,000
		<u>15,000</u>
Decreased by		
Current year budget appropriations	A-3	15,000
		<u>15,000</u>
Balance - December 31, 2019	A	<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Grants Receivable

Grant	Balance 12/31/18	Revenue in 2019	Received	Balance 12/31/19
National Crime Statistics Exchange Program	\$ 49,851	\$ -	\$ -	\$ 49,851
Highlands grant	133,990	-	18,336	115,654
NJ Highlands water protection and planning council	18,952	-	-	18,952
Highlands water protection and planning council - amended plan confirmation	15,000	-	-	15,000
Highlands grant	-	5,122	-	5,122
Highlands grant task 13	-	5,000	-	5,000
NJ Body armor grant	-	1,046	1,046	-
Clean communities grant	-	18,413	18,413	-
Small cities grant program	15,000	-	-	15,000
Recycling tonnage grant	-	25,166	25,166	-
Community forestry grant	-	10,000	-	10,000
Hunterdon historical preservation grant	25,000	-	-	25,000
Hunterdon historical preservation grant	-	75,000	37,500	37,500
Private donation - improvements to Riegel Ridge Community Center	-	20,000	20,000	-
Green communities grant	-	3,000	-	3,000
	<u>\$ 257,793</u>	<u>\$ 162,747</u>	<u>\$ 120,461</u>	<u>\$ 300,079</u>
<u>Ref.</u>	<u>A</u>	<u>A-2</u>	<u>A-4</u>	<u>A</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Appropriation Reserves
For the Year Ended December 31, 2019

	Balance 12/31/18	Balance After Transfer	Expended	Balance Lapsed
Mayor and council				
Other expenses	\$ 2,617	\$ 2,818	\$ 871	\$ 1,947
Municipal clerk				
Salaries and wages	7,192	7,192	-	7,192
Miscellaneous other expenses	11,633	12,037	2,483	9,554
Financial administration				
Salaries and wages	9,127	9,127	-	9,127
Other expenses	6,166	6,166	687	5,479
Audit services	500	500	-	500
Assessment of taxes				
Salaries and wages	135	135	-	135
Other expenses	1,494	1,859	468	1,391
Revenue administration				
Salaries and wages	4,580	4,580	-	4,580
Other expenses	273	273	28	245
Legal services and costs				
Other expenses	19,954	19,954	9,983	9,972
Engineering service and costs				
Other expenses	11,491	11,491	2,319	9,172
Municipal court				
Salaries and wages	2,782	2,782	-	2,782
Other expenses	407	407	-	407
Municipal prosecutor				
Salaries and wages	990	990	-	990
Public building and grounds				
Salaries and wages	1,837	1,837	-	1,837
Other expenses	8,390	9,168	2,303	6,865
Planning board				
Salaries and wages	-	1,000	-	1,000
Other expenses	22,607	22,607	4,227	18,380
Zoning board of adjustment				
Salaries and wages	184	684	-	684
Other expenses	3,743	3,743	656	3,087
Zoning officer				
Salaries and wages	1,266	1,266	-	1,266
Other expenses	891	891	-	891

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Appropriation Reserves (continued)
For the Year Ended December 31, 2019

	Balance 12/31/18	Balance After Transfer	Expended	Balance Lapsed
Fire				
Other expenses	\$ 3,225	\$ 6,742	\$ 3,533	\$ 3,209
Police				
Salaries and wages	3,458	3,458	-	3,458
Other expenses	686	686	686	-
First aid organization - contribution	599	599	-	599
Office of emergency management				
Salaries and wages	417	417	-	417
Other expenses	648	2,209	2,209	-
Public defender				
Salaries and wages	176	176	-	176
Road repair and maintenance				
Salaries and wages	40,168	40,168	-	40,168
Other expenses	35,837	46,398	13,568	32,829
Snow removal				
Other expenses	2,933	2,933	420	2,513
Recycling				
Salaries and wages	4,100	4,100	-	4,100
Other expenses	2	2	-	2
Board of health				
Salaries and wages	510	510	-	510
Other expenses	1,700	1,700	-	1,700
Environmental health services				
Other expenses	2,200	2,200	-	2,200
Recreation committee				
Salaries and wages	510	510	-	510
Other expenses	2,601	2,601	(39)	2,640
Riegel Ridge Community Center				
Salaries and wages	11,179	11,179	-	11,179
Other expenses	106	6,098	4,648	1,450
Swimming pool				
Salaries and wages	294	294	-	294
Other expenses	10,861	10,861	-	10,861
Snack bar				
Salaries and wages	494	495	-	495
Other expenses	1,348	1,348	-	1,348

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Appropriation Reserves (continued)
For the Year Ended December 31, 2019

	Balance	Balance		Balance
	12/31/18	After	Expended	Lapsed
	<u>12/31/18</u>	<u>Transfer</u>	<u>Expended</u>	<u>Lapsed</u>
Historical preservation commission				
Salaries and wages	\$ 290	\$ 290	\$ -	\$ 290
Other expenses	1,923	5,765	3,957	1,808
Agricultural advisory committee				
Salaries and wages	740	740	-	740
Other expenses	6,908	6,908	2,190	4,718
Insurance				
Other insurance premiums	3,546	3,546	-	3,546
Worker's compensation insurance	30,736	24,236	-	24,236
Employee group health	9,539	9,539	-	9,539
Unclassified				
Utilities				
Electricity	6,941	6,941	1,331	5,610
Street lighting	4,547	4,547	1,364	3,182
Telephone	829	2,566	1,737	829
Fuel oil	7,752	7,752	-	7,752
Gasoline and diesel fuel	12,570	15,026	3,165	11,860
Natural gas	5,077	5,854	1,654	4,200
Trash removal dumpster	7,875	11,610	8,974	2,636
Contribution to				
Public employees retirement system	3,765	3,765	-	3,765
Social Security system	2,121	2,122	-	2,122
Police and Firemen's retirement	259	259	-	259
DCRP contribution	1,412	1,412	-	1,412
Unemployment insurance	1,665	1,665	496	1,168
	<u>\$ 350,806</u>	<u>\$ 381,731</u>	<u>\$ 73,918</u>	<u>\$ 307,813</u>
Ref.	A	Below	Below	A-1
Appropriation reserves	A	\$ 350,806		
Encumbrances payable	A-20	30,925		
		<u>\$ 381,731</u>		
Cash disbursed	A-4		\$ 75,597	
Cash received	A-4		(1,679)	
			<u>\$ 73,918</u>	

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Encumbrances

	<u>Ref.</u>		
Balance - December 31, 2018	A		\$ 30,925
Increased by			
2019 budget charges	A-3	\$ 21,597	
Due to outside agencies	A-27	<u>150</u>	
			<u>21,747</u>
			52,672
Decreased by			
Applied to appropriation reserves	A-19		<u>30,925</u>
Balance - December 31, 2019	A		<u><u>\$ 21,747</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, 2018	A		\$ 1,237
Increased by			
Prior year Senior Citizen's deductions disallowed by collector	A-1	\$ 1,500	
Receipts	A-4	<u>56,750</u>	
			<u>58,250</u>
			59,487
Decreased by			
Veteran's deductions per tax billings		48,250	
Veteran's deductions allowed by tax collector		750	
Senior Citizen's deductions per tax billings		<u>10,250</u>	
		59,250	
Less			
Senior Citizen's deductions disallowed by tax collector		<u>1,500</u>	
	A-9		<u>57,750</u>
Balance - December 31, 2019	A		<u><u>\$ 1,737</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Prepaid Taxes

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ 98,706
Increased by		
Collection of 2020 taxes	A-6	94,717
		<u>193,423</u>
Decreased by		
Applied to 2019 taxes receivable	A-9	98,706
		<u>98,706</u>
Balance - December 31, 2019	A	<u><u>\$ 94,717</u></u>

A-23

TOWNSHIP OF HOLLAND
Schedule of Tax Overpayments

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ 5,135
Increase by		
Refund of prior year revenue	A-1	\$ 1,045
Receipts	A-6	10,197
		<u>11,242</u>
		16,377
Decrease by		
Overpayments canceled	A-1	1,559
Refunded	A-4	5,219
		<u>6,778</u>
Balance - December 31, 2019	A	<u><u>\$ 9,599</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Local School Tax Payable

	Ref.	
Balance - December 31, 2018	A	\$ 4,512,892
Increased by		
Levy - School year July 1, 2019 to June 30, 2020	A-9	9,201,300
		13,714,192
Decreased by		
Disbursements	A-4	9,113,542
		9,113,542
Balance - December 31, 2019	A	\$ 4,600,650
2019 Liability for local school tax		
Tax paid		\$ 9,113,542
Add: tax payable December 31, 2020		4,600,650
		13,714,192
Less: tax payable December 31, 2019		4,512,892
Amount charged to operations	A-1	\$ 9,201,300

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Regional High School Tax Payable

	<u>Ref.</u>		
Balance - December 31, 2018			
School tax payable	A	\$ 1,471,066	
School tax deferred (10.94%)		<u>411,978</u>	\$ 1,883,044
Increased by			
Levy - School year July 1, 2019 to June 30, 2020	A-9		<u>4,183,203</u>
			<u>6,066,247</u>
Decreased by			
Disbursements	A-4		<u>3,974,646</u>
Balance - December 31, 2019			
School tax payable	A	1,679,623	
School tax deferred (9.85%)		<u>411,978</u>	<u>\$ 2,091,601</u>
2019 Liability for Regional High School Tax			
Tax paid			\$ 3,974,646
Add: tax payable December 31, 2020			<u>1,679,623</u>
			5,654,269
Less: tax payable December 31, 2019			<u>1,471,066</u>
Amount charged to operations	A-1		<u>\$ 4,183,203</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of County Taxes Payable

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ 1,901
Increased by		
2019 levy		
County taxes		\$ 2,141,491
County library tax		210,287
County open space tax		204,523
County share of added and omitted taxes		<u>32,387</u>
	A-1;A-9	<u>2,588,688</u>
		2,590,589
Decreased by		
Disbursements	A-4	<u>2,558,202</u>
Balance - December 31, 2019	A	<u><u>\$ 32,387</u></u>

A-27

TOWNSHIP OF HOLLAND
Schedule of Due to Outside Agencies

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ 275
Increase by		
Receipts	A-4	<u>450</u>
		725
Decreased by		
Disbursements	A-4	\$ 300
Encumbrances payable	A-20	<u>150</u>
		<u>450</u>
Balance - December 31, 2019	A	<u><u>\$ 275</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Due to Outside Lienholders

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ 972
Increased by		
Receipts	A-6	<u>52,004</u>
		52,976
Decreased by		
Disbursements	A-4	<u>52,004</u>
Balance - December 31, 2019	A	<u><u>\$ 972</u></u>

A-29

TOWNSHIP OF HOLLAND
Schedule of Due to Sewer Operating Fund

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ -
Increased by		
Receipts	A-6	<u>472</u>
		472
Decreased by		
Disbursements	A-6	<u>472</u>
Balance - December 31, 2019	A	<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for First Aid Squad

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ 25,600
Decreased by		
Disbursements	A-4	<u>2,295</u>
Balance - December 31, 2019	A	<u><u>\$ 23,305</u></u>

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

	<u>Ref.</u>	
Balance - December 31, 2018	A	<u>\$ 200</u>
Balance - December 31, 2019	A	<u><u>\$ 200</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Sales Tax Payable

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ -
Increased by		
Receipts	A-4	<u>1,127</u>
		1,127
Decreased by		
Disbursements	A-4	<u>1,127</u>
		-
Balance - December 31, 2019	A	<u><u>\$ -</u></u>

TOWNSHIP OF HOLLAND
Schedule of Due to Regular Fund

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ 6,100
Increased by		
Receipts	A-4	<u>105,000</u>
		111,100
Decreased by		
Disbursements	A-4	<u>11,100</u>
		-
Balance - December 31, 2019	A	<u><u>\$ 100,000</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Appropriated Reserves for Grants

Grant	Balance 12/31/18	Transferred from 2019 Budget	Paid or Charged	Balance Canceled	Balance 12/31/19
State Grants					
Recycling tonnage grant - 2018	\$ 21	\$ -	\$ 21	\$ -	\$ -
Recycling tonnage grant - 2019	-	25,166	25,166	-	-
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	-	-
Body armor grant - 2018	-	1,046	347	-	699
Clean communities					
program - 2019	-	18,413	17,421	-	992
NJ D.E.P. storm water					
management - 2005	416	-	-	-	416
Uniform fire code					
violations - 2008	375	-	-	-	375
Highlands grant second - 2011	130,150	-	24,194	-	105,956
Highlands grant special - 2015	14,634	-	(3,850)	-	18,484
Highlands grant special - 2019	-	5,122	-	-	5,122
Highlands grant task 13	-	5,000	4,242	-	758
Green communities grant	-	3,000	-	-	3,000
Community forestry grant	-	10,000	-	-	10,000
Federal grants					
National crime statistics exchange					
program through NJ Department of law and public safety	22,829	-	-	-	22,829

See independent auditors' report.

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

Grant	Balance 12/31/18	Transferred from 2019 Budget	Paid or Charged	Balance Canceled	Balance 12/31/19
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	-	75,000	35,280	-	39,720
Private donation - improvements to Riegel Ridge Community Center	-	20,000	20,000	-	-
Penn East Pipeline Community Connect	2,602	-	2,602	-	-
	<u>\$ 210,617</u>	<u>\$ 162,747</u>	<u>\$ 155,013</u>	<u>\$ -</u>	<u>\$ 218,351</u>
<u>Ref.</u>	A	A-3	Below		A
Cash disbursed	A-4		\$ 157,076		
Cash receipts	A-4		(4,069)		
Encumbrances payable	A-35		2,006		
			<u>\$ 155,013</u>		

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ 41,767
Increased by		
Current year grant charges	A-34	<u>2,006</u>
		43,773
Decreased by		
Disbursements	A-4	<u>30,096</u>
Balance - December 31, 2019	A	<u><u>\$ 13,677</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
COUNTY OF HUNTERDON
2019
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, 2018	B	\$ 4,510	\$ 496,940
Increased by receipts			
Animal control fund	B-3	\$ 20,203	\$ -
Due to current fund	B-4	114	-
Due to State of New Jersey	B-5	1,152	-
Due from current fund	B-6	-	607
Reserve for escrow funds	B-10	-	125,570
Reserve for small cities revolving loan	B-11	-	2,257
Reserve for recreation and community services	B-12	-	22,170
Reserve for development fees	B-13	-	5,671
Reserve for tax sale premiums	B-14	-	3,300
Reserve for payroll account	B-16	-	2,246,597
Reserve for future legal expenses	B-17	-	22
Reserve for performance bond	B-18	-	73
		<u>21,469</u>	<u>2,406,267</u>
		25,979	2,903,207
Decreased by disbursements			
Animal control fund	B-3	21,699	-
Due to current fund	B-4	114	-
Due to State of New Jersey	B-5	1,187	-
Due from current fund	B-6	-	800
Reserve for encumbrances	B-7 & B-8	22	363
Reserve for escrow funds	B-10	-	71,258
Reserve for recreation and community services	B-12	-	22,125
Reserve for tax sale premiums	B-14	-	2,900
Reserve for payroll	B-16	-	2,246,014
		<u>23,022</u>	<u>2,343,460</u>
Balance - December 31, 2019	B;B-2	<u>\$ 2,957</u>	<u>\$ 559,747</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, 2019	B-1	\$ 2,957	\$ 559,747
Increased by			
Receipts		28,692	1,394,856
		<u>31,649</u>	<u>1,954,603</u>
Decreased by			
Disbursements		10,168	932,548
		<u>10,168</u>	<u>932,548</u>
Balance - May 31, 2020		<u>\$ 21,481</u>	<u>\$ 1,022,055</u>
Cash reconciliation - May 31, 2020			
Balance per statement			
Northfield Bank		\$ 21,481	\$ 1,023,655
Less: outstanding checks		<u>-</u>	<u>1,600</u>
Book balance		<u>\$ 21,481</u>	<u>\$ 1,022,055</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Animal Control Fund Expenditures

	Ref.	
Balance - December 31, 2018	B	\$ 4,387
Increased by receipts		
Animal control fees	B-1	20,203
		24,590
Decreased by		
Expenditures under RS 4:119.15	B-1	21,699
Balance - December 31, 2019	B	\$ 2,891
Animal control collections		
2017		\$ 6,614
2018		5,850
Maximum allowable reserve		\$ 12,464

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ -
Increased by		
Receipts	B-1	114
		<u>114</u>
Decreased by		
Disbursements	B-1	114
		<u>114</u>
Balance - December 31, 2019	B	<u><u>\$ -</u></u>

B-5

TOWNSHIP OF HOLLAND
Schedule of Due to State of New Jersey

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 101
Increased by		
State fees collected	B-1	1,152
		<u>1,253</u>
Increased by		
Disbursements	B-1	1,187
		<u>1,187</u>
Balance - December 31, 2019	B	<u><u>\$ 66</u></u>

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 481
Increased by		
Interest on investments	B-1	607
		<u>1,088</u>
Decreased by		
Disbursements	B-1	800
		<u>800</u>
Balance - December 31, 2019	B	<u>\$ 288</u>

	<u>12/31/19</u>	<u>12/31/18</u>
Analysis of balance		
Due from		
Escrow funds	\$ 288	\$ 301
Performance bond	-	180
	<u>\$ 288</u>	<u>\$ 481</u>

B-7

TOWNSHIP OF HOLLAND
Schedule of Reserve for Encumbrances
Animal Control Fund

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 22
Decreased by		
Disbursements	B-3	22
		<u>22</u>
Balance - December 31, 2019	B	<u>\$ -</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Encumbrances
Other Trust Funds

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 363
Increased by		
Encumbrances payable		
Reserve for escrow	B-10	<u>1,403</u>
		1,766
Decreased by		
Disbursements	B-1	<u>363</u>
Balance - December 31, 2019	B	<u><u>\$ 1,403</u></u>

B-9

TOWNSHIP OF HOLLAND
Schedule of Loans Receivable

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 316,197
Decreased by		
Loans discharged	B-11	<u>28,268</u>
Balance - December 31, 2019	B	<u><u>\$ 287,929</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Escrow Funds

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 166,874
Increased by		
Receipts	B-1	<u>125,570</u>
		292,444
Decreased by		
Disbursements	B-1	\$ 71,258
Encumbrances payable	B-8	<u>1,403</u>
		<u>72,661</u>
Balance - December 31, 2019	B	<u><u>\$ 219,783</u></u>

TOWNSHIP OF HOLLAND
Schedule of Reserve for Small Cities Revolving Loan

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 465,631
Increased by		
Receipts	B-1	<u>2,257</u>
		467,888
Decreased by		
Loans discharge	B-9	<u>28,268</u>
Balance - December 31, 2019	B	<u><u>\$ 439,620</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Recreation and Community Services

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 1
Increased by		
Receipts	B-1	22,170
		<u>22,171</u>
Decreased by		
Disbursements	B-1	22,125
		<u>22,125</u>
Balance - December 31, 2019	B	<u>\$ 46</u>

B-13

TOWNSHIP OF HOLLAND
Schedule of Reserve for Development Fees

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 9,369
Increased by		
Receipts	B-1	5,671
		<u>5,671</u>
Balance - December 31, 2019	B	<u>\$ 15,040</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Tax Sale Premiums

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 11,600
Increased by		
Receipts	B-1	<u>3,300</u>
		14,900
Decreased by		
Disbursements	B-1	<u>2,900</u>
		2,900
Balance - December 31, 2019	B	<u><u>\$ 12,000</u></u>

B-15

TOWNSHIP OF HOLLAND
Schedule of Reserve for Snow Removal

	<u>Ref.</u>	
Balance - December 31, 2018	B	<u>\$ 70,900</u>
Balance - December 31, 2019	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, 2018	B	\$ 316
Increased by		
Receipts	B-1	<u>2,246,597</u>
		2,246,913
Decreased by		
Disbursements	B-1	<u>2,246,014</u>
Balance - December 31, 2019	B	<u><u>\$ 899</u></u>

B-17

TOWNSHIP OF HOLLAND
Schedule of Reserve for Future Legal Expenses

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 15,090
Increased by		
Receipts	B-1	<u>22</u>
Balance - December 31, 2019	B	<u><u>\$ 15,112</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Performance Bond

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 72,504
Increased by Receipts	B-1	<u>73</u>
Balance - December 31, 2019	B	<u><u>\$ 72,577</u></u>

B-19

TOWNSHIP OF HOLLAND
Schedule of Reserve for POAA

	<u>Ref.</u>	
Balance - December 31, 2018	B	<u>\$ 8</u>
Balance - December 31, 2019	B	<u><u>\$ 8</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
COUNTY OF HUNTERDON
2019
GENERAL CAPITAL FUND

TOWNSHIP OF HOLLAND
Schedule of General Capital Fund Cash - Treasurer

	<u>Ref.</u>	
Balance - December 31, 2018	C	\$ 2,637,788
Increased by receipts		
Due from current fund	C-6	\$ 500,000
Refunds to improvement authorizations	C-8	<u>379</u>
		<u>500,379</u>
		3,138,167
Decreased by disbursements		
Due from clearing account	C-7	<u>757,149</u>
Balance - December 31, 2019	C;C-3	<u><u>\$ 2,381,018</u></u>

C-3

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

	<u>Ref.</u>	
Balance - December 31, 2019	C-2	\$ 2,381,018
Increased by		
Receipts		<u>642,978</u>
		3,023,996
Decreased by		
Disbursements		<u>145,752</u>
Balance - May 31, 2020		<u><u>\$ 2,878,244</u></u>
Cash reconciliation - May 31, 2020		
Balance per statement		
Northfield Bank		<u><u>\$ 2,878,244</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Cash Activity

Description	Balance	Receipts	Disbursements	Transfers	Balance
	12/31/18			(From) To	12/31/19
Fund balance	\$ 327,968	\$ -	\$ -	\$ (50,000)	\$ 277,968
Capital improvement fund	899,880	-	-	29,562	929,442
Due to current fund	-	500,000	-	(500,000)	-
Due to clearing account	-	-	757,149	757,149	-
NJ D.O.T. grants receivable	(11,514)	-	-	11,514	-
Encumbrances payable	175,090	-	-	(10,312)	164,778
Reserve for capital projects	88,833	-	-	15,000	103,833
Improvement authorizations					
Preservation of farm land	248,330	-	-	(24,925)	223,405
Improvements to Bellis Road phase I	41,076	-	-	(41,076)	-
Acquisition of police equipment including a police cruiser	5,174	-	-	(5,174)	-
Improvements to the Riegel Ridge Community Center	37,500	-	-	(37,500)	-
Various building improvements	16,092	-	-	(16,092)	-
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	-	-	(5,140)	15,745
Improvement to Township buildings	36,600	379	-	(27,629)	9,350
Improvements to Bellis Road phase III	248,039	-	-	(187,576)	60,463
Improvement to Township buildings	-	-	-	140,000	140,000
Acquisition of various public works equipment	-	-	-	13,318	13,318
Acquisition of police equipment	-	-	-	2,142	2,142
Acquisition of police equipment	-	-	-	697	697
Total	<u>\$ 2,637,788</u>	<u>\$ 500,379</u>	<u>\$ 757,149</u>	<u>\$ -</u>	<u>\$ 2,381,018</u>
<u>Ref.</u>	C	C-2	C-2		C

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of NJ Department of Transportation Grants Receivable

Balance - December 31, 2018	<u>Ref.</u> C	\$ 11,514
Decreased by		
Portion of canceled improvement authorization balance financed by grant receivable	C-10	<u>11,514</u>
Balance - December 31, 2019	C	<u><u>\$ -</u></u>

C-6

TOWNSHIP OF HOLLAND
Schedule of Due to Current Fund

Balance - December 31, 2018	<u>Ref.</u> C	\$ -
Increased by		
Receipts	C-2	<u>500,000</u>
		500,000
Decreased by		
2019 municipal budget appropriations		
Police equipment		\$ 95,000
DPW equipment		50,000
Purchase of an ambulance		15,000
Purchase of a fire truck		50,000
Road improvements		140,000
Purchase of various public works equipment		<u>150,000</u>
	C-11	<u>500,000</u>
Balance - December 31, 2019	C	<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Due from Clearing Account

	<u>Ref.</u>		
Balance - December 31, 2018	C		\$ -
Increased by			
Disbursements	C-2		<u>757,149</u>
			757,149
Decreased by			
Improvement authorization charges	C-8	\$ 587,759	
Encumbrances payable	C-9	<u>169,390</u>	
			<u>757,149</u>
Balance - December 31, 2019	C		<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Improvement Authorizations

Improvement Description	Ordinance		Balance	2019	Paid or	Unexpended	Balance	Balance
	Date	Amount	12/31/18					
Preservation of farm land	05/07/13	\$ 550,000	\$ 248,330	\$ -	\$ 24,925	\$ -	\$ -	\$ 223,405
Improvements to Bellis Road phase I	04/21/15	200,000	41,076	-	-	-	41,076	-
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	37,500	-	37,500	-	-	-
Various building improvements	03/21/17	82,000	16,092	-	16,092	-	-	-
Purchase of land for preservation	01/02/18	439,877	439,877	-	-	-	-	439,877
Improvements to various roads	03/20/18	260,000	63,958	-	63,958	-	-	-
Acquisition of various public works equipment	03/20/18	75,000	20,885	-	5,140	-	-	15,745
Improvement to Township buildings	03/20/18	100,000	36,600	-	27,250	-	-	9,350
Improvements to Bellis Road phase III	03/20/18	250,000	248,039	-	187,576	-	-	60,463
Improvement to Township buildings	04/02/19	140,000	-	140,000	-	-	-	140,000
Acquisition of various public works equipment	04/02/19	50,000	-	50,000	36,682	-	-	13,318
Improvements to various roads	04/02/19	150,000	-	150,000	150,000	-	-	-
Acquisition of police equipment	04/02/19	95,000	-	95,000	92,858	-	-	2,142
Acquisition of a fire truck	04/02/19	50,000	-	50,000	50,000	-	-	-
Acquisition of police equipment	04/02/19	50,000	-	50,000	49,303	-	-	697
			<u>\$ 1,157,531</u>	<u>\$ 535,000</u>	<u>\$ 746,458</u>	<u>\$ 41,076</u>	<u>\$ 904,997</u>	
	Ref.		C	Below	Below	C-10	C	
Summary of 2019 authorizations								
Capital fund balance	C-1			\$ 50,000				
Reserve for capital projects								
Purchase of a fire truck	C-11			50,000				
DPW equipment	C-11			50,000				
Police equipment	C-11			95,000				
Building improvements	C-11			140,000				
Road improvement	C-11			150,000				
				<u>\$ 535,000</u>				
Summary of paid or charged								
Receipts	C-2				\$ (379)			
Clearing account	C-7				587,759			
Prior year encumbrances canceled	C-9				(5,700)			
Encumbrances payable	C-9				164,778			
					<u>\$ 746,458</u>			

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Encumbrances

	<u>Ref.</u>	
Balance - December 31, 2018	C	\$ 175,090
Increased by		
Current year capital charges	C-8	164,778
		<u>339,868</u>
Decreased by		
Due to clearing account	C-7	\$ 169,390
Prior year balance canceled	C-8	<u>5,700</u>
		<u>175,090</u>
Balance - December 31, 2019	C	<u><u>\$ 164,778</u></u>

C-10

TOWNSHIP OF HOLLAND
Schedule of Capital Improvement Fund

	<u>Ref.</u>	
Balance - December 31, 2018	C	\$ 899,880
Increased by		
Improvement authorization balances canceled	C-8	41,076
		<u>940,956</u>
Decreased by		
Canceled improvement authorization balance financed by grant receivable	C-5	<u>11,514</u>
Balance - December 31, 2019	C	<u><u>\$ 929,442</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Capital Projects

Improvement Description	Balance 12/31/18	Increased in 2019	Decreased in 2019	Balance 12/31/19
Park construction	\$ 32,138	\$ -	\$ -	\$ 32,138
Community center parking lot	200	-	-	200
Purchase of an ambulance	54,301	15,000	-	69,301
Purchase of a fire truck	2,194	50,000	50,000	2,194
DPW equipment	-	50,000	50,000	-
Police equipment	-	95,000	95,000	-
Building improvements	-	140,000	140,000	-
Road improvements	-	150,000	150,000	-
	<u>\$ 88,833</u>	<u>\$ 500,000</u>	<u>\$ 485,000</u>	<u>\$ 103,833</u>
<u>Ref.</u>	C	C-6	C-8	C

See independent auditors' report.

TOWNSHIP OF HOLLAND

COUNTY OF HUNTERDON

2019

SEWER UTILITY FUND

TOWNSHIP OF HOLLAND
Schedule of Cash - Treasurer
Sewer Utility Fund

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance - December 31, 2018	D	\$ 147,001	\$ 160,759
Increased by receipts			
Interest on deposits	D-3	\$ 2,607	\$ -
Sewer collector	D-7	610,000	-
Due from sewer capital fund	D-11	2,273	-
Due to sewer operating fund	D-19	-	12,273
		<u>614,880</u>	<u>12,273</u>
		761,881	173,032
Decreased by disbursements			
Budget appropriations	D-4	484,362	-
Due from payroll account	D-9	11,506	-
Due from sewer capital	D-11	10,000	-
Appropriation reserves	D-14	2,269	-
Reserve for encumbrances	D-15	1,014	-
Accrued interest on notes	D-18	5,245	-
Due to sewer operating fund	D-19	-	2,273
Improvement authorizations	D-20	-	36,218
		<u>514,396</u>	<u>38,491</u>
Balance - December 31, 2019	D; D-6	<u>\$ 247,485</u>	<u>\$ 134,541</u>

See independent auditors' report.

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

	Ref.	Operating Fund	Capital Fund
Balance - December 31, 2019	D-5	\$ 247,485	\$ 134,541
Increased by			
Receipts		226,255	38,527
		<u>473,740</u>	<u>173,068</u>
Decreased by			
Disbursements		208,064	527
		<u>208,064</u>	<u>527</u>
Balance - May 31, 2020		<u>\$ 265,676</u>	<u>\$ 172,541</u>
Cash Reconciliation May 31, 2020			
Balance per statement			
Northfield Bank		<u>\$ 265,676</u>	<u>\$ 172,541</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Cash - Collector
Sewer Utility Fund

	Ref.	Operating Fund
Balance - December 31, 2018	D	\$ 60,107
Increased by receipts		
Interest and costs on sewer charges	D-3	\$ 3,066
Interest on deposits	D-3	1,669
Miscellaneous revenue	D-3	65
Consumer accounts receivable	D-10	552,450
Sewer rent overpayments	D-16	583
Prepaid rents received	D-17	3,643
		561,476
		621,583
Decreased by		
Paid to sewer treasurer	D-5	610,000
Balance - December 31, 2019	D; D-8	\$ 11,583

D-8

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

	Ref.	
Balance - December 31, 2019	D-7	\$ 11,583
Increased by		
Receipts		244,260
		255,843
Decreased by		
Disbursements		225,000
Balance - May 31, 2020		\$ 30,843
Cash reconciliation May 31, 2020		
Balance per statement		
Northfield Bank		\$ 30,843

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2018	D	\$ -
Increased by		
Disbursements	D-5	11,506
		<u>11,506</u>
Decreased by		
Budget charges	D-4	11,506
		<u>11,506</u>
Balance - December 31, 2019	D	<u><u>\$ -</u></u>

D-10

TOWNSHIP OF HOLLAND
Schedule of Consumer Accounts Receivable
Sewer Utility Fund

	<u>Ref.</u>		
Balance - December 31, 2018	D		\$ 44,579
Increased by			
User fees levied	Reserve		550,500
			<u>595,079</u>
Decreased by			
Collections	D-3; D-7	\$ 552,450	
Balances canceled	Reserve	7	
Overpayments applied	D-3; D-16	720	
Prepayments applied	D-3; D-17	<u>2,226</u>	
			<u>555,403</u>
Balance - December 31, 2019	D		<u><u>\$ 39,676</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Due From Sewer Capital Fund
Sewer Utility Fund

	<u>Ref.</u>		
Balance - December 31, 2018	D		\$ -
Increased by			
Disbursements	D-5	\$ 10,000	
Interest earned	D-3	<u>2,273</u>	
			<u>12,273</u>
			12,273
Decreased by			
Current year budget appropriations			
Capital improvement fund	D-4	10,000	
Receipts	D-5	<u>2,273</u>	
			<u>12,273</u>
			12,273
Balance - December 31, 2019	D		<u><u>\$ -</u></u>

TOWNSHIP OF HOLLAND
Schedule of Fixed Capital
Sewer Capital Fund

<u>Description</u>	<u>Ref.</u>	<u>Balance</u> <u>12/31/19</u>	<u>Balance</u> <u>12/31/18</u>
Sanitary sewer system		\$ 989,826	\$ 989,826
Replacement of the Gridley Circle Pump Station		<u>324,412</u>	<u>324,412</u>
	D	<u><u>\$ 1,314,238</u></u>	<u><u>\$ 1,314,238</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Fixed Capital Authorized and Uncompleted
Sewer Capital Fund
For the Year Ended December 31, 2019

Purpose	Ordinance		Balance	Authorizations	Decreased	Balance
	Date	Amount	12/31/18			12/31/19
Improvement and repairs to the sewer lines	10/03/17	\$ 90,000	\$90,000	\$ -	\$ -	\$ 90,000
			<u>\$ 90,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,000</u>
		<u>Ref.</u>	D			D

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Appropriation Reserves
Sewer Operating Fund
For the Year Ended December 31, 2019

	Balance 12/31/18	Balance After Transfer	Expended	Balance Lapsed
Operating				
Salaries and wages	\$ 3,022	\$ 3,022	\$ -	\$ 3,022
Other expenses	14,991	14,991	2,269	12,722
Contribution to Milford Sewer	50,763	50,763	-	50,763
Statutory expenditures				
Contribution to Social Security system	699	699	-	699
	<u>\$ 69,475</u>	<u>\$ 69,475</u>	<u>\$ 2,269</u>	<u>\$ 67,206</u>
<u>Ref.</u>	D	D	D-5	D-1

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Encumbrances
Sewer Operating Fund

	<u>Ref.</u>	
Balance - December 31, 2018	D	\$ 1,014
Increased by		
Current year budget charges	D-4	<u>366</u>
		1,380
Decreased by		
Disbursements	D-5	<u>1,014</u>
Balance - December 31, 2019	D	<u><u>\$ 366</u></u>

D-16

TOWNSHIP OF HOLLAND
Schedule of Sewer Rent Overpayments
Sewer Operating Fund

	<u>Ref.</u>		
Balance - December 31, 2018	D		\$ 1,285
Increased by			
Overpayments received	D-7		<u>583</u>
			1,868
Decreased by			
Overpayments canceled	D-1	\$ 14	
Applied to 2019 sewer rents	D-10	<u>720</u>	
			<u>734</u>
Balance - December 31, 2019	D		<u><u>\$ 1,134</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Prepaid Sewer Rents
Sewer Operating Fund

	<u>Ref.</u>	
Balance - December 31, 2018	D	\$ 2,226
Increased by		
Prepayments received	D-7	<u>3,643</u>
		5,869
Decreased by		
Applied to consumer accounts receivable	D-10	<u>2,226</u>
Balance - December 31, 2019	D	<u><u>\$ 3,643</u></u>

D-18

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

	<u>Ref.</u>	
Balance - December 31, 2018	D	\$ 1,093
Increased by		
Current year budget charge	D-4	<u>4,596</u>
		5,689
Decreased by		
Interest paid	D-5	<u>5,245</u>
Balance - December 31, 2019	D	<u><u>\$ 444</u></u>

See independent auditors' report.

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

	<u>Ref.</u>		
Balance - December 31, 2018	D		\$ -
Increased by			
Receipts	D-5	\$ 10,000	
Interest earned	D-5	<u>2,273</u>	
			<u>12,273</u>
			12,273
Decreased by			
Budget appropriation	D-21	10,000	
Disbursements	D-5	<u>2,273</u>	
			<u>12,273</u>
Balance - December 31, 2019	D		<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Improvement Authorizations
Sewer Capital Fund

Improvement Description	Ordinance		12/31/18		2019	Paid or	Balance	12/31/19	
	Date	Amount	Funded	Unfunded	Authorization	Charged	Canceled	Funded	Unfunded
Improvement and repairs to the sewer lines	10/03/17	\$ 90,000	\$ 71,842	\$ -	\$ -	\$ 36,218	\$ -	\$ 35,624	\$ -
			\$ 71,842	\$ -	\$ -	\$ 36,218	\$ -	\$ 35,624	\$ -
	<u>Ref.</u>		D	D		D-5		D	D

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Capital Improvement Fund
Sewer Capital Fund

	<u>Ref.</u>	
Balance - December 31, 2018	D	\$ 13,545
Increased by		
Current year budget appropriation	D-19	<u>10,000</u>
Balance - December 31, 2019	D	<u><u>\$ 23,545</u></u>

TOWNSHIP OF HOLLAND
Schedule of Reserve for Amortization
Sewer Capital Fund

	<u>Ref.</u>	
Balance - December 31, 2018	D	\$ 1,189,826
Increased by		
Current year budget appropriation	D-24	<u>100,000</u>
Balance - December 31, 2019	D	<u><u>\$ 1,289,826</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Deferred Reserve for Amortization
For the Year Ended December 31, 2019
Sewer Capital Fund

<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance 12/31/18</u>	<u>To Reserve For Amortization</u>	<u>Current Year Budget Appropriation</u>	<u>Balance 12/31/19</u>
Improvement and repairs to the sewer lines	10/03/17	\$ 90,000	\$ -	\$ -	\$ 90,000
		<u>\$ 90,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,000</u>
	<u>Ref.</u>	D			D

See independent auditors' report.

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

<u>Improvement Description</u>	<u>Original Note</u>	<u>Date of</u>		<u>Interest Rate</u>	<u>Balance 12/31/18</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance 12/31/19</u>
		<u>Issue</u>	<u>Maturity</u>					
Sewer purposes	10/23/14	10/16/18	10/15/19	2.630%	\$ 200,000	\$ -	\$ 200,000	\$ -
Sewer purposes	10/23/14	10/10/19	10/09/20	2.000%	-	100,000	-	100,000
					\$ 200,000	\$ 100,000	\$ 200,000	\$ 100,000
				Ref.	D	Below	Below	D
	Notes reissued			Contra		\$ 100,000	\$ 100,000	
	Paid from budget appropriation			D-22		-	100,000	
						\$ 100,000	\$ 200,000	

See independent auditors' report.

TOWNSHIP OF HOLLAND

PART II

ADDITIONAL SCHEDULES

STATISTICAL DATA

SCHEDULE OF INSURANCE

TOWNSHIP OF HOLLAND

STATISTICAL DATA

TOWNSHIP OF HOLLAND

PART III

ADDITIONAL SCHEDULES

STATISTICAL DATA

INSURANCE SCHEDULE

LIST OF OFFICIALS

GENERAL COMMENTS

RECOMMENDATIONS

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

	2019		2018	
	Amount	%	Amount	%
<u>Revenue and other Income Realized</u>				
Fund balance utilized	\$ 725,000	3.27	\$ 695,000	3.24
Miscellaneous - from other than local property tax levied	4,117,918	18.55	4,256,192	19.85
Collection of delinquent taxes and tax title liens	245,988	1.11	226,711	1.06
Collection of current tax levy	<u>17,106,003</u>	<u>77.07</u>	<u>16,259,757</u>	<u>75.85</u>
Total income	<u>22,194,909</u>	<u>100.00</u>	<u>21,437,660</u>	<u>100.00</u>
<u>Expenditures</u>				
Budget expenditures				
Municipal purposes	5,224,147	24.53	5,084,972	24.92
County taxes	2,588,688	12.16	2,523,318	12.37
Local school taxes	9,201,300	43.21	9,025,784	44.23
Regional school taxes	4,183,203	19.65	3,766,087	18.46
Other debits to income	<u>96,252</u>	<u>0.45</u>	<u>5,333</u>	<u>0.02</u>
Total expenditures	<u>21,293,590</u>	<u>100.00</u>	<u>20,405,494</u>	<u>100.00</u>
Regulatory excess to fund balance	901,319		1,032,166	
<u>Fund Balance</u>				
Fund balance - January 1,	<u>2,984,924</u>		<u>2,647,758</u>	
	3,886,243		3,679,924	
Less: utilization as anticipated revenue	<u>725,000</u>		<u>695,000</u>	
Fund balance - December 31,	<u>\$ 3,161,243</u>		<u>\$ 2,984,924</u>	

See independent auditors' report.

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

	2019		2018	
	Amount	%	Amount	%
<u>Revenue and other Income Realized</u>				
Fund balance utilized	\$ 50,000	7.33	\$ 50,000	7.40
Miscellaneous - from other than sewer service charges	76,900	11.27	67,032	9.92
Collection of sewer service charges	<u>555,396</u>	<u>81.40</u>	<u>558,583</u>	<u>82.68</u>
Total income	<u>682,296</u>	<u>100.00</u>	<u>675,615</u>	<u>100.00</u>
<u>Expenditures</u>				
Budget expenditures				
Operating	481,500	80.58	491,500	88.15
Capital improvements	10,000	1.67	10,000	1.79
Debt service	104,596	17.50	54,559	9.79
Deferred charges and statutory expenditures	<u>1,500</u>	<u>0.25</u>	<u>1,500</u>	<u>0.27</u>
Total expenditures	<u>597,596</u>	<u>100.00</u>	<u>557,559</u>	<u>100.00</u>
Regulatory excess to fund balance	84,700		118,056	
<u>Fund Balance</u>				
Fund balance - January 1,	<u>132,015</u>		<u>63,959</u>	
	216,715		182,015	
Less: utilization as anticipated revenue	<u>50,000</u>		<u>50,000</u>	
Fund balance - December 31,	<u>\$ 166,715</u>		<u>\$ 132,015</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	
2019	\$ 0.19	\$ 0.41	\$ 1.47	\$ 0.67	\$ 2.74
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

* 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
2019	\$ 625,896,115	\$ 677,890,301	92.33%
2018	626,706,636	668,986,588	93.68%
2017	626,987,136	661,057,714	94.85%
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	746,069,777	102.82%
2011	770,225,050	783,944,701	98.25%
2010	771,939,817	832,100,698	92.77%

* 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
2019	\$ 17,352,518	\$ 17,106,003	98.58%
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%

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 Land	Residential	Apartments	Commercial	Farmland	Industrial	Total Real Property
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
2019	7,302,800	524,979,900	429,300	14,458,811	67,152,730	10,448,100	624,771,641

(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 Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
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%
2019	98,431	233,060	331,491	1.91%

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>
2019	\$ 5,700
2018	139,300
2017	139,300
2016	139,300
2015	194,300
2014	359,300
2013	424,300
2012	None
2011	None
2010	None

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Dec. 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
Current fund	2019	\$ 3,161,243	\$ 800,000
	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

	<u>December 31,</u>	<u>Amount</u>	<u>Utilized in Budget of Succeeding Year</u>
Sewer utility	2019	\$ 166,715	\$ 70,000
	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

See independent auditors' report.

TOWNSHIP OF HOLLAND
Statistical Data
Debt Incurring Capacity as of December 31, 2019
(Unaudited)

Municipal

1. Equalized valuations of real property (2019, 2018, 2017)	\$ 677,801,992
2 Permitted municipal debt limitation (3.5% of \$677,801,992)	23,723,070
3 Net debt issued, outstanding and authorized	100,000
4 Excess school borrowing	-
5 Total charges to borrowing margin	<u>100,000</u>
6 Remaining municipal borrowing capacity	<u><u>\$ 23,623,070</u></u>

Local school district

1. Permitted school district debt limitation (3.0% of \$677,801,992)	\$ 20,334,060
2 Debt issued, outstanding and authorized	<u>-</u>
3 Remaining municipal borrowing capacity	<u><u>\$ 20,334,060</u></u>

Gross & statutory net debt as of December 31,

Year	Gross Debt Amount	Statutory Net Debt	
		Amount	Percentage
2019	\$ 100,000	\$ 100,000	0.02%
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%

See independent auditors' report.

TOWNSHIP OF HOLLAND
Statistical Data
Statement of Indebtedness as of December 31, 2019
(Unaudited)

General purposes			
Bonds, notes and loans issued and outstanding			
Bonds		\$ -	
Notes		-	
Bonds and notes authorized but not issued		-	
		<hr/>	\$ -
Sewer utility purposes			
Bonds, notes and loans issued and outstanding			
Bonds		-	
Notes		100,000	
Bonds and notes authorized but not issued		-	
		<hr/>	100,000
Local school district			
Bonds, notes and loans issued and outstanding			
Bonds		-	
Notes		-	
Bonds and notes authorized but not issued		-	
		<hr/>	-
Regional school district			
Bonds, notes and loans issued and outstanding			
Bonds		-	
Notes		-	
Bonds and notes authorized but not issued		-	
		<hr/>	-
Total gross debt			<hr/> <hr/> 100,000
Statutory deductions			
Municipal		-	
Local school district		-	
Regional school district		-	
		<hr/>	-
Total net debt			<hr/> <hr/> \$ 100,000
Overlapping debt as of December 31, 2019	Debt	Estimated %	
	<u>Outstanding</u>	<u>Applicable</u>	
Local school district debt	\$ -	100.00%	\$ -
Regional school district debt	-	0.00%	-
County debt	85,870,477	3.13%	<hr/> 2,690,444
Total overlapping debt			<hr/> <hr/> \$ 2,690,444

See independent auditors' report.

TOWNSHIP OF HOLLAND
Statistical Data
Statement of Indebtedness as of December 31, 2019 (continued)
(Unaudited)

	<u>Year</u>	<u>Assessed Valuation</u>	<u>Amount</u>
Gross debt			\$ 100,000
Per capita (population 2010 census - 5,124)			20
Percent of average equalized valuation basis	2019	\$ 677,801,992	0.01%
Percent of net valuation taxable	2019	625,896,115	0.02%
Net municipal debt			100,000
Per capita (population 2010 census - 5,124)			20
Percent of average equalized valuation basis	2019	677,801,992	0.01%
Percent of net valuation taxable	2019	625,896,115	0.02%
Overall debt			2,790,444
Per capita (population 2010 census - 5,124)			545
Percent of average equalized valuation basis	2019	677,801,992	0.41%
Percent of net valuation taxable	2019	625,896,115	0.45%

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Insurance
For the Year Ended December 31, 2019
(Unaudited)

	Coverage	Deductible
	Statutory	
General and auto liability - Statewide Insurance Fund	\$ 10,000,000	\$ -
Public officials liability - Statewide Insurance Fund	6,000,000	10,000
Police professional liability - Statewide Insurance Fund	10,000,000	-
Workers compensation - Statewide Insurance Fund	2,000,000	-
Package policy - Statewide Insurance Fund		
Property – building and contents (policy limit)	21,835,468	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

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



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

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

Honorable 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, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated July 6, 2020. 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. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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



BKC, CPAs, PC



William M. Colantano
Certified Public Accountant
Registered Municipal Accountant

July 6, 2020
Flemington, New Jersey

TOWNSHIP OF HOLLAND
Schedule of Expenditures of Federal Financial Assistance
For the Year Ended December 31, 2019

Grant Award Program	Project Number	Award Amount	Grant Period		Balance 12/31/18	Receipts	Expended	Balance 12/31/19
			From	To				
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		Ongoing	\$ (27,022)	\$ -	\$ -	\$ (27,022)
Total federal financial assistance					<u>\$ (27,022)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (27,022)</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Expenditures of State and Local Financial Assistance
For the Year Ended December 31, 2019

Grant Award Program	Project Number	Award Amount	Grant Period		Balance 12/31/18	Receipts	Expended	Adjustment	Balance 12/31/19
			From	To					
State financial assistance									
Clean Communities Program	765-042-4900-004	\$ 18,413	01/01/19	12/31/19	\$ -	\$ 18,413	\$ 17,421	\$ -	\$ 992
Stormwater management	Not available	3,750	01/01/05	12/31/05	416	-	-	-	416
Recycling tonnage grant	752-042-4900-001	26,427	01/01/18	12/31/18	21	-	21	-	-
Recycling tonnage grant	752-042-4900-001	25,166	01/01/19	12/31/19	-	25,166	25,166	-	-
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	-	-
NJ body armor	066-1020-718-001	1,046	01/01/19	12/31/19	-	1,046	347	-	699
Uniform fire code violations	Not available	375	01/01/08	12/31/08	375	-	-	-	375
Highlands grant second	Not available	174,100		Ongoing	(3,840)	18,336	24,194	-	(9,698)
Highlands grant special	Not available	25,000		Ongoing	(4,318)	-	(3,850)	-	(468)
Highlands grant amended plan confirmation	Not available	15,000		Ongoing	(15,000)	-	-	-	(15,000)
Highlands grant special	Not available	5,122		Ongoing	-	-	-	-	-
Highlands grant task 13	Not available	5,000		Ongoing	-	-	4,242	-	(4,242)
Small cities grant program	Not available	30,000	01/01/18	12/31/18	(15,000)	-	-	-	(15,000)
Green communities grant	Not available	3,000	01/01/19	12/31/19	-	-	-	-	-
Community forestry grant	Not available	10,000	01/01/19	12/31/19	-	-	-	-	-
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					<u>(44,270)</u>	<u>62,961</u>	<u>72,131</u>	<u>11,514</u>	<u>(41,926)</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Expenditures of State and Local Financial Assistance
For the Year Ended December 31, 2019

Grant	Project Number	Award Amount	Grant Period		Balance 12/31/18	Receipts	Expended	Adjustment	Balance 12/31/19
			From	To					
Local financial assistance									
PennEast Pipeline									
community connect	Not available	\$ 5,000	01/01/17	12/31/17	\$ 2,602	\$ -	\$ 2,602	\$ -	\$ -
Historical Commission Grant	Not available	75,000	01/01/17	12/31/17	-	-	25,000	-	(25,000)
Historical Commission Grant	Not available	75,000	01/01/19	12/31/19	-	37,500	35,280	-	2,220
Local contribution -									
Improvements to the Riegel Ridge Community Center	Not available	20,000	01/01/19	12/31/19	-	20,000	20,000	-	-
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>12,602</u>	<u>57,500</u>	<u>82,882</u>	<u>-</u>	<u>(12,780)</u>
Total state and local financial assistance					<u>\$ (31,668)</u>	<u>\$ 120,461</u>	<u>\$ 155,013</u>	<u>\$ 11,514</u>	<u>\$ (54,706)</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, 2019

- 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, 2019.
- 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 - Adjustment on the schedule of state and local financial assistance
The adjustment reported for the NJ Dept. of transportation aid – improvements to Bellis Road project represents the effect of a canceled improvement authorization balance on a project partially funded by an NJ Department of transportation grant.
- Note 4 - 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	\$ -	\$ 72,131	\$ 82,882	\$ 155,013

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Findings and Responses

General Comments and Recommendations

No findings, questioned costs, or recommendations have been developed as a result of this audit.

Status of Prior Year's Audit Findings/Recommendations

Corrective action has been taken on prior year recommendations.

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
Lisa Pezzano-Mickey (from 4/16/2019)	Committeeperson
Thomas Scheibener (to 4/8/2019)	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
Animal Control Services	Fireworks
Tree Inventory Services	Transportation Services
Sanitary Sewer System Inspection	Video Inspection of the Sewer Lines
Information Technology Services	Finance Office Shared Services

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
Licensed Sewer Operator	Physician Services
Highlands and COAH Advisors	Municipal Attorney
Health Benefits Advisors	Land Surveying Services

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

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

TOWNSHIP OF HOLLAND
General Comments
(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, 2019, 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 2019 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>
2019	3
2018	2
2017	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



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