

TOWNSHIP OF HOLLAND
COUNTY OF HUNTERDON
REPORT OF AUDIT
December 31, 2017

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

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

For the Year Ended December 31, 2017

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Certified Public Accountants, PC

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying Comparative Balance Sheet - Regulatory Basis and the Comparative Statement of General Fixed Assets - Regulatory Basis of the various funds and account group of the Township of Holland, in the County of Hunterdon, State of New Jersey (the Municipality) as of December 31, 2017 and 2016, 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, 2017, 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.

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, 2017 and 2016, 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, 2017 and 2016, and the results of operations and changes in fund balance of such funds for the years then ended and the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis for the year ended December 31, 2017 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 supplemental statements and 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 supplemental statements and 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 has 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 June 8, 2018 on our consideration of the Municipality's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Municipality's internal control over financial reporting and compliance.

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



William M. Colantano
Certified Public Accountant
Registered Municipal Accountant

June 8, 2018
Flemington, New Jersey

FINANCIAL STATEMENTS - REGULATORY BASIS

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

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Assets			
Regular fund			
Cash			
Treasurer	A-4	\$ 9,477,411	\$ 4,163,095
Tax collector	A-6	664,476	4,965,239
Change funds	A-8	800	800
		<u>10,142,687</u>	<u>9,129,134</u>
Delinquent property taxes receivable	A-9	231,399	217,730
Tax title liens receivable	A-10	91,392	91,392
Property acquired for taxes - assessed valuation	A-11	139,300	139,300
Revenue accounts receivable	A-12	576	2,006
Due from animal control fund	A-13	-	2
Due from federal and state grant fund	A-14	5,000	3
Due from performance bond escrow	A-15	141	121
Due from escrow funds	A-15	-	1,039
Due from general capital fund	A-16	-	476
		<u>467,808</u>	<u>452,069</u>
Total regular fund		<u>10,610,495</u>	<u>9,581,203</u>
Federal and state grant fund			
Cash			
Treasurer	A-4	1,379	14,348
Grants receivable	A-18	305,860	345,083
Total federal and state grant fund		<u>307,239</u>	<u>359,431</u>
Total assets		<u><u>\$ 10,917,734</u></u>	<u><u>\$ 9,940,634</u></u>

See accompanying notes to the financial statements.

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

	Ref.	2017	2016
Liabilities, reserves and fund balance			
Regular fund			
Appropriation reserves	A-3;A-19	\$ 674,488	\$ 750,053
Reserve for encumbrances	A-20	36,631	35,102
Due to State of NJ Veteran's & Senior			
Citizen's deductions	A-21	1,757	2,243
Prepaid taxes	A-22	648,449	74,798
Tax overpayments	A-23	19,001	35,832
Local school tax payable	A-24	4,471,531	4,385,854
Regional high school taxes payable	A-25	1,614,094	1,519,315
County tax payable	A-26	2,056	6,889
Due to outside agencies	A-27	150	125
Due to outside lienholders	A-28	972	1,525
Due to other trust funds	A-15	-	2,075
Due to sewer operating fund	A-29	-	1,825
Reserve for first aid squad	A-30	25,600	-
Reserve for veterans day celebration	A-31	200	200
		7,494,929	6,815,836
Reserve for receivables	A	467,808	452,069
Fund balance	A-1	2,647,758	2,313,298
Total regular fund		10,610,495	9,581,203
Federal & state grant fund			
Due to regular fund	A-33	5,000	3
Appropriated reserves for grants	A-34	247,785	252,890
Unappropriated reserves for grants	A-35	31,427	5,981
Reserve for encumbrances	A-36	23,027	557
Due to general capital fund	A-37	-	100,000
Total federal & state grant fund		307,239	359,431
Total liabilities, reserves and fund balance		\$ 10,917,734	\$ 9,940,634

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.	2017	2016
Revenues and other income realized			
Fund balance utilized	A-2	\$ 700,000	\$ 700,000
Miscellaneous revenue anticipated	A-2	3,596,071	3,394,201
Receipts from delinquent taxes	A-2	220,468	218,202
Receipts from current taxes	A-2	16,400,351	16,066,968
Non-budget revenue	A-2	140,702	125,381
Other credits to income			
Interfunds returned - net		-	2,470
Special emergency authorization balance canceled		-	55
Unexpended balance of appropriation reserves	A-19	669,558	550,880
Tax overpayments canceled	A-23	82	156
Total income		<u>21,727,232</u>	<u>21,058,313</u>
Expenditures			
Budget and emergency appropriations			
Operations			
Salaries and wages	A-3	1,917,000	1,881,550
Other expenses	A-3	2,431,196	2,250,879
Capital improvements	A-3	500,000	500,000
Deferred charges & statutory expenditures	A-3	391,630	391,183
Local district school taxes	A-24	8,943,061	8,771,709
Regional high school taxes	A-25	4,052,144	3,862,584
County taxes	A-26	2,449,017	2,436,842
County share of added taxes	A-26	2,056	6,889
Other debits to income			
Interfunds advanced - net	A-2	3,500	-
Prior year refunds - tax appeals adjustments		-	1,482
Prior year senior citizen deduction disallowed	A-21	3,168	2,750
Total expenditures		<u>20,692,772</u>	<u>20,105,868</u>

See accompanying notes to the financial statements.

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

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Regulatory excess to fund balance		\$ 1,034,460	\$ 952,445
Balance January 1,	A	<u>2,313,298</u>	<u>2,060,853</u>
		3,347,758	3,013,298
Decreased by			
Utilized as anticipated revenue	A-2	<u>700,000</u>	<u>700,000</u>
Balance December 31,	A	<u><u>\$ 2,647,758</u></u>	<u><u>\$ 2,313,298</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, 2017

	Ref.	Anticipated		Realized	Excess or Deficit
		Budget	NJS 40:4-87		
Fund balance anticipated	A-1	\$ 700,000	\$ -	\$ 700,000	\$ -
Miscellaneous revenues					
Licenses					
Alcoholic beverage	A-12	2,500	-	5,188	2,688
Fines and costs					
Municipal court	A-12	12,500	-	12,388	(112)
Interest on investments and deposits	A-2	16,193	-	46,904	30,711
Interest & cost on taxes	A-6	46,500	-	54,010	7,510
Swimming pool fees	A-12	85,000	-	107,696	22,696
Riegel Ridge Community Center fees	A-12	382,000	-	363,785	(18,215)
Snack bar fees	A-12	20,000	-	18,119	(1,881)
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	31,779	-	31,779	-
Penn East Pipeline Community					
Connect	A-18	5,000	-	5,000	-
Clean communities grant	A-18	-	17,220	17,220	-
N.J. body armor fund	A-18	981	-	981	-
N.J. body armor fund	A-18	-	982	982	-
Hunterdon historical preservation grant	A-18	-	50,000	50,000	-
Hunterdon historical preservation grant	A-18	-	75,000	75,000	-
First Energy donation for community day	A-18	-	1,500	1,500	-
Hunterdon historical preservation grant	A-18	-	79,584	79,584	-
NJ highlands water protection and planning	A-18	-	15,000	15,000	-
	A-1	3,313,388	239,286	3,596,071	43,397

See accompanying notes to the financial statements.

TOWNSHIP OF HOLLAND
Statement of Revenues - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2017

	<u>Ref.</u>	<u>Anticipated</u>		<u>Realized</u>	<u>Excess or Deficit</u>
		<u>Budget</u>	<u>NJS 40:4-87</u>		
Receipts from delinquent taxes	A-1;A-2	\$ 210,000	\$ -	\$ 220,468	\$ 10,468
Property tax for support of municipal budget appropriations					
Local tax for municipal purposes	A-2	1,193,611	-	1,370,532	176,921
Budget totals		5,416,999	239,286	5,887,071	\$ 230,786
Nonbudget revenues	A-1;A-2	-	-	140,702	
		<u>\$5,416,999</u>	<u>\$239,286</u>	<u>\$6,027,773</u>	
	<u>Ref.</u>	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, 2017

	<u>Ref.</u>			
Analysis of realized revenues				
Allocation of current tax collections				
Tax collections	A-1;A-9			\$ 16,400,351
Allocated to				
Local district school taxes	A-9	\$ 8,943,061		
Regional high school taxes	A-9	4,052,144		
County taxes	A-9	<u>2,451,073</u>		
				<u>15,446,278</u>
Balance for support of municipal budget appropriations				954,073
Add: appropriation - reserve for uncollected taxes	A-3			<u>416,459</u>
Realized for support of municipal budget	A-2			<u><u>\$ 1,370,532</u></u>
Analysis of delinquent tax collections				
Receipts from delinquent tax collections	A-2; A-9			<u>\$ 220,468</u>
Interest on investments				
Treasurer	A-4			\$ 17,504
Tax collector	A-6			15,097
Animal control fund	A-13			58
Federal and state grant fund	A-14			105
Other trust funds	A-15			567
General capital fund	A-16			12,171
Payroll account	A-17			1,402
	A-2			<u><u>\$ 46,904</u></u>
	<u>Ref.</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>Increase (Decrease)</u>
Interfund advances and return analysis				
Due from animal control fund	A-13	\$ -	\$ 2	\$ (2)
Due from federal and state grant fund	A-14	5,000	3	4,997
Due from escrow funds	A-15	-	1,039	(1,039)
Due from performance bond escrow	A-15	141	121	20
Due from general capital fund	A-16	<u>-</u>	<u>476</u>	<u>(476)</u>
		<u>\$ 5,141</u>	<u>\$ 1,641</u>	<u>\$ 3,500</u>
	<u>Ref.</u>			<u>A-1</u>

See accompanying notes to the financial statements.

TOWNSHIP OF HOLLAND
Statement of Revenues - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2017

	<u>Ref.</u>		
Analysis of realized revenues (continued)			
Analysis of nonbudget revenue			
Treasurer			
Cell tower rent		\$ 12,696	
Tax assessor fees		100	
Account balances canceled		120	
Cable TV franchise fee		18,854	
Veterans' & Seniors Citizens' - administrative fees		1,307	
Homestead rebate processing fee		321	
Clerk - other licenses		238	
Planning board fees		2,225	
Perc testing fees		5,250	
Registrar fees		5,405	
Copy fees		19	
Zoning fees and permits		10,500	
Food handling licenses		2,550	
Holland book sales		497	
Sale of surplus equipment		16,438	
Road opening and driveway permits		3,650	
Dumpster tickets		4,595	
Recycling sales		2,004	
Tire disposal		448	
Police fees		1,489	
Riegel Ridge Rams reimbursements		3,293	
Miscellaneous other		726	
Various refunds		4,274	
	A-4	\$ 96,999	
Account balances canceled			
Other trust funds	A-15	11,480	
Payroll balances canceled	A-17	32,298	
		43,778	
		140,777	
Less: refunds	A-4	75	
	A-2	\$ 140,702	

See accompanying notes to the financial statements.

TOWNSHIP OF HOLLAND
Statement of Expenditures - Regulatory Basis
Current Fund
For the Year Ended December 31, 2017

	<u>Appropriations</u>		<u>Expended by</u>		<u>Balance Canceled</u>	<u>Over- Expended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
Operations within "CAPS"						
General government						
Mayor and committee						
Salaries and wages	\$ 20,000	\$ 20,000	\$ 20,000	\$ -	\$ -	\$ -
Other expenses	42,000	42,000	35,246	6,754	-	-
Municipal clerk						
Salaries and wages	110,000	110,000	101,836	8,164	-	-
Other expenses	35,000	35,000	23,840	11,160	-	-
Financial administration						
Salaries and wages	35,000	35,000	27,947	7,053	-	-
Other expenses	61,000	61,000	53,906	7,094	-	-
Audit services	25,000	25,000	20,500	4,500	-	-
Assessment of taxes						
Salaries and wages	39,800	39,800	39,083	717	-	-
Other expenses	3,300	3,300	1,220	2,080	-	-
Collection of taxes						
Salaries and wages	27,000	27,000	18,582	8,418	-	-
Other expenses	8,000	8,000	7,658	342	-	-
Legal services and costs						
Other expenses	120,000	100,500	38,575	61,925	-	-
Engineering services & costs						
Other expenses	25,000	25,000	22,947	2,053	-	-
Municipal court						
Salaries and wages	15,000	15,000	7,520	7,480	-	-
Other expenses	14,250	14,250	6,367	7,883	-	-
Municipal prosecutor						
Salaries and wages	7,600	7,600	6,000	1,600	-	-
Public buildings and grounds						
Salaries and wages	57,000	57,000	43,300	13,700	-	-
Other expenses	175,000	175,000	153,826	21,174	-	-
Land use administration						
Planning board						
Salaries and wages	14,500	15,250	15,012	238	-	-
Other expenses	38,000	38,000	9,096	28,904	-	-

See accompanying notes to the financial statements.

TOWNSHIP OF HOLLAND
Statement of Expenditures - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2017

	Appropriations		Expended by		Balance Canceled	Over- Expended
	Budget		Paid or Charged	Reserved		
	Budget	After Modification				
Operations within "CAPS" (cont'd)						
General government (cont'd)						
Land use administration (cont'd)						
Zoning board of adjustment						
Salaries and wages	\$ 14,500	\$ 15,250	\$ 14,884	\$ 366	\$ -	\$ -
Other expenses	9,000	9,000	3,177	5,823	-	-
Zoning officer						
Salaries and wages	13,000	13,000	12,485	515	-	-
Other expenses	1,000	1,000	-	1,000	-	-
Public safety						
Fire						
Other expenses	23,500	23,500	17,703	5,797	-	-
Aid to volunteer fire companies	70,000	70,000	70,000	-	-	-
Police						
Salaries and wages	645,000	645,000	625,459	19,541	-	-
Other expenses	65,000	65,000	42,208	22,792	-	-
First aid organization - contribution	70,000	70,000	69,401	599	-	-
Office of emergency management						
Salaries and wages	7,000	7,000	6,552	448	-	-
Other expenses	10,000	10,000	8,367	1,633	-	-
Public defender						
Salaries and wages	1,400	1,400	1,200	200	-	-
Public works						
Road repairs and maintenance						
Salaries and wages	495,000	495,000	413,584	81,416	-	-
Other expenses	220,300	220,300	168,683	51,617	-	-
Snow removal						
Other expenses	65,000	65,000	38,738	26,262	-	-
Environmental commission - recycling						
Salaries and wages	1,000	1,500	1,350	150	-	-
Other expenses	6,000	6,000	4,090	1,910	-	-

See accompanying notes to the financial statements.

TOWNSHIP OF HOLLAND
Statement of Expenditures - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2017

	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	\$ 900	\$ 600	\$ -	\$ -
Other expenses	2,900	2,900	1,600	1,300	-	-
Environmental health services						
Other expenses	5,000	5,000	2,800	2,200	-	-
Animal control						
Other expenses	10,000	10,000	10,000	-	-	-
Parks and recreation						
Recreation committee						
Salaries and wages	1,500	1,500	1,170	330	-	-
Other expenses	10,000	10,000	4,327	5,673	-	-
Riegel Ridge Community Center						
Salaries and wages	295,000	300,000	284,952	15,048	-	-
Other expenses	135,000	135,000	132,589	2,411	-	-
Swimming pool						
Salaries and wages	92,000	92,000	77,909	14,091	-	-
Other expenses	40,000	40,000	30,909	9,091	-	-
Snack bar						
Salaries and wages	15,000	15,000	5,685	9,315	-	-
Other expenses	20,000	20,000	12,816	7,184	-	-
Historical preservation commission						
Salaries and wages	1,100	1,100	630	470	-	-
Other expenses	7,000	7,000	1,398	5,602	-	-
Agricultural advisory commission						
Salaries and wages	1,100	1,100	293	807	-	-
Other expenses	11,400	11,400	2,402	8,998	-	-
Insurance						
Workers compensation	70,000	70,000	65,628	4,372	-	-
Employee group health	325,000	325,000	303,677	21,323	-	-
Other insurance premiums	136,000	136,000	134,835	1,165	-	-

See accompanying notes to the financial statements.

TOWNSHIP OF HOLLAND
Statement of Expenditures - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2017

	Appropriations		Expended by			
	Budget	Budget	Paid or Charged	Reserved	Balance Canceled	Over- Expended
		After Modification				
Operations within "CAPS" (cont'd)						
Unclassified						
Electricity	\$ 90,000	\$ 90,000	\$ 75,999	\$ 14,001	\$ -	\$ -
Street lighting	30,000	30,000	18,622	11,378	-	-
Telephone	28,000	28,000	25,190	2,810	-	-
Fuel oil	20,000	20,000	-	20,000	-	-
Gasoline & diesel fuel	65,000	65,000	28,931	36,069	-	-
Natural gas	22,000	22,000	12,777	9,223	-	-
Trash removal dumpster	30,000	30,000	9,344	20,656	-	-
Total operations within "CAPS"	<u>4,053,650</u>	<u>4,041,150</u>	<u>3,395,725</u>	<u>645,425</u>	<u>-</u>	<u>-</u>
Contingent	-	-	-	-	-	-
Total operations including contingent within "CAPS"	<u>4,053,650</u>	<u>4,041,150</u>	<u>3,395,725</u>	<u>645,425</u>	<u>-</u>	<u>-</u>
Detail						
Salaries and wages	1,910,000	1,917,000	1,726,333	190,667	-	-
Other expenses (including contingent)	<u>2,143,650</u>	<u>2,124,150</u>	<u>1,669,392</u>	<u>454,758</u>	<u>-</u>	<u>-</u>
Deferred charges and statutory Expenditures						
Statutory expenditures						
Contribution to						
Public employees retirement system	104,239	116,739	115,895	844	-	-
Social Security system (OASI)	150,000	150,000	127,213	22,787	-	-
Police and Firemen's retirement system	109,391	109,391	109,391	-	-	-
Defined contribution retirement program	5,000	5,000	1,539	3,461	-	-
State unemployment compensation	<u>10,500</u>	<u>10,500</u>	<u>8,529</u>	<u>1,971</u>	<u>-</u>	<u>-</u>
Total deferred charges and statutory expenditures - Municipal within "CAPS"	<u>379,130</u>	<u>391,630</u>	<u>362,567</u>	<u>29,063</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, 2017

	<u>Appropriations</u>		<u>Expended by</u>		<u>Balance Canceled</u>	<u>Over- Expended</u>
	Budget		<u>Paid or Charged</u>	<u>Reserved</u>		
	<u>Budget</u>	<u>After Modification</u>				
Total general appropriations for municipal purposes within "CAPS"	\$ 4,432,780	\$ 4,432,780	\$ 3,758,292	\$ 674,488	\$ -	\$ -
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	31,779	31,779	31,779	-	-	-
Clean communities						
Other expenses	17,220	17,220	17,220	-	-	-
Hunterdon historic preservation grant						
Other expenses	50,000	50,000	50,000	-	-	-
Hunterdon historic preservation grant						
Other expenses	75,000	75,000	75,000	-	-	-
Hunterdon historic preservation grant						
Other expenses	79,584	79,584	79,584	-	-	-
Body armor grant						
Other expenses	981	981	981	-	-	-
Body armor grant						
Other expenses	982	982	982	-	-	-
Highlands water protection and planning council - amended plan confirmation						
Other expenses	15,000	15,000	15,000	-	-	-
Other local donations						
Other expenses	1,500	1,500	1,500	-	-	-

See accompanying notes to the financial statements.

TOWNSHIP OF HOLLAND
Statement of Expenditures - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2017

	Appropriations		Expended by			
	Budget		Paid or Charged	Reserved	Balance Canceled	Over- Expended
	Budget	After Modification				
Operations excluded from "CAPS" (cont'd)						
Penneast Pipeline						
Community Connect						
Other expenses	\$ 5,000	\$ 5,000	\$ 5,000	\$ -	\$ -	\$ -
Total operations excluded from "CAPS"	307,046	307,046	307,046	-	-	-
Detail						
Other expenses	307,046	307,046	307,046	-	-	-
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	135,000	135,000	135,000	-	-	-
Purchase of ambulance	15,000	15,000	15,000	-	-	-
Purchase of dpw equipment	100,000	100,000	100,000	-	-	-
Purchase of police 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"	807,046	807,046	807,046	-	-	-
Subtotal general appropriations	5,239,826	5,239,826	4,565,338	674,488	-	-
Reserve for uncollected taxes	416,459	416,459	416,459	-	-	-
Total general appropriations	\$ 5,656,285	\$ 5,656,285	\$ 4,981,797	\$ 674,488	\$ -	\$ -
<u>Ref.</u>	A-2	A-3	A-1;A-3	A;A-1		

See accompanying notes to the financial statements.

TOWNSHIP OF HOLLAND
Statement of Expenditures - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2017

	Ref.	Paid or Charged
Paid or charged		
Cash disbursed	A-4	\$ 1,744,172
Due to payroll account	A-17	2,006,430
Reserve for encumbrances	A-20	36,556
Reserve for uncollected taxes	A-2	416,459
Due from animal control fund	A-13	10,000
Due to general capital fund	A-16	500,000
Appropriated reserve for grants	A-34	277,046
		4,990,663
Less		
Appropriation refunds	A-4	8,866
	A-3	\$ 4,981,797
Appropriations		
Budget	A-2	\$ 5,416,999
Added by NJSA 40A:4-87	A-2	239,286
	A-3	\$ 5,656,285

See accompanying notes to the financial statements.

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

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Assets			
Animal control fund			
Cash	B-1	\$ 10,782	\$ 10,672
		<u>10,782</u>	<u>10,672</u>
Other trust funds			
Cash - treasurer	B-1	564,575	680,132
Due from current fund	B-6	-	915
Loans receivable	B-9	357,472	357,472
		<u>922,047</u>	<u>1,038,519</u>
Total assets		<u>\$ 932,829</u>	<u>\$ 1,049,191</u>
Liabilities and reserves			
Animal control fund			
Reserve for animal control fund expenditures	B-3	\$ 10,723	\$ 10,655
Due to current fund	B-4	-	2
Due to State of New Jersey	B-5	59	7
Reserve for encumbrances	B-7	-	8
		<u>10,782</u>	<u>10,672</u>
Other trust funds			
Due to current fund	B-6	141	-
Reserve for encumbrances	B-8	518	2,228
Reserve for escrow funds	B-10	220,139	266,535
Reserve for small cities revolving loan	B-11	476,677	476,192
Reserve for recreation and community services	B-12	1,529	11,518
Reserve for development fees	B-13	6,678	5,940
Reserve for tax sale premiums	B-14	56,200	80,100
Reserve for snow removal	B-15	70,900	45,908
Reserve for first aid squad	B-16	-	25,600
Reserve for payroll account	B-17	1,767	37,052
Reserve for future legal expenses	B-18	15,065	15,051
Reserve for performance bond	B-19	72,425	72,387
Reserve for POAA	B-20	8	8
		<u>922,047</u>	<u>1,038,519</u>
Total liabilities and reserves		<u>\$ 932,829</u>	<u>\$ 1,049,191</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>2017</u>	<u>2016</u>
Assets			
Cash	C-2	\$ 2,852,099	\$ 2,868,250
NJ D.O.T. grants receivable	C-5	11,514	38,750
Due from federal and state grant fund	C-6	-	100,000
		<u> </u>	<u> </u>
Total assets		<u>\$ 2,863,613</u>	<u>\$ 3,007,000</u>
Liabilities, reserves and fund balance			
Due to current fund	C-7	\$ -	\$ 476
Improvement authorizations funded	C-9	572,136	744,095
Reserve for encumbrances	C-10	99,919	394,001
Capital improvement fund	C-11	899,880	1,034,392
Reserve for capital projects	C-12	713,710	674,026
Fund balance	C-1	577,968	160,010
		<u> </u>	<u> </u>
Total liabilities, reserves and fund balance		<u>\$ 2,863,613</u>	<u>\$ 3,007,000</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>2017</u>	<u>2016</u>
Balance - January 1	C	\$ 160,010	\$ 160,010
Increased by			
Proceeds from sale of land	C-2	402,000	-
Cancellation of improvement authorizations	C-9	<u>15,958</u>	<u>-</u>
Balance - December 31	C	<u><u>\$ 577,968</u></u>	<u><u>\$ 160,010</u></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>2017</u>	<u>2016</u>
Assets			
Operating fund			
Cash			
Treasurer	D-5	\$ 108,020	\$ 87,353
Collector	D-7	22,360	24,187
Due from sewer capital fund	D-11	-	28
Due from current fund	D-12	-	1,825
		<u>130,380</u>	<u>113,393</u>
Receivables with full reserves			
Sewer service charges receivable	D-10	52,688	35,134
		<u>52,688</u>	<u>35,134</u>
Total operating fund		<u>183,068</u>	<u>148,527</u>
Capital fund			
Cash			
Treasurer	D-5	172,886	164,763
Fixed capital	D-13	989,826	900,000
Fixed capital authorized and uncompleted	D-14	490,000	500,000
Total capital fund		<u>1,652,712</u>	<u>1,564,763</u>
Total assets		<u>\$ 1,835,780</u>	<u>\$ 1,713,290</u>

See accompanying notes to the financial statements.

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

	Ref.	2017	2016
Liabilities, reserves and fund balance			
Operating fund			
Liabilities			
Appropriation reserves	D-4;D-15	\$ 60,502	\$ 30,257
Reserve for encumbrances	D-16	1,356	366
Sewer rent overpayments	D-17	274	17
Prepaid sewer rents	D-18	3,405	1,976
Accrued interest on notes	D-19	884	739
		<u>66,421</u>	<u>33,355</u>
Reserve for receivables	D	52,688	35,134
Fund balance	D-1	63,959	80,038
Total operating fund		<u>183,068</u>	<u>148,527</u>
Capital fund			
Due to sewer operating fund	D-20	-	28
Bond anticipation note payable	D-27	250,000	300,000
Improvement authorizations	D-21	164,518	86,350
Reserve for amortization	D-22	989,826	900,000
Reserve for encumbrances	D-23	4,679	4,870
Deferred reserve for amortization	D-24	240,000	200,000
Reserve for alteration of sewer system	D-25	-	30,000
Capital improvement fund	D-26	3,545	41,545
Capital fund balance	D-2	144	1,970
Total capital fund		<u>1,652,712</u>	<u>1,564,763</u>
Total liabilities, reserves and fund balance		<u>\$ 1,835,780</u>	<u>\$ 1,713,290</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.	2017	2016
Revenues and other income realized			
Fund balance utilized	D-3	\$ 50,000	\$ 121,750
Sewer service charges	D-3	510,847	518,600
Miscellaneous	D-3	4,708	4,581
Other credits to income			
Unexpended balance of appropriation reserves	D-15	30,245	7,591
Overpaid sewer accounts receivable balances canceled	D-17	16	-
Total income		595,816	652,522
Expenditures			
Operating expenses	D-4	496,500	488,000
Capital improvements	D-4	10,000	10,000
Debt service	D-4	53,895	55,720
Deferred charges & statutory expenditures	D-4	1,500	43,500
Total expenditures		561,895	597,220
Statutory excess to fund balance		33,921	55,302
Fund balance			
Balance January 1,	D	80,038	146,486
		113,959	201,788
Decreased by			
Utilized as anticipated revenue	D-3	50,000	121,750
Balance December 31,	D	\$ 63,959	\$ 80,038

See accompanying notes to the financial statements.

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

	Ref.	For the Years Ended	
		12/31/17	12/31/16
Balance - January 1	D	\$ 1,970	\$ 1,970
Increased by			
Improvement authorizations canceled	D-21	10,174	-
		<u>12,144</u>	<u>1,970</u>
Decreased by			
Appropriated to finance improvement authorization D-21		12,000	-
		<u>12,000</u>	<u>-</u>
Balance - December 31	D	<u>\$ 144</u>	<u>\$ 1,970</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, 2017

	<u>Ref.</u>	<u>Anticipated</u>		<u>Realized</u>	<u>Excess or Deficit</u>
		<u>Budget</u>	<u>NJS 40:4-87</u>		
Fund balance anticipated	D-1	\$ 50,000	\$ -	\$ 50,000	\$ -
Sewer service charges	D-1;D-10	515,000	-	510,847	(4,153)
		<u>565,000</u>	<u>-</u>	<u>560,847</u>	<u>(4,153)</u>
Non-budget revenue	D-1;D-3	-	-	4,708	4,708
		<u>\$ 565,000</u>	<u>\$ -</u>	<u>\$ 565,555</u>	<u>\$ 555</u>
	<u>Ref.</u>	<u>D-3</u>			
Analysis of non-budget revenue					
Interest on deposits	D-3	\$ 1,365			
Interest and costs on payments	D-7	3,313			
Miscellaneous revenue	D-7	30			
	D-3		<u>\$ 4,708</u>		
Interest on deposits					
Sewer operating	D-5	396			
Collector	D-7	281			
Sewer capital	D-11	688			
	D-3		<u>\$ 1,365</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, 2017

	<u>Appropriations</u>		<u>Expended by</u>		<u>Balance Canceled</u>	<u>Over- Expended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
Operating						
Salaries and wages	\$ 13,500	\$ 13,500	\$ 10,518	\$ 2,982	\$ -	\$ -
Other expenses						
Miscellaneous other expenses	23,000	23,000	6,290	16,710	-	-
Contribution to Milford sewer	460,000	460,000	419,886	40,114	-	-
Capital improvements						
Capital improvement fund	10,000	10,000	10,000	-	-	-
Debt service						
Principal on notes	50,000	50,000	50,000	-	-	-
Interest on notes	7,000	7,000	3,895	-	3,105	-
Statutory expenditures						
Contribution to Social Security system	1,500	1,500	804	696	-	-
	<u>\$565,000</u>	<u>\$565,000</u>	<u>\$501,393</u>	<u>\$ 60,502</u>	<u>\$ 3,105</u>	<u>\$ -</u>
	<u>Ref.</u>	D-2	D-2	D-1; Below	D	D-1

Analysis of Paid or Charged

Disbursements	D-5	\$474,820
Due from payroll account	D-9	11,322
Encumbrances payable	D-16	1,356
Accrued interest on notes	D-19	3,895
Due to sewer capital fund	D-11	10,000
	D-4	<u>\$501,393</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>2017</u>	<u>2016</u>
General fixed assets		
Land	\$ 2,439,700	\$ 2,439,700
Construction in progress	179,691	-
Building & building improvements	6,850,507	6,850,507
Machinery & equipment	<u>5,229,718</u>	<u>5,031,139</u>
	<u>\$ 14,699,616</u>	<u>\$ 14,321,346</u>
 Investment in general fixed assets	 <u>\$ 14,699,616</u>	 <u>\$ 14,321,346</u>

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

TOWNSHIP OF HOLLAND
Notes to the Financial Statements

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.

Description of funds and account group

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

Governmental Funds

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

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

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

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

Account 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.

TOWNSHIP OF HOLLAND
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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 the *departure of generally accepted accounting principles* section of Note 1.

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

Budget and budgetary procedures

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

The Municipality must introduce and approve its annual budget no later than February 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.

Basis of accounting

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

TOWNSHIP OF HOLLAND
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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 a taxpaying basis. For this reason, the value of 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

Note 1 - Summary of significant accounting policies (continued)

Basis of accounting (continued)

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

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

No depreciation has been provided for in the financial statements.

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

Departures from generally accepted accounting principles

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

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

TOWNSHIP OF HOLLAND
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

Departures from generally accepted accounting principles (continued)

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

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

Note 2 - Deposits and investments

Cash, Cash Equivalents 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 the provisions of the Act.

TOWNSHIP OF HOLLAND
Notes to the Financial Statements

Note 2 - Deposits and investments

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, 2017, the Municipality's bank balances of \$13,710,308 were exposed to custodial credit risk as follows:

Insured by the FDIC	\$	250,000
Deposits with New Jersey Cash Management Fund		72,504
Uninsured and Collateralized with Securities held by Pledging Financial Institutions		13,387,804
Total	\$	13,710,308

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, 2017, the Municipality's funds were invested in the New Jersey Cash Management Fund.

Note 3 - Tax assessments and property taxes

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

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

Tax bills are mailed annually in June. The taxes are due August 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.

TOWNSHIP OF HOLLAND
Notes to the Financial Statements

Note 3 - Tax assessments and property taxes (continued)

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.

Summary of municipal debt for last three years

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Authorized but not issued			
Sewer utility bond			
anticipation notes	\$ 250,000	\$ 300,000	\$ 500,000
Net bonds and notes issued and			
authorized but not issued	<u>\$ 250,000</u>	<u>\$ 300,000</u>	<u>\$ 500,000</u>

Summary of statutory debt condition - annual debt statement

The summarized Statement of Debt Condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .038%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional school district debt	\$ 302,011	\$ 302,011	\$ -
Sewer utility debt	250,000	-	250,000
	<u>\$ 552,011</u>	<u>\$ 302,011</u>	<u>\$ 250,000</u>

Net debt \$250,000 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, \$662,187,623 equals .038%.

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

3 1/2% of equalized valuation basis (municipal)	\$ 23,176,567
Net debt	250,000
Remaining borrowing power	<u>\$ 22,926,567</u>

TOWNSHIP OF HOLLAND
Notes to the Financial Statements

Note 4 - Long-term debt (continued)

Changes in long-term debt

During the years ended December 31, 2016 and 2017, the following changes occurred in long-term debt.

	Balance 01/01/16	Additions	Reductions	Balance 12/31/16
Authorized but not issued debt				
Sewer utility bond anticipation notes	\$ 500,000	\$ 300,000	\$ 500,000	\$ 300,000
Total	<u>\$ 500,000</u>	<u>\$ 300,000</u>	<u>\$ 500,000</u>	<u>\$ 300,000</u>
	Balance 01/01/17	Additions	Reductions	Balance 12/31/17
Authorized but not issued debt				
Sewer utility bond anticipation notes	\$ 300,000	\$ 250,000	\$ 300,000	\$ 250,000
Total	<u>\$ 300,000</u>	<u>\$ 250,000</u>	<u>\$ 300,000</u>	<u>\$ 250,000</u>

Note 5 - Short-term debt - bond anticipation notes

The Municipality has outstanding bond anticipation notes at December 31, 2017 in the amount of \$250,000. The notes have a term from October 18, 2017 to October 17, 2018 with an interest rate of 1.745% payable at maturity. Principal and interest on the notes is paid from the Sewer Operating Fund budget. The note was issued for Ordinance 2013-01 Replacement of the Gridley Circle Pump Station in the Sewer Utility.

Note 6 - School taxes

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

	Local District School Tax		Regional High School Tax	
	Balance 12/31/17	Balance 12/31/16	Balance 12/31/17	Balance 12/31/16
Balance of tax	\$ 4,471,531	\$ 4,385,854	\$ 2,026,072	\$ 1,931,293
Deferred	-	-	411,978	411,978
Tax payable (prepaid)	<u>\$ 4,471,531</u>	<u>\$ 4,385,854</u>	<u>\$ 1,614,094</u>	<u>\$ 1,519,315</u>

TOWNSHIP OF HOLLAND
Notes to the Financial Statements

Note 7 - Taxes collected in advance

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

	Balance 12/31/16	Balance 12/31/17
Prepaid taxes	\$ 74,798	\$ 648,449
Less: discount allowed	-	-
Cash liability for taxes collected in advance	\$ 74,798	\$ 648,449

Note 8 - Pensions

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

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

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 the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

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

The following represents the Membership Tiers for PERS:

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

TOWNSHIP OF HOLLAND
Notes to the Financial Statements

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the state. The state's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for non-contributory group insurance benefits is based on actual claims paid. For state fiscal year 2017, 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 7.20% effective July 1, 2016 and will increase annually on July 1st until eventually reaching 7.50% of base salary effective July 1, 2018.

TOWNSHIP OF HOLLAND
Notes to the Financial Statements

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

The components of the Municipality's allocable share of the net pension liability for PERS as of June 30, 2017 and 2016 are as follows:

	2017	2016
Total pension liability	\$ 5,143,487	\$ 5,578,933
Plan fiduciary net position	2,474,015	2,279,342
Net pension liability	\$ 2,669,472	\$ 3,299,591

Plan fiduciary net position as a percentage of the total pension liability	48.10%	40.14%
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Actuarial assumptions

The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

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

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For State employees, mortality tables are set back four years for males and females. For local employees, mortality tables are set back two years for males and seven years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back one year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back three years for males and set forward one year for females).

TOWNSHIP OF HOLLAND
Notes to the Financial Statements

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

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

TOWNSHIP OF HOLLAND
Notes to the Financial Statements

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

Discount rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. 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 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the rate in the most recent state fiscal year.

The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plans fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 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 June 30, 2017 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

<u>Municipality's proportionate share of the net pension liability</u>	<u>2017</u>
At current discount rate (5.00%)	\$ 2,669,472
At a 1% lower rate (4.00%)	3,311,662
At a 1% higher rate (6.00%)	2,134,449
<u>Municipality's proportionate share of the net pension liability</u>	<u>2016</u>
At current discount rate (3.98%)	\$ 3,399,591
At a 1% lower rate (2.98%)	4,165,802
At a 1% higher rate (4.98%)	2,767,017

TOWNSHIP OF HOLLAND
Notes to the Financial Statements

Note 8 - Pensions (continued)

Public employee's retirement system (continued)

Collective deferred outflows of resources and deferred inflows of resources

At June 30, 2017, the Municipality reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 62,857	\$ -
Changes of assumptions	537,807	535,835
Net difference between projected and actual earnings on pension plan investments	18,177	-
Changes in proportion and differences between Municipal contributions and proportionate share of contributions	<u>105,336</u>	<u>1,938</u>
Total	<u>\$ 724,177</u>	<u>\$ 537,773</u>

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

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

TOWNSHIP OF HOLLAND
Notes to the Financial Statements

Note 8 - Pensions (continued)

Public employee's retirement system (continued)

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

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2017 and 2016:

<u>June 30, 2017</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Deferred outflows of resources				
Differences between expected and actual experience	\$ 63,162	\$ 19,493	\$ 19,798	\$ 62,857
Changes of assumptions	703,547	-	165,740	537,807
Differences between projected and actual earnings on pension plan investments	129,507	(114,420)	(3,090)	18,177
Deferred inflows of resources				
Changes of assumptions	-	(655,441)	(119,606)	(535,835)
Net changes in deferred outflows (inflows) of resources	<u>\$ 896,216</u>	<u>\$ (750,368)</u>	<u>\$ 62,842</u>	<u>\$ 83,006</u>
<u>June 30, 2016</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Deferred outflows of resources				
Differences between expected and actual experience	\$ 61,471	\$ 18,008	\$ 16,257	\$ 63,222
Changes of assumptions	276,715	593,396	165,898	704,213
Differences between projected and actual earnings on pension plan investments	(41,428)	190,869	19,812	129,629
Net changes in deferred outflows (inflows) of resources	<u>\$ 296,758</u>	<u>\$ 802,273</u>	<u>\$ 201,967</u>	<u>\$ 897,064</u>

TOWNSHIP OF HOLLAND
Notes to the Financial Statements

Note 8 - Pensions (continued)

Public employee's retirement system (continued)

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

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

<u>December 31, 2017</u>		<u>December 30, 2016</u>	
<u>Year Ending June 30,</u>		<u>Year Ending June 30,</u>	
2018	\$ 62,842	2017	\$ 201,966
2019	94,830	2018	201,966
2020	57,462	2019	233,984
2021	(76,425)	2020	196,581
2022	(55,703)	2021	62,567
Total	<u>\$ 83,006</u>	Total	<u>\$ 897,064</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 June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Service cost	\$ 124,511	\$ 110,948
Interest on total pension liability	225,943	242,239
Member contributions	(59,228)	(57,504)
Administrative expense	1,549	1,835
Expected investment return net of investment expense	(161,321)	(174,555)
Pension expense related to specific liabilities of individual employers	(1,752)	(362)
Amortization of assumptions in changes or inputs	46,134	165,897
Amortization of expected versus actual experience	19,798	16,256
Amortization of projected versus actual investment earnings on pension plan investments	(3,090)	19,812
Pension expense	<u>\$ 192,544</u>	<u>\$ 324,566</u>

TOWNSHIP OF HOLLAND
Notes to the Financial Statements

Note 8 - Pensions (continued)
Public employee's retirement system (continued)
Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the PERS who do not earn the minimum salary (\$8,300 for 2017) but who earn salary of at least \$5,000 annually are eligible to participate. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program website: www.prudential.com/njdcprp.

Contribution requirements

The contribution policy for the DCRP is set by state statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits and post-retirement medical premiums. For the year ending December 31, 2017 and 2016, the Municipality contributed \$1,539 and \$1,016 respectively.

Police and fireman's retirement system

Plan description

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

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

TOWNSHIP OF HOLLAND
Notes to the Financial Statements

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

The following represents the Membership Tiers of PFRS:

Tier	Definition
1	Members who were enrolled prior to May 22, 2010
2	Members eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members eligible to enroll on or after June 28, 2011

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

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 2017, the State's pension contribution was less than the actuarial determined amount.

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

The Actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law.

This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

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

TOWNSHIP OF HOLLAND
Notes to the Financial Statements

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

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

During the fiscal year ended June 30, 2017, the State of New Jersey contributed \$12,969 to the PFRS for normal pension benefits on behalf of the Township, which is less than the contractually required contributions or \$31,725.

Collective net pension liability and actuarial information

Components of net pension liability

The components of the Municipality's allocable share of the net pension liability for PFRS as of June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Total pension liability	\$ 6,220,127	\$ 5,788,801
Plan fiduciary net position	3,645,266	3,010,666
Net pension liability	<u>\$ 2,574,861</u>	<u>\$ 2,778,135</u>
Plan fiduciary net position as a percentage of the total pension liability	58.60%	52.01%

TOWNSHIP OF HOLLAND
Notes to the Financial Statements

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

The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation rate	2.25%
Salary increases (based on age)	
Through 2016	2.10% - 8.98%
Thereafter	3.10% - 9.98%
Investment rate of return	7.00%

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2013.

TOWNSHIP OF HOLLAND
Notes to the Financial Statements

Note 8 - Pensions (continued)
Police and fireman's retirement system (continued)
Long-term expected rate of return

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

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

Discount rate

The discount rate used to measure the total pension liability was 6.14% as of June 30, 2017. 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 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on the rate in the most recent state fiscal year.

TOWNSHIP OF HOLLAND
Notes to the Financial Statements

Note 8 - Pensions (continued)
Police and fireman's pension systems (continued)
Discount rate (continued)

The State employer contributed 40 percent of the actuarially determined contributions and the local employers contributed 100 percent of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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 the 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 June 30, 2017 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

<u>Municipality's proportionate share of the net pension liability</u>	<u>2017</u>
At current discount rate (6.14%)	\$ 2,574,861
At a 1% lower rate (5.14%)	3,392,591
At a 1% higher rate (7.14%)	1,903,002

<u>Municipality's proportionate share of the net pension liability</u>	<u>2016</u>
At current discount rate (5.55%)	\$ 2,778,135
At a 1% lower rate (4.55%)	3,582,202
At a 1% higher rate (6.55%)	2,122,467

Collective deferred outflows of resources and deferred inflows of resources

At June 30, 2017, the Municipality reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 15,022	\$ 13,590
Changes of assumptions	285,528	379,212
Net difference between projected and actual earnings on pension plan investments	44,185	-
Changes in proportion and differences between Municipal contributions and proportionate share of contributions	263,183	146,765
Total	<u>\$ 607,918</u>	<u>\$ 539,567</u>

TOWNSHIP OF HOLLAND
Notes to the Financial Statements

Note 8 - Pensions (continued)

Police and fireman's retirement system (continued)

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

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

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

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2017 and 2016:

June 30, 2017	Beginning Balance	Increases	Decreases	Ending Balance
Deferred outflows of resources				
Differences between expected and actual experience	\$ -	\$ 18,294	\$ 3,273	\$ 15,021
Changes of assumptions	396,844	-	111,316	285,528
Differences between projected and actual earnings on pension plan investments	200,754	(155,174)	1,395	44,185
Deferred inflows of resources				
Difference between expected and actual experience	(18,781)	-	(5,191)	(13,590)
Changes of assumptions	-	(461,829)	(82,617)	(379,212)
Net changes in deferred outflows (inflows) of resources	\$ 578,817	\$ (598,709)	\$ 28,176	\$ (48,068)

TOWNSHIP OF HOLLAND
Notes to the Financial Statements

Note 8 - Pensions (continued)
Police and fireman's retirement systems (continued)
Collective deferred outflows of resources and deferred inflows of resources (continued)

<u>June 30, 2016</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Deferred outflows of resources				
Net difference between projected and actual investment earnings on pension investments	\$ (38,893)	\$ 247,481	\$ 29,009	\$ 179,579
Changes of assumptions	412,588	41,971	99,575	354,984
Deferred inflows of resources				
Differences between expected and actual experience	(19,275)	(2,169)	(4,644)	(16,800)
Net changes in deferred outflows (inflows) of resources	<u>\$ 354,420</u>	<u>\$ 287,283</u>	<u>\$ 123,940</u>	<u>\$ 517,763</u>

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

<u>December 31, 2017</u>		<u>December 31, 2016</u>	
<u>Year Ending June 30,</u>		<u>Year Ending June 30,</u>	
2018	\$ 28,176	2017	\$ 123,940
2019	76,308	2018	123,940
2020	16	2019	166,996
2021	(105,754)	2020	98,750
2022	(46,814)	2021	4,137
Total	<u>\$ (48,068)</u>	Total	<u>\$ 517,763</u>

TOWNSHIP OF HOLLAND
Notes to the Financial Statements

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

The components of allocable pension expense, which exclude pension expense related to specific liabilities of individual employers, for the Municipality for the year ending June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Service cost	\$ 148,319	\$ 133,563
Interest on total pension liability	358,775	322,136
Member contributions	(51,613)	(45,317)
Administrative expense	518	497
Expected investment return net of investment expense	(240,528)	(232,234)
Pension expense related to specific liabilities of individual employers	(1,921)	(872)
Recognition of deferred inflows/outflows of resources		
Amortization of assumptions in changes or inputs	28,699	99,575
Amortization of expected versus actual experience	(1,919)	(4,644)
Amortization of projected versus actual investment earnings on pension plan investments	1,395	29,009
Less: State proportionate share of employer expense	<u>(31,725)</u>	<u>(27,489)</u>
Pension expense	<u>\$ 210,000</u>	<u>\$ 274,224</u>

A special funding situation exists where the State of New Jersey is responsible for a proportionate share of the net pension liability of the Municipality. The combined net pension expense is summarized as follows for June 30, 2017:

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

TOWNSHIP OF HOLLAND
Notes to the Financial Statements

Note 9 - Post-retirement benefits

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

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

Note 10 - Accrued sick and vacation benefits

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

Note 11 - Fixed assets

The following schedule is a summarization of the changes in general fixed assets for the years ended December 31, 2016 and 2017:

	Balance 01/01/16	Additions	Deletions	Balance 12/31/16
Land	\$ 2,439,700	\$ -	\$ -	\$ 2,439,700
Building & building improvements	6,802,840	47,667	-	6,850,507
Furniture, machinery & equipment	4,396,145	701,054	66,060	5,031,139
Construction in progress	74,480	60,439	134,919	-
Subtotal	13,713,165	809,160	200,979	14,321,346
Transfers	-	(134,919)	(134,919)	-
Total	<u>\$ 13,713,165</u>	<u>\$ 674,241</u>	<u>\$ 66,060</u>	<u>\$ 14,321,346</u>

TOWNSHIP OF HOLLAND
Notes to the Financial Statements

Note 11 - Fixed assets (continued)

	Balance 01/01/17	Additions	Deletions	Balance 12/31/17
Land	\$ 2,439,700	\$ -	\$ -	\$ 2,439,700
Building & building improvements	6,850,507	-	-	6,850,507
Furniture, machinery & equipment	5,031,139	393,244	194,665	5,229,718
Construction in progress	-	179,691	-	179,691
Total	<u>\$ 14,321,346</u>	<u>\$ 572,935</u>	<u>\$ 194,665</u>	<u>\$ 14,699,616</u>

Note 12 - Interfunds receivable and payable

The following Interfund balances remained on the various balance sheets of the Township as of December 31, 2017 and December 31, 2016:

As of December 31, 2017:

Fund	Interfund Receivable	Interfund Payable
Current Fund		
Federal and State Grant Fund	\$ 5,000	\$ -
Other Trust Funds	141	-
Federal and State Grant Fund		
Current Fund	-	5,000
Other Trust Funds		
Current Fund	-	141
	<u>\$ 5,141</u>	<u>\$ 5,141</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.

TOWNSHIP OF HOLLAND
Notes to the Financial Statements

Note 12 - Interfunds receivable and payable (continued)
As of December 31, 2016:

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

Note 13 - Contingent liabilities
Litigation

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

Grantor agencies

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

TOWNSHIP OF HOLLAND
Notes to the Financial Statements

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.

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

TOWNSHIP OF HOLLAND
Notes to the Financial Statements

Note 15 - Risk management (continued)

New Jersey Unemployment Compensation Insurance

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

Note 16 - Subsequent events

The Municipality has evaluated subsequent events through June 8, 2018, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

Note 17 - Deferred compensation plan

The Municipality has a deferred compensation plan available to employees. The plan has been established pursuant to Section 457 of the Internal Revenue Code 3 and in accordance with applicable New Jersey statutes and the New Jersey Administrative Code section N.J.A.C. Under the arrangement, a public employer may establish a plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more investments permitted under state regulations. The Municipality's plan is administered by the Variable Annuity Life Insurance Company, which is audited by another public accounting firm. The plan is fully contributory, and the Municipality has no liabilities related to the plan.

Note 18 - Union contracts

As of December 31, 2017, 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

Note 19 - Fund balances appropriated

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

Current Fund	\$	695,000
Sewer Operating Fund		50,000

SUPPLEMENTARY SCHEDULES

TOWNSHIP OF HOLLAND

COUNTY OF HUNTERDON

2017

CURRENT FUND

TOWNSHIP OF HOLLAND
Schedule of Current Fund Cash - Treasurer

	Ref.	Regular Fund	Federal & State Grant Fund
Balance - December 31, 2016	A	\$ 4,163,095	\$ 14,348
Increased by receipts			
Non-budget revenue	A-2	\$ 96,999	\$ -
Interest on investments and deposits	A-2	17,504	-
Appropriation refunds	A-3	8,866	-
Tax collector	A-6	21,550,000	-
Revenue accounts receivable	A-12	3,220,938	-
Due from animal control fund	A-13	60	-
Due from federal and state grant fund	A-14	45,108	-
Due from other trust funds	A-15	13,342	-
Due from general capital fund	A-16;	12,647	-
	A-37	-	62,500
Due to payroll account	A-17	75,770	-
Grants receivable	A-18	-	315,288
State of NJ - Veteran's & Senior Citizen's deductions	A-21	64,582	-
Due to outside agencies	A-27	375	-
Reserve for First Aid Squad	A-30	25,600	-
Sales tax payable	A-32	1,287	-
Due from regular fund	A-33	-	50,105
Unappropriated reserves for grants	A-35	-	26,427
		25,133,078	454,320
		29,296,173	468,668

See independent auditors' report.

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

	Ref.	Regular Fund	Federal & State Grant Fund
Decreased by disbursements			
2017 budget appropriations	A-3	\$ 1,744,172	\$ -
2016 appropriation reserves	A-19	113,872	-
Non budget revenue disbursements	A-2	75	-
Revenue accounts receivable			
refunds and adjustments	A-12	2,827	-
Due from animal control fund	A-13	10,000	-
Due to federal and state grant fund	A-14	50,000	-
Due from other trust funds	A-15	2,351	-
Due from general capital fund	A-16;	500,000	-
	A-37	-	162,500
Due to payroll account	A-17	2,050,000	-
Encumbrances payable	A-20;	225	-
	A-36	-	557
Tax overpayments refunded	A-23	2,384	-
Local school tax payable	A-24	8,857,384	-
Regional high school tax payable	A-25	3,957,365	-
County taxes payable	A-26	2,455,906	-
Due to outside agencies	A-27	275	-
Due to outside lienholders	A-28	68,814	-
Due to sewer operating fund	A-29	1,825	-
Sales tax payable	A-32	1,287	-
Due from regular fund	A-33	-	45,108
Appropriated reserves for state grants	A-34	-	259,124
		<u>\$ 19,818,762</u>	<u>\$ 467,289</u>
Balance - December 31, 2017	A	<u><u>\$ 9,477,411</u></u>	<u><u>\$ 1,379</u></u>

See independent auditors' report.

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

	<u>Ref.</u>	<u>Regular Fund</u>	<u>Federal & State Grant Fund</u>
Balance - December 31, 2017	A-4	\$ 9,477,411	\$ 1,379
Increased by			
Receipts		244,661	24,848
		<u>9,722,072</u>	<u>26,227</u>
Decreased by			
Disbursements		5,922,748	15,646
		<u>5,922,748</u>	<u>15,646</u>
Balance - February 28, 2018		<u>\$ 3,799,324</u>	<u>\$ 10,581</u>
Cash reconciliation - February 28, 2018			
Balance per statement			
Northfield Bank		\$ 5,294,202	\$ 10,581
NJ Cash Management		72,661	-
		<u>5,366,863</u>	<u>10,581</u>
Add: deposit-in-transit		139	-
		<u>5,367,002</u>	<u>10,581</u>
Less: outstanding checks		1,567,678	-
		<u>1,567,678</u>	<u>-</u>
Book balance		<u>\$ 3,799,324</u>	<u>\$ 10,581</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Cash - Tax Collector

	<u>Ref.</u>	
Balance - December 31, 2016	A	\$ 4,965,239
Increased by receipts		
Interest and costs on taxes	A-2	\$ 54,010
Interest on deposits	A-2	15,097
Taxes receivable	A-9	16,447,279
Prepaid taxes	A-22	648,449
Tax overpayments	A-23	16,141
Due to outside lienholders	A-28	<u>68,261</u>
		<u>17,249,237</u>
		22,214,476
Decreased by disbursements		
Paid to treasurer	A-4	<u>21,550,000</u>
Balance - December 31, 2017	A; A-7	<u><u>\$ 664,476</u></u>

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2017	A-6	\$ 664,476
Increased by		
Receipts		3,696,179
		<u>4,360,655</u>
Decreased by		
Disbursements		<u>-</u>
Balance - February 28, 2018		<u><u>\$ 4,360,655</u></u>
Cash reconciliation - February 28, 2018		
Balance per statement		
Northfield Bank		<u><u>\$ 4,360,655</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Change Funds

	<u>Ref.</u>	
Balance - December 31, 2016	A	<u>\$ 800</u>
Balance - December 31, 2017	A	<u><u>\$ 800</u></u>

See independent auditors' report.

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

Year	Balance	2017 Levy	Added	Collected		Veterans' & Senior Citizens' Deductions	Tax Overpayment Applied	Canceled	Balance
	12/31/16		2017	2016	2017				12/31/17
2014	\$ 680	\$ -	\$ -	\$ -	\$ 500	\$ -	\$ -	\$ 180	\$ -
2016	217,050	-	3,168	-	219,968	-	-	-	250
2017	-	16,653,130	-	74,798	16,226,811	68,236	30,506	21,630	231,149
	<u>\$ 217,730</u>	<u>\$ 16,653,130</u>	<u>\$ 3,168</u>	<u>\$ 74,798</u>	<u>\$ 16,447,279</u>	<u>\$ 68,236</u>	<u>\$ 30,506</u>	<u>\$ 21,810</u>	<u>\$ 231,399</u>
<u>Ref.</u>	A	Reserve	Reserve	A-22	A-6	A-21	A-23	Reserve	A

See independent auditors' report.

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

	<u>Ref.</u>	
Analysis of 2017 property tax		
Tax yield		
General purpose tax		\$ 16,639,177
Added and omitted taxes		<u>13,953</u>
	A-9	<u>\$ 16,653,130</u>
Detail of tax levy		
Authorizations		
Local district school tax	A-2;A-24	\$ 8,943,061
Regional district school tax	A-2;A-25	4,052,144
County tax		\$ 2,045,153
County library tax		204,738
County open space tax		199,126
County share of added and omitted taxes		<u>2,056</u>
Total county taxes	A-2;A-26	2,451,073
Municipal purpose tax	A-2	1,193,611
Additional tax levied		<u>13,241</u>
Total municipal purpose tax		<u>1,206,852</u>
	A-9	<u>\$ 16,653,130</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Tax Title Liens Receivable

	<u>Ref.</u>	
Balance - December 31, 2016	A	<u>\$ 91,392</u>
Balance - December 31, 2017	A	<u><u>\$ 91,392</u></u>

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

	<u>Ref.</u>	
Balance - December 31, 2016	A	<u>\$ 139,300</u>
Balance - December 31, 2017	A	<u><u>\$ 139,300</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Revenue Accounts Receivable

	<u>Ref.</u>	<u>Balance 12/31/16</u>	<u>Accrued in 2017</u>	<u>Collected Treasurer</u>	<u>Balance 12/31/17</u>
Alcoholic beverage licenses	A-2	\$ -	\$ 5,188	\$ 5,188	\$ -
Municipal court	A-2	2,006	10,958	12,388	576
Swimming pool fees	A-2	-	107,696	107,696	-
Riegel Ridge Community Center fees	A-2	-	363,785	363,785	-
Snack bar fees	A-2	-	18,119	18,119	-
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>\$ 2,006</u>	<u>\$ 3,216,681</u>	<u>\$ 3,218,111</u>	<u>\$ 576</u>
	<u>Ref.</u>	A	Reserve	Below	A
Receipts	A-4			\$ 3,220,938	
Less: refunds and adjustments	A-4			<u>2,827</u>	
				<u><u>\$ 3,218,111</u></u>	

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Due from Animal Control Fund

	<u>Ref.</u>		
Balance - December 31, 2016	A		\$ 2
Increased by			
Interest on investments	A-2	\$ 58	
Disbursements	A-4	<u>10,000</u>	
			<u>10,058</u>
			10,060
Decreased by			
Current fund budget appropriation	A-3	10,000	
Receipts	A-4	<u>60</u>	
			<u>10,060</u>
Balance - December 31, 2017	A		<u><u>\$ -</u></u>

A-14

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

	<u>Ref.</u>		
Balance - December 31, 2016	A		\$ 3
Increased by			
Interest on investments	A-2	\$ 105	
Disbursements	A-4	<u>50,000</u>	
			<u>50,105</u>
			50,108
Decreased by			
Receipts	A-4		<u>45,108</u>
Balance - December 31, 2017	A		<u><u>\$ 5,000</u></u>

See independent auditors' report.

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

	<u>Ref.</u>		
Balance - December 31, 2016 (due to)	A	\$	915
Increased by			
Receipts	A-4		<u>13,342</u>
			14,257
Decreased by			
Interest on investments	A-2	\$	567
Account balances canceled	A-2		11,480
Disbursements	A-4		<u>2,351</u>
			<u>14,398</u>
Balance - December 31, 2017 (due from)	Below	\$	<u><u>141</u></u>
Analysis of balance			
Due from performance bond escrow	A		<u>141</u>
		\$	<u><u>141</u></u>

A-16

TOWNSHIP OF HOLLAND
Schedule of Due from General Capital Fund

	<u>Ref.</u>		
Balance - December 31, 2016	A	\$	476
Increased by			
Interest on investments	A-2	\$	12,171
Disbursements	A-4		<u>500,000</u>
			<u>512,171</u>
			512,647
Decreased by			
Receipts	A-4		12,647
Current year budget appropriations	A-3		<u>500,000</u>
			<u>512,647</u>
Balance - December 31, 2017	A	\$	<u><u>-</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Due to Payroll Account

	<u>Ref.</u>		
Balance - December 31, 2016	A		\$ -
Increased by			
Interest on investments	A-2	\$ 1,402	
Miscellaneous balance canceled	A-2	32,298	
Disbursements	A-4	<u>2,050,000</u>	
			<u>2,083,700</u>
			2,083,700
Decreased by			
Current year budget appropriations	A-3	2,006,430	
Receipts	A-4	75,770	
Prior year appropriation reserves	A-19	<u>1,500</u>	
			<u>2,083,700</u>
Balance - December 31, 2017	A		<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Grants Receivable

Grant	Balance 12/31/16	Revenue in 2017	Received	Balance 12/31/17
Highlands grant	\$ 184,083	\$ -	\$ 4,723	\$ 179,360
FEMA hazardous mitigation grant program	112,000	-	112,000	-
N.J. Highlands water protection and planning council	25,000	-	-	25,000
Highlands water protection and planning council - amended plan confirmation	-	15,000	-	15,000
DEP recreation trails program	24,000	-	-	24,000
Clean communities grant	-	17,220	17,220	-
Body worn camera assistance program grant	-	981	981	-
Body worn camera assistance program grant	-	982	982	-
Recycling grant	-	31,779	31,779	-
Hunterdon historical preservation grant	-	50,000	25,000	25,000
Hunterdon historical preservation grant	-	75,000	37,500	37,500
Hunterdon historical preservation grant	-	79,584	79,584	-
Penn East Pipeline Community Connect	-	5,000	5,000	-
First Energy donation for community day	-	1,500	1,500	-
	<u>\$ 345,083</u>	<u>\$ 277,046</u>	<u>\$ 316,269</u>	<u>\$ 305,860</u>
<u>Ref.</u>	A	A-2	Below	A
Cash receipts	A-4		\$ 315,288	
Appropriated in the current year	A-35		981	
			<u>\$ 316,269</u>	

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Appropriation Reserves
For the Year Ended December 31, 2017

	Balance 12/31/16	Balance After Transfer	Expended	Balance Lapsed
Mayor and council				
Salaries and wages	\$ 667	\$ 667	\$ -	\$ 667
Other expenses	623	791	680	111
Municipal clerk				
Salaries and wages	4,308	4,308	175	4,133
Miscellaneous other expenses	16,533	18,073	1,680	16,393
Financial administration				
Salaries and wages	7,292	7,292	-	7,292
Other expenses	8,802	8,902	824	8,078
Assessment of taxes				
Salaries and wages	283	283	-	283
Other expenses	2,502	2,638	136	2,502
Revenue administration				
Salaries and wages	1,022	1,022	-	1,022
Other expenses	329	526	264	262
Legal services & costs				
Other expenses	89,208	89,240	3,429	85,811
Engineering service & costs				
Other expenses	1,247	7,997	6,820	1,177
Municipal court				
Salaries and wages	1,501	1,501	-	1,501
Other expenses	4,133	4,133	-	4,133
Municipal prosecutor				
Salaries and wages	4,458	4,458	1,500	2,958
Public building and grounds				
Salaries and wages	679	679	422	257
Other expenses	51,125	52,819	15,995	36,824
Planning board				
Salaries and wages	103	103	-	103
Other expenses	31,611	31,668	78	31,590
Zoning board of adjustment				
Salaries and wages	366	366	-	366
Other expenses	4,278	4,638	432	4,206
Zoning officer				
Salaries and wages	760	760	-	760
Other expenses	1,000	1,000	-	1,000

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Appropriation Reserves (continued)
For the Year Ended December 31, 2017

	Balance 12/31/16	Balance After Transfer	Expended	Balance Lapsed
Fire				
Other expenses	\$ 9,949	\$ 9,963	\$ 3,789	\$ 6,174
Police				
Salaries & wages	12,829	12,829	-	12,829
Other expenses	4,319	6,751	4,387	2,364
First aid organization - contribution	355	355	-	355
Office of emergency management				
Salaries and wages	278	278	-	278
Other expenses	528	2,866	2,611	255
Public defender				
Salaries and wages	20	20	-	20
Road repair and maintenance				
Salaries and wages	92,755	92,755	-	92,755
Other expenses	76,267	77,010	4,935	72,075
Snow removal				
Other expenses	34,082	39,524	39,461	63
Environmental commission - recycling				
Salaries & wages	690	690	-	690
Other expenses	6,552	6,552	-	6,552
Board of health				
Salaries and wages	420	420	-	420
Other expenses	1,500	1,500	-	1,500
Environmental health services				
Other expenses	2,200	2,200	-	2,200
Recreation committee				
Salaries and wages	690	690	-	690
Other expenses	5,835	5,835	458	5,377
Riegel Ridge Community Center				
Salaries and wages	3,616	3,616	-	3,616
Other expenses	1,346	4,439	4,007	432
Swimming pool				
Salaries and wages	16,290	16,290	-	16,290
Other expenses	14,453	14,542	159	14,383
Snack bar				
Salaries and wages	7,653	7,653	-	7,653
Other expenses	12,584	12,584	-	12,584

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Appropriation Reserves (continued)
For the Year Ended December 31, 2017

	Balance 12/31/16	Balance After Transfer	Expended	Balance Lapsed
Historical preservation commission				
Salaries and wages	\$ 382	\$ 382	\$ -	\$ 382
Other expenses	3,216	6,417	5,615	802
Agricultural advisory committee				
Salaries and wages	740	740	-	740
Other expenses	8,560	8,560	1,427	7,133
Insurance				
Other insurance premiums	1,323	1,323	-	1,323
Worker's compensation insurance	39,094	39,094	-	39,094
Employee group health	4,472	4,472	-	4,472
Unclassified				
Utilities				
Electricity	15,428	18,832	6,376	12,456
Street lighting	16,447	18,313	2,221	16,092
Telephone	4,195	4,336	142	4,194
Fuel oil	17,317	17,317	-	17,317
Gasoline & diesel fuel	44,565	44,565	3,212	41,353
Natural gas	12,004	13,084	2,048	11,036
Trash removal dumpster	15,831	15,831	1,530	14,301
Contribution to				
Social Security system	23,208	23,208	-	23,208
DCRP contribution	3,984	3,984	25	3,959
Unemployment insurance	1,246	1,246	534	712
	\$ 750,053	\$ 784,930	\$ 115,372	\$ 669,558
<u>Ref.</u>	A	Below	Below	A-1
Appropriation reserves	A	\$ 750,053		
Encumbrances payable	A-20	34,877		
		\$ 784,930		
Cash disbursed	A-4		\$ 113,872	
Due to payroll fund	A-17		1,500	
			\$ 115,372	

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Encumbrances

	<u>Ref.</u>			
Balance - December 31, 2016	A		\$	35,102
Increased by				
2017 budget charges	A-3	\$ 36,556		
Due to outside agencies	A-27	<u>75</u>		
				<u>36,631</u>
				71,733
Decreased by				
Disbursements	A-4	225		
Applied to appropriation reserves	A-19	<u>34,877</u>		
				<u>35,102</u>
Balance - December 31, 2017	A		\$	<u><u>36,631</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, 2016	A		\$	2,243
Increased by				
Prior year Senior Citizen deductions disallowed by collector	A-1	\$ 3,168		
Receipts	A-4	<u>64,582</u>		
				<u>67,750</u>
				69,993
Decreased by				
Veterans' deductions per tax billings		55,250		
Veterans' deductions allowed by tax collector		1,000		
Senior Citizens' deductions per tax billings		<u>12,500</u>		
		68,750		
Less				
Senior Citizens' deductions disallowed by tax collector		<u>514</u>		
	A-9			<u>68,236</u>
Balance - December 31, 2017	A		\$	<u><u>1,757</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Prepaid Taxes

	<u>Ref.</u>	
Balance - December 31, 2016	A	\$ 74,798
Increased by		
Collection of 2018 taxes	A-6	648,449
		<u>723,247</u>
Decreased by		
Applied to 2017 taxes receivable	A-9	74,798
		<u>74,798</u>
Balance - December 31, 2017	A	<u><u>\$ 648,449</u></u>

A-23

TOWNSHIP OF HOLLAND
Schedule of Tax Overpayments

	<u>Ref.</u>	
Balance - December 31, 2016	A	\$ 35,832
Increase by		
Receipts	A-6	16,141
		<u>16,141</u>
Decrease by		
Overpayments canceled	A-1	\$ 82
Refunded	A-4	2,384
Applied to 2017 taxes	A-9	30,506
		<u>32,972</u>
Balance - December 31, 2017	A	<u><u>\$ 19,001</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Local School Tax Payable

	<u>Ref.</u>	
Balance - December 31, 2016	A	\$ 4,385,854
Increased by		
Levy - School year July 1, 2017 to June 30, 2018	A-9	8,943,061
		<u>13,328,915</u>
Decreased by		
Disbursements	A-4	8,857,384
		<u>8,857,384</u>
Balance - December 31, 2017	A	<u>\$ 4,471,531</u>
2017 Liability for local school tax		
Tax paid		\$ 8,857,384
Add: tax payable December 31, 2017		4,471,531
		<u>13,328,915</u>
Less: tax payable December 31, 2016		4,385,854
Amount charged to operations	A-1	<u>\$ 8,943,061</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Regional High School Tax Payable

	<u>Ref.</u>		
Balance - December 31, 2016			
School tax payable	A	\$ 1,519,315	
School tax deferred (10.67%)		<u>411,978</u>	
			\$ 1,931,293
Increased by			
Levy - School year July 1, 2017 to June 30, 2018	A-9		<u>4,052,144</u>
			5,983,437
Decreased by			
Disbursements	A-4		<u>3,957,365</u>
Balance - December 31, 2017			
School tax payable	A	1,614,094	
School tax deferred (10.17%)		<u>411,978</u>	
			<u>\$ 2,026,072</u>
2017 Liability for Regional High School Tax			
Tax paid			\$ 3,957,365
Add: tax payable December 31, 2017			<u>1,614,094</u>
			5,571,459
Less: tax payable December 31, 2016			<u>1,519,315</u>
Amount charged to operations	A-1		<u>\$ 4,052,144</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of County Taxes Payable

	<u>Ref.</u>	
Balance - December 31, 2016	A	\$ 6,889
Increased by		
2017 levy		
County taxes		\$ 2,045,153
County library tax		204,738
County open space tax		199,126
County share of added & omitted taxes		<u>2,056</u>
	A-1;A-9	<u>2,451,073</u>
		<u>2,457,962</u>
Decreased by		
Disbursements	A-4	<u>2,455,906</u>
Balance - December 31, 2017	A	<u><u>\$ 2,056</u></u>

A-27

TOWNSHIP OF HOLLAND
Schedule of Due to Outside Agencies

	<u>Ref.</u>	
Balance - December 31, 2016	A	\$ 125
Increase by		
Receipts	A-4	<u>375</u>
		500
Decreased by		
Disbursements	A-4	\$ 275
Encumbrances payable	A-20	<u>75</u>
		<u>350</u>
Balance - December 31, 2017	A	<u><u>\$ 150</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Due to Outside Lienholders

	<u>Ref.</u>	
Balance - December 31, 2016	A	\$ 1,525
Increased by		
Receipts	A-6	68,261
		<u>69,786</u>
Decreased by		
Disbursements	A-4	68,814
		<u>68,814</u>
Balance - December 31, 2017	A	<u><u>\$ 972</u></u>

A-29

TOWNSHIP OF HOLLAND
Schedule of Due to Sewer Operating Fund

	<u>Ref.</u>	
Balance - December 31, 2016	A	\$ 1,825
Decreased by		
Disbursements	A-4	1,825
		<u>1,825</u>
Balance - December 31, 2017	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, 2016	A	\$ -
Increased by Receipts	A-4	<u>25,600</u>
Balance - December 31, 2017	A	<u><u>\$ 25,600</u></u>

A-31

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

	<u>Ref.</u>	
Balance - December 31, 2016	A	<u>\$ 200</u>
Balance - December 31, 2017	A	<u><u>\$ 200</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Sales Tax Payable

	<u>Ref.</u>	
Balance - December 31, 2016	A	\$ -
Increased by		
Receipts	A-4	<div style="display: flex; justify-content: space-between;"> \$ 1,287 </div>
		1,287
Decreased by		
Disbursements	A-4	<div style="display: flex; justify-content: space-between;"> 1,287 </div>
		-
Balance - December 31, 2017	A	<div style="display: flex; justify-content: space-between;"> \$ - </div>

TOWNSHIP OF HOLLAND
Schedule of Due to Regular Fund

	<u>Ref.</u>	
Balance - December 31, 2016	A	\$ 3
Increased by		
Receipts		\$ 50,000
Interest on investments		<div style="display: flex; justify-content: space-between;"> 105 </div>
	A-4	<div style="display: flex; justify-content: space-between;"> 50,105 </div>
		50,108
Decreased by		
Disbursements	A-4	<div style="display: flex; justify-content: space-between;"> 45,108 </div>
		-
Balance - December 31, 2017	A	<div style="display: flex; justify-content: space-between;"> \$ 5,000 </div>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Appropriated Reserves for Grants

Grant	Balance 12/31/16	Transferred from 2017 Budget	Paid or Charged	Balance Canceled	Balance 12/31/17
State Grants					
Recycling tonnage grant - 2016	\$ 5,441	\$ -	\$ 5,441	\$ -	\$ -
Recycling tonnage grant - 2017	-	31,779	31,776	-	3
Body armor grant reserve - 2014	700	-	-	-	700
Body armor grant - 2014	922	-	-	-	922
Body armor grant - 2015	1,005	-	-	-	1,005
Body armor grant - 2016	-	981	-	-	981
Body armor grant - 2017	-	982	-	-	982
Clean communities program - 2016	19,644	-	19,644	-	-
Clean communities program - 2017	-	17,220	12,719	-	4,501
NJ D.E.P. storm water management - 2005	416	-	-	-	416
Uniform fire code violations - 2008	375	-	-	-	375
Highlands grant second - 2011	167,485	-	14,008	-	153,477
Highlands grant special - 2015	15,496	-	862	-	14,634
Highlands water protection and planning council - amended plan confirmation	-	15,000	14,163	-	837
Federal Grants					
FEMA shelter grant - 2013	13,895	-	13,895	-	-
FEMA shelter grant - 2014	750	-	750	-	-
Recreational trails program - 2016	21,761	-	20,309	-	1,452

See independent auditors' report.

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

Grant	Balance 12/31/16	Transferred from 2017 Budget	Paid or Charged	Balance Canceled	Balance 12/31/17
Local Grants					
Hunterdon County emergency management 2013 EMAA - 2016	\$ 5,000	\$ -	\$ -	\$ -	\$ 5,000
Hunterdon historical preservation grant	-	50,000	25,000	-	25,000
Hunterdon historical preservation grant	-	75,000	37,500	-	37,500
Hunterdon historical preservation grant	-	79,584	79,584	-	-
Penn East Pipeline Community Connect	-	5,000	5,000	-	-
First Energy donation for community day	-	1,500	1,500	-	-
	<u>\$ 252,890</u>	<u>\$ 277,046</u>	<u>\$ 282,151</u>	<u>\$ -</u>	<u>\$ 247,785</u>
<u>Ref.</u>	A	A-3	Below		A
Cash disbursed	A-4		\$ 259,124		
Encumbrances payable	A-36		23,027		
			<u>\$ 282,151</u>		

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Unappropriated Reserves for Grants

	<u>Ref.</u>	
Balance - December 31, 2016	A	\$ 5,981
Increased by		
Grant funds received		
Recycling tonnage grant	A-4	<u>26,427</u>
		32,408
Decreased by		
Appropriated in the 2017 budget	A-18	<u>981</u>
Balance - December 31, 2017	A	<u><u>\$ 31,427</u></u>

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2016	A	\$ 557
Increased by		
Current year grant charges	A-34	<u>23,027</u>
		23,584
Decreased by		
Disbursements	A-4	<u>557</u>
Balance - December 31, 2017	A	<u><u>\$ 23,027</u></u>

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

	<u>Ref.</u>	
Balance - December 31, 2016	A	\$ 100,000
Increased by		
Receipts	A-4	<u>62,500</u>
		162,500
Decreased by		
Disbursements	A-4	<u>162,500</u>
Balance - December 31, 2017	A	<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND

COUNTY OF HUNTERDON

2017

TRUST FUND

TOWNSHIP OF HOLLAND
Schedule of Trust Fund Cash - Treasurer

	Ref.	Animal Control Funds	Other Trust Funds
Balance - December 31, 2016	B	\$ 10,672	\$ 680,132
Increased by receipts			
Animal control fund	B-3	\$ 6,614	\$ -
Due to current fund	B-4	10,058	-
Due to State of New Jersey	B-5	1,333	-
Due from current fund	B-6	-	2,918
Reserve for escrow funds	B-10	-	29,012
Reserve for small cities revolving loan	B-11	-	485
Reserve for recreation and community services	B-12	-	11
Reserve for development fees	B-13	-	738
Reserve for tax sale premiums	B-14	-	6,300
Reserve for snow removal	B-15	-	24,992
Reserve for payroll account	B-17	-	2,080,754
Reserve for future legal expenses	B-18	-	14
Reserve for performance bond	B-19	-	38
		<u>18,005</u>	<u>2,145,262</u>
		28,677	2,825,394
Decreased by disbursements			
Animal control fund	B-3	16,546	-
Due to current fund	B-4	60	-
Due to State of New Jersey	B-5	1,281	-
Due from current fund	B-6	-	13,342
Reserve for encumbrances	B-7;	8	-
	B-8	-	2,228
Reserve for escrow funds	B-10	-	63,410
Reserve for recreation and community services	B-12	-	10,000
Reserve for tax sale premiums	B-14	-	30,200
Reserve for first aid squad	B-16	-	25,600
Reserve for payroll	B-17	-	2,116,039
		<u>17,895</u>	<u>2,260,819</u>
Balance - December 31, 2017	B;B-2	<u>\$ 10,782</u>	<u>\$ 564,575</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, 2017	B-1	\$ 10,782	\$ 564,575
Increased by			
Receipts		3,854	534,678
		<u>14,636</u>	<u>1,099,253</u>
Decreased by			
Disbursements		1,420	261,873
		<u>1,420</u>	<u>261,873</u>
Balance - February 28, 2018		<u>\$ 13,216</u>	<u>\$ 837,380</u>
Cash reconciliation - February 28, 2018			
Balance per statement			
Northfield Bank		\$ 13,216	\$ 838,757
Less: outstanding checks		<u>-</u>	<u>1,377</u>
Book balance		<u>\$ 13,216</u>	<u>\$ 837,380</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Animal Control Fund Expenditures

	<u>Ref.</u>		
Balance - December 31, 2016	B	\$	10,655
Increased by receipts			
Animal control fees	B-1	\$	6,614
Due from current fund	B-4		<u>10,000</u>
			<u>16,614</u>
			27,269
Decreased by			
Expenditures under RS 4:119.15	B-1		<u>16,546</u>
Balance - December 31, 2017	B	\$	<u><u>10,723</u></u>
Animal control collections			
2015		\$	6,565
2016			<u>5,972</u>
Maximum allowable reserve		\$	<u><u>12,537</u></u>

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 2
Increased by		
Receipts	B-1	<u>10,058</u>
		10,060
Decreased by		
Disbursements	B-1	\$ 60
Budget appropriation	B-3	<u>10,000</u>
		<u>10,060</u>
Balance - December 31, 2017	B	<u><u>\$ -</u></u>

TOWNSHIP OF HOLLAND
Schedule of Due to State of New Jersey

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 7
Increased by		
State fees collected	B-1	<u>1,333</u>
		1,340
Increased by		
Disbursements	B-1	<u>1,281</u>
Balance - December 31, 2017	B	<u><u>\$ 59</u></u>

See independent auditors' report.

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

	<u>Ref.</u>		
Balance - December 31, 2016 (due from)	B	\$	915
Increased by			
Disbursements	B-1		13,342
			<u>14,257</u>
Decreased by			
Interest on investments	B-1	\$	567
Receipts	B-1		2,351
Due from escrow funds	B-10		11,480
			<u>14,398</u>
Balance - December 31, 2017 (due to)	B	\$	<u>141</u>
		<u>12/31/2017</u>	<u>12/31/16</u>
Analysis of balance			
Due from			
Escrow funds		\$	-
Performance bond			\$ 1,039
			<u>121</u>
		<u>\$</u>	<u>141</u>
		<u>\$</u>	<u>1,160</u>
Due to			
Other trust funds		<u>\$</u>	<u>-</u>
		<u>\$</u>	<u>2,075</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Encumbrances
Animal Control Fund

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 8
Decreased by		
Disbursements	B-1	<u>8</u>
Balance - December 31, 2017	B	<u><u>\$ -</u></u>

TOWNSHIP OF HOLLAND
Schedule of Reserve for Encumbrances
Other Trust Funds

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 2,228
Increased by		
Encumbrances payable		
Reserve for escrow	B-10	<u>518</u>
		2,746
Decreased by		
Disbursements	B-1	<u>2,228</u>
Balance - December 31, 2017	B	<u><u>\$ 518</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Loans Receivable

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ <u>357,472</u>
Balance - December 31, 2017	B	\$ <u><u>357,472</u></u>

TOWNSHIP OF HOLLAND
Schedule of Reserve for Escrow Funds

	<u>Ref.</u>		
Balance - December 31, 2016	B		\$ 266,535
Increased by			
Receipts	B-1		<u>29,012</u>
			295,547
Decreased by			
Disbursements	B-1	\$ 63,410	
Encumbrances payable	B-8	518	
Due to current fund	B-6	<u>11,480</u>	
			<u>75,408</u>
Balance - December 31, 2017	B		\$ <u><u>220,139</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Small Cities Revolving Loan

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 476,192
Increased by Receipts	B-1	<u>485</u>
Balance - December 31, 2017	B	<u><u>\$ 476,677</u></u>

TOWNSHIP OF HOLLAND
Schedule of Reserve for Recreation and Community Services

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 11,518
Increased by Receipts	B-1	<u>11</u> 11,529
Decreased by Disbursements	B-1	<u>10,000</u>
Balance - December 31, 2017	B	<u><u>\$ 1,529</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Development Fees

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 5,940
Increased by Receipts	B-1	<u>738</u>
Balance - December 31, 2017	B	<u><u>\$ 6,678</u></u>

TOWNSHIP OF HOLLAND
Schedule of Reserve for Tax Sale Premiums

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 80,100
Increased by Receipts	B-1	<u>6,300</u> 86,400
Decreased by Disbursements	B-1	<u>30,200</u>
Balance - December 31, 2017	B	<u><u>\$ 56,200</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Snow Removal

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 45,908
Increased by Receipts	B-1	<u>24,992</u>
Balance - December 31, 2017	B	<u><u>\$ 70,900</u></u>

TOWNSHIP OF HOLLAND
Schedule of Reserve for First Aid Squad

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 25,600
Decreased by Disbursements	B-1	<u>25,600</u>
Balance - December 31, 2017	B	<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Payroll Account

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 37,052
Increased by		
Receipts	B-1	<u>2,080,754</u>
		2,117,806
Decreased by		
Disbursements	B-1	<u>2,116,039</u>
Balance - December 31, 2017	B	<u><u>\$ 1,767</u></u>

TOWNSHIP OF HOLLAND
Schedule of Reserve for Future Legal Expenses

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 15,051
Increased by		
Receipts	B-1	<u>14</u>
Balance - December 31, 2017	B	<u><u>\$ 15,065</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Performance Bond

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 72,387
Increased by		
Receipts	B-1	<u>38</u>
Balance - December 31, 2017	B	<u><u>\$ 72,425</u></u>

TOWNSHIP OF HOLLAND
Schedule of Reserve for POAA

	<u>Ref.</u>	
Balance - December 31, 2016	B	<u>\$ 8</u>
Balance - December 31, 2017	B	<u><u>\$ 8</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND

COUNTY OF HUNTERDON

2017

GENERAL CAPITAL FUND

TOWNSHIP OF HOLLAND
Schedule of General Capital Fund Cash - Treasurer

	<u>Ref.</u>		
Balance - December 31, 2016	C		\$ 2,868,250
Increased by receipts			
Proceeds from sale of land	C-1	\$ 402,000	
Department of transportation grants receivable	C-5	27,236	
Due from federal and state grant fund	C-6	100,000	
Due from current fund	C-7	512,171	
Refunds to improvement authorizations	C-9	<u>186,060</u>	
			<u>1,227,467</u>
			4,095,717
Decreased by disbursements			
Due from current fund	C-7	12,647	
Due from clearing account	C-8	<u>1,230,971</u>	
			<u>1,243,618</u>
Balance - December 31, 2017	C;C-3		<u><u>\$ 2,852,099</u></u>

C-3

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

	<u>Ref.</u>		
Balance - December 31, 2017	C-2		\$ 2,852,099
Decreased by			
Disbursements			<u>96,629</u>
Balance - February 28, 2018			<u><u>\$ 2,755,470</u></u>
Cash reconciliation - February 28, 2018			
Balance per statement			
Northfield Bank			<u><u>\$ 2,755,470</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
General Capital Fund
Schedule of Cash Activity

Description	Balance	Receipts	Disbursements	Transfers	Balance
	12/31/16			(From) To	12/31/17
Fund balance	\$ 160,010	\$ 402,000	\$ -	\$ 15,958	\$ 577,968
Capital improvement fund	1,034,392	-	-	(134,512)	899,880
Due to current fund	476	512,171	12,647	(365,000)	135,000
Due to clearing account	-	-	1,230,971	1,230,971	-
Due from federal and state grant fund	(100,000)	100,000	-	-	-
NJ D.O.T. grants receivable	(38,750)	27,236	-	-	(11,514)
Encumbrances payable	394,001	-	-	(294,082)	99,919
Reserve for capital projects	674,026	-	-	39,684	713,710
Improvement authorizations					
Acquisition of property	13,907	-	-	(13,907)	-
Various improvements to the grove at the Riegel Ridge Community Center	13,536	-	-	(9,512)	4,024
Various upgrades & improvements to the Riegel Ridge Community Center	59	-	-	(59)	-
Removal of underground fuel tanks and installation of an above ground replacement tank	2,051	-	-	(2,051)	-
Purchase of various computers	28	-	-	(28)	-
Refurbishing of a public works truck	16,970	-	-	(16,970)	-
Improvements to Riegel Ridge Community Center	4,996	-	-	(4,996)	-
Various outdoor improvements to the Riegel Ridge Community Center	9,063	-	-	(940)	8,123
Improvements to the municipal complex	10,914	-	-	(10,914)	-
Purchase of various public works equipment	18,432	-	-	(18,432)	-
Purchase of police equipment	93	-	-	(93)	-
Preservation of farm land	364,622	5,250	-	(121,542)	248,330
Purchase of real property	48,189	-	-	(48,189)	-
Acquisition of appurtenances required for a brush truck	2,195	-	-	(2,195)	-

See independent auditors' report.

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

Description	Balance 12/31/16	Receipts	Disbursements	Transfers (From) To	Balance 12/31/17
Improvement authorizations (continued)					
Various improvements at the Riegel					
Ridge Community Center and pool	\$ 15,653	\$ -	\$ -	\$ (13,315)	\$ 2,338
Construction/Repairs to various roads	20,350	-	-	(20,350)	-
Construction/Repairs to various roads	139	-	-	(139)	-
Purchase of public works equipment	15,122	-	-	(15,122)	-
Improvements to Bellis Road phase I	22,471	-	-	18,605	41,076
Improvements to various roads	31,528	-	-	(31,528)	-
Improvements to Riegel Ridge	-	-	-	-	-
Community Center	45,077	38,726	-	(2,123)	81,680
Purchase of police sports utility vehicle	1,461	-	-	(1,461)	-
Purchase of public works equipment	20,002	-	-	(20,002)	-
Improvements to various roads	67,237	-	-	(67,237)	-
Acquisition of police equipment	-	-	-	-	-
including a police cruiser	-	-	-	5,174	5,174
Improvements to the Riegel Ridge	-	-	-	-	-
Community Center	-	142,084	-	(30,856)	111,228
Various building improvements	-	-	-	55,323	55,323
Improvements to various roads	-	-	-	14,840	14,840
Total	\$ 2,868,250	\$1,227,467	\$ 1,243,618	\$ 135,000	\$ 2,987,099
<u>Ref.</u>	C	C-2	C-2		C

See independent auditors' report.

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

Balance - December 31, 2016	<u>Ref.</u> C	\$ 38,750
Decreased by Receipts	C-2	<u>27,236</u>
Balance - December 31, 2017	C	<u><u>\$ 11,514</u></u>

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

Balance - December 31, 2016	<u>Ref.</u> C	\$ 100,000
Decreased by Receipts	C-2	<u>100,000</u>
Balance - December 31, 2017	C	<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Due to Current Fund

	<u>Ref.</u>		
Balance - December 31, 2016	C		\$ 476
Increased by			
Receipts	C-2		<u>512,171</u>
			512,647
Decreased by			
Disbursements	C-2	\$ 12,647	
2017 municipal budget appropriations			
Building improvements	C-12	135,000	
Purchase of an ambulance	C-12	15,000	
Purchase of a fire truck	C-12	50,000	
Purchase of various police equipment	C-12	50,000	
Road improvement	C-12	150,000	
Purchase of various public works equipment	C-12	<u>100,000</u>	
			<u>512,647</u>
Balance - December 31, 2017	C		<u><u>\$ -</u></u>

C-8

TOWNSHIP OF HOLLAND
Schedule of Due from Clearing Account

	<u>Ref.</u>		
Balance - December 31, 2016	C		\$ -
Increased by			
Disbursements	C-2		<u>1,230,971</u>
			1,230,971
Decreased by			
Improvement authorization charges	C-9	\$ 860,082	
Encumbrances payable	C-10	<u>370,889</u>	
			<u>1,230,971</u>
Balance - December 31, 2017	C		<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Improvement Authorizations

Improvement Description	Ordinance		Balance	2017	Paid or	Unexpend	Balance
	Date	Amount	12/31/16				
			Funded	Authorization	Charged	Canceled	12/31/17
							Funded
Acquisition of property	11/21/00	\$ 700,000	\$ 13,907	\$ -	\$ -	\$ 13,907	\$ -
Various improvements to the grove at the Riegel Community Center	10/20/09	125,000	13,536	-	9,512	-	4,024
Various upgrades & improvements to the Riegel Ridge Community Center	05/04/10	425,000	59	-	59	-	-
Removal of underground fuel tanks and installation of an above ground replacement tank	10/04/11	50,000	2,051	-	-	2,051	-
Purchase of various computers	01/17/12	30,000	28	-	28	-	-
Refurbishing of a public works truck	08/21/12	100,000	16,970	-	4,483	12,487	-
Improvements to Riegel Ridge Community Center	08/21/12	175,000	4,996	-	4,996	-	-
Various outdoor improvements to the Riegel Ridge Community Center	04/02/13	125,000	9,063	-	940	-	8,123
Improvements to the municipal complex	05/07/13	50,000	10,914	-	10,914	-	-
Purchase of various public works equipment	05/07/13	170,000	18,432	-	18,432	-	-
Purchase of police equipment	05/07/13	50,000	93	-	93	-	-
Preservation of farm land	05/07/13	550,000	364,622	-	116,292	-	248,330
Purchase of real property	05/21/13	1,300,000	48,189	-	-	48,189	-
Acquisition of appurtenances required for a brush truck	03/04/14	50,000	2,195	-	-	2,195	-
Various improvements at the Riegel Ridge Community Center and pool	03/04/14	50,000	15,653	-	13,315	-	2,338
Construction/Repairs to various roads	06/17/14	85,000	20,350	-	20,350	-	-
Construction/Repairs to various roads	06/17/14	85,000	139	-	139	-	-
Purchase of public works equipment	06/17/14	280,000	15,122	-	15,122	-	-
Improvements to Bellis Road phase I	04/21/15	200,000	22,471	-	(18,605)	-	41,076
Improvements to various roads	04/21/15	300,000	31,528	-	31,528	-	-
Community Center	02/02/16	105,543	45,077	-	(36,603)	-	81,680
Purchase of police sports utility vehicle	05/03/16	40,000	1,461	-	1,461	-	-
Purchase of public works equipment	05/03/16	175,000	20,002	-	20,002	-	-
Improvements to various roads	05/03/16	225,000	67,237	-	67,237	-	-
Acquisition of various public works equipment	03/21/17	100,000	-	100,000	100,000	-	-
Acquisition of police equipment including a police cruiser	03/21/17	50,000	-	50,000	44,826	-	5,174
Improvements to the Riegel Ridge Community Center	03/21/17	200,000	-	200,000	88,772	-	111,228
Various building improvements	03/21/17	82,000	-	82,000	26,677	-	55,323
Improvements to various roads	03/21/17	150,000	-	150,000	135,160	-	14,840
Acquisition of an ambulance	06/20/17	75,699	-	75,699	75,699	-	-
			<u>\$ 744,095</u>	<u>\$ 657,699</u>	<u>\$ 750,829</u>	<u>\$ 78,829</u>	<u>\$ 572,136</u>
	Ref.		C	C-9	C-9	C-9	C

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Improvement Authorizations (continued)

Improvement Description	Ordinance		Balance	2017	Paid or	Unexpend	Balance
	Date	Amount	12/31/16	Authorization	Charged	Balance	12/31/17
			Funded			Canceled	Funded
Summary of 2017 authorizations		Ref.					
Capital improvement fund		C-11		\$ 147,000			
Reserve for capital projects							
Purchase of an ambulance		C-12		75,699			
Building improvements		C-12		135,000			
Purchase of various police equipment		C-12		50,000			
Road improvement		C-12		150,000			
Purchase of various public works equipment		C-12		100,000			
				<u>\$ 657,699</u>			
Summary of paid or charged				C-9			
Receipts		C-2			\$ (186,060)		
Clearing account		C-8			860,082		
Prior year encumbrances canceled		C-10			(23,112)		
Encumbrances payable		C-10			99,919		
					<u>\$ 750,829</u>		
Summary of unexpended balances canceled					C-9		
Fund balance		C-1				\$ 15,958	
Capital improvement fund		C-11				12,488	
Reserve for capital projects		C-12				50,383	
						<u>\$ 78,829</u>	
						C-9	

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Encumbrances

	<u>Ref.</u>	
Balance - December 31, 2016	C	\$ 394,001
Increased by		
Current year capital charges	C-9	<u>99,919</u>
		493,920
Decreased by		
Due to clearing account	C-8	\$ 370,889
Prior year balance canceled	C-9	<u>23,112</u>
		<u>394,001</u>
Balance - December 31, 2017	C	<u><u>\$ 99,919</u></u>

TOWNSHIP OF HOLLAND
Schedule of Capital Improvement Fund

	<u>Ref.</u>	
Balance - December 31, 2016	C	\$ 1,034,392
Increased by		
Improvement authorization balances canceled	C-9	<u>12,488</u>
		1,046,880
Decreased by		
Appropriated to finance improvement authorizations	C-9	<u>147,000</u>
Balance - December 31, 2017	C	<u><u>\$ 899,880</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Capital Projects

Improvement Description	Balance 12/31/16	Increased in 2017	Decreased in 2017	Balance 12/31/17
Park construction	\$ 32,138	\$ -	\$ -	\$ 32,138
Community center parking lot	200	-	-	200
Purchase of land	391,687	48,190	-	439,877
Road leveling and overlay	1	(1)	-	-
Purchase of an ambulance	100,000	15,000	75,699	39,301
Purchase of a fire truck	150,000	52,194	-	202,194
Building improvements	-	135,000	135,000	-
Purchase of various police equipment	-	50,000	50,000	-
Road improvement	-	150,000	150,000	-
Purchase of various public works equipment	-	100,000	100,000	-
	<u>\$ 674,026</u>	<u>\$ 550,383</u>	<u>\$ 510,699</u>	<u>\$ 713,710</u>
<u>Ref.</u>	C	Below	C-9	C
Due from current fund	C-7	\$ 500,000		
Improvement authorization balances canceled	C-9	<u>50,383</u>		
		<u>\$ 550,383</u>		

See independent auditors' report.

TOWNSHIP OF HOLLAND

COUNTY OF HUNTERDON

2017

SEWER UTILITY FUND

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

	Ref.	Operating Fund	Capital Fund
Balance - December 31, 2016	D	\$ 87,353	\$ 164,763
Increased by receipts			
Interest on deposits	D-3	\$ 396	\$ -
Sewer collector	D-7	518,000	-
Due from sewer capital fund	D-11	716	-
Due from current fund	D-12	1,825	-
Due to sewer operating fund	D-20	-	10,688
		<u>520,937</u>	<u>10,688</u>
		608,290	175,451
Decreased by disbursements			
Budget appropriations	D-4	474,820	-
Due from payroll account	D-9	11,322	-
Due from sewer capital	D-11	10,000	-
Appropriation reserves	D-15	12	-
Reserve for encumbrances	D-16;	366	-
	D-23	-	436
Accrued interest on notes	D-19	3,750	-
Due to sewer operating fund	D-20	-	716
Improvement authorizations	D-21	-	1,413
		<u>500,270</u>	<u>2,565</u>
Balance - December 31, 2017	D; D-6	<u>\$ 108,020</u>	<u>\$ 172,886</u>

See independent auditors' report.

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

	Ref.	Operating Fund	Capital Fund
Balance - December 31, 2017	D-5	\$ 108,020	\$ 172,886
Increased by			
Receipts		226	-
		108,246	172,886
Decreased by			
Disbursements		54,577	4,799
Balance - February 28, 2018		\$ 53,669	\$ 168,087
<u>Cash Reconciliation February 28, 2018</u>			
Balance per statement			
Northfield Bank		\$ 53,669	\$ 168,087

See independent auditors' report.

TOWNSHIP OF HOLLAND
Sewer Operating Fund
Schedule of Cash - Collector

	<u>Ref.</u>	<u>Operating Fund</u>
Balance - December 31, 2016	D	\$ 24,187
Increased by receipts		
Interest and costs on sewer charges	D-3	\$ 3,313
Interest on deposits	D-3	281
Miscellaneous revenue	D-3	30
Consumer accounts receivable	D-10	508,871
Sewer rent overpayments	D-17	273
Prepaid rents received	D-18	<u>3,405</u>
		<u>516,173</u>
		540,360
Decreased by		
Paid to sewer treasurer	D-5	<u>518,000</u>
Balance - December 31, 2017	D; D-8	<u><u>\$ 22,360</u></u>

D-8

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

	<u>Ref.</u>	
Balance - December 31, 2017	D-7	\$ 22,360
Increased by		
Receipts		<u>86,403</u>
Balance - February 28, 2018		<u><u>\$ 108,763</u></u>
<u>Cash Reconciliation February 28, 2018</u>		
Balance per statement		
Northfield Bank		<u><u>\$ 108,763</u></u>

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2016	D	\$ -
Increased by		
Disbursements	D-5	<u>11,322</u>
		11,322
Decreased by		
Budget charges	D-4	<u>11,322</u>
Balance - December 31, 2017	D	<u><u>\$ -</u></u>

D-10

TOWNSHIP OF HOLLAND
Sewer Operating Fund
Schedule of Consumer Accounts Receivable

	<u>Ref.</u>	
Balance - December 31, 2016	D	\$ 35,134
Increased by		
User fees levied	Reserve	<u>528,401</u>
		563,535
Decreased by		
Collections	D-7	\$ 508,871
Prepayments applied	D-18	<u>1,976</u>
	D-3	<u>510,847</u>
Balance - December 31, 2017	D	<u><u>\$ 52,688</u></u>

See independent auditors' report.

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

	<u>Ref.</u>		
Balance - December 31, 2016	D		\$ 28
Increased by			
Disbursements	D-5	\$ 10,000	
Interest earned	D-3	<u>688</u>	
			<u>10,688</u>
			10,716
Decreased by			
Current year budget appropriations			
Capital improvement fund	D-4	10,000	
Receipts	D-5	<u>716</u>	
			<u>10,716</u>
Balance - December 31, 2017	D		<u><u>\$ -</u></u>

D-12

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

	<u>Ref.</u>		
Balance - December 31, 2016	D		\$ 1,825
Decreased by			
Receipts	D-5		<u>1,825</u>
Balance - December 31, 2017	D		<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Sewer Capital Fund
Schedule of Fixed Capital

Description	Ref.	Balance 12/31/17	Balance 12/31/16
Sanitary sewer system	D	\$ 900,000	\$ 900,000
Improvements to the sanitary sewer system	D-14	89,826	-
	D	<u>\$ 989,826</u>	<u>\$ 900,000</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Sewer Capital Fund
Schedule of Fixed Capital Authorized and Uncompleted
For the Year Ended December 31, 2017

Purpose	Ordinance		Balance	Authorizations	Balance	Balance
	Date	Amount	12/31/16		Canceled	12/31/17
Improvement and repairs to the sewer lines	06/19/12	\$ 100,000	\$ 100,000	\$ -	\$ 100,000	\$ -
Replacement of the Gridley Circle Pump Station	08/06/13	550,000	400,000	-	-	400,000
Improvement and repairs to the sewer lines	10/03/17	90,000	-	90,000	-	90,000
			<u>\$ 500,000</u>	<u>\$ 90,000</u>	<u>\$ 100,000</u>	<u>\$ 490,000</u>
		<u>Ref.</u>	D	D-21	Below; D-24	D
Improvement authorization balance canceled		D-21			\$ 10,174	
Balance transferred to fixed capital		D-13;D-22			<u>89,826</u>	
					<u>\$ 100,000</u>	

See independent auditors' report.

TOWNSHIP OF HOLLAND
Sewer Operating Fund
Schedule of Appropriation Reserves
For the Year Ended December 31, 2017

	Balance 12/31/16	Balance After Transfer	Expended	Balance Lapsed
Operating				
Salaries and wages	\$ 356	\$ 356	\$ -	\$ 356
Other expenses	16,616	16,616	12	16,604
Contribution to Milford Sewer	12,751	12,751	-	12,751
Statutory expenditures				
Contribution to Social Security system	534	534	-	534
	<u>\$ 30,257</u>	<u>\$ 30,257</u>	<u>\$ 12</u>	<u>\$ 30,245</u>
<u>Ref.</u>	D	D	D-5	D-1

See independent auditors' report.

TOWNSHIP OF HOLLAND
Sewer Operating Fund
Schedule of Reserve for Encumbrances

	<u>Ref.</u>	
Balance - December 31, 2016	D	\$ 366
Increased by		
Current year budget charges	D-4	1,356
		<u>1,722</u>
Decreased by		
Disbursements	D-5	366
		<u>366</u>
Balance - December 31, 2017	D	<u>\$ 1,356</u>

D-17

TOWNSHIP OF HOLLAND
Sewer Operating Fund
Schedule of Sewer Rent Overpayments

	<u>Ref.</u>	
Balance - December 31, 2016	D	\$ 17
Increased by		
Overpayments received	D-7	273
		<u>290</u>
Decreased by		
Overpayments canceled	D-1	16
		<u>16</u>
Balance - December 31, 2017	D	<u>\$ 274</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Sewer Operating Fund
Schedule of Prepaid Sewer Rents

	<u>Ref.</u>	
Balance - December 31, 2016	D	\$ 1,976
Increased by		
Prepayments received	D-7	<u>3,405</u>
		5,381
Decreased by		
Applied to consumer accounts receivable	D-10	<u>1,976</u>
Balance - December 31, 2017	D	<u><u>\$ 3,405</u></u>

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

	<u>Ref.</u>	
Balance - December 31, 2016	D	\$ 739
Increased by		
Current year budget charge	D-4	<u>3,895</u>
		4,634
Decreased by		
Interest paid	D-5	<u>3,750</u>
Balance - December 31, 2017	D	<u><u>\$ 884</u></u>

See independent auditors' report.

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

	<u>Ref.</u>		
Balance - December 31, 2016	D		\$ 28
Increased by			
Receipts	D-5	\$ 10,000	
Interest earned	D-5	<u>688</u>	
			<u>10,688</u>
			10,716
Decreased by			
Budget appropriation	D-26	10,000	
Disbursements	D-5	<u>716</u>	
			<u>10,716</u>
Balance - December 31, 2017	D		<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Sewer Capital Fund
Schedule of Improvement Authorizations

Improvement Description	Ordinance		12/31/16		2017	Paid or	Balance	12/31/17	
	Date	Amount	Funded	Unfunded	Authorization	Charged	Canceled	Funded	Unfunded
Improvement and repairs to the sewer lines	06/19/12	\$ 100,000	\$ 10,174	\$ -	\$ -	\$ -	\$ 10,174	\$ -	\$ -
Replacement of the Gridley Circle Pump Station	08/06/13	550,000	-	76,176	-	318	-	-	75,858
Improvement and repairs to the sewer lines	10/03/17	90,000	-	-	90,000	1,340	-	88,660	-
			<u>\$ 10,174</u>	<u>\$ 76,176</u>	<u>\$ 90,000</u>	<u>\$ 1,658</u>	<u>\$ 10,174</u>	<u>\$ 88,660</u>	<u>\$ 75,858</u>
	<u>Ref.</u>		D	D	D-14; Below	Below	D-2; D-14	D	D
Fund balance		D-2			\$ 12,000				
Reserve for alteration of sewer system		D-25			30,000				
Capital improvement fund		D-26			<u>48,000</u>				
					<u>\$ 90,000</u>				
Disbursements		D-5				\$ 1,413			
Encumbrances payable		D-23				<u>245</u>			
						<u>\$ 1,658</u>			

See independent auditors' report.

TOWNSHIP OF HOLLAND
Sewer Capital Fund
Schedule of Reserve for Amortization

	<u>Ref.</u>	
Balance - December 31, 2016	D	\$ 900,000
Increased by		
Completed improvement authorization	D-14	<u>89,826</u>
Balance - December 31, 2017	D	<u>\$ 989,826</u>

TOWNSHIP OF HOLLAND
Sewer Capital Fund
Schedule of Reserve for Encumbrances

	<u>Ref.</u>	
Balance - December 31, 2016	D	\$ 4,870
Increased by		
Improvement authorization charges	D-21	<u>245</u>
		5,115
Decreased by		
Disbursements	D-5	<u>436</u>
Balance - December 31, 2017	D	<u>\$ 4,679</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Sewer Capital Fund
Schedule of Deferred Reserve for Amortization
Year Ended December 31, 2017

<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance 12/31/16</u>	<u>Authorizations</u>	<u>Current Year Budget Appropriation</u>	<u>Prior Year Adjustment</u>	<u>Balance 12/31/17</u>
Improvement and repairs to the sewer lines	06/19/12	\$ 172,500	\$ (100,000)	\$ -	\$ (72,500)	\$ -
Replacement of the Gridley Circle Pump Station	08/16/13	27,500	-	50,000	72,500	150,000
Improvement and repairs to the sewer lines	10/03/17	-	90,000	-	-	90,000
		<u>\$ 200,000</u>	<u>\$ (10,000)</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 240,000</u>
	<u>Ref.</u>	D	Below	D-4; D-27		D
Improvements authorized in 2017		D-21	\$ 90,000			
Improvement authorization balance canceled		D-14	<u>(100,000)</u>			
			<u>\$ (10,000)</u>			

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2016	D	\$ 30,000
Decreased by		
Appropriated to finance improvement authorizations	D-21	<u>30,000</u>
Balance - December 31, 2017	D	<u><u>\$ -</u></u>

D-26

TOWNSHIP OF HOLLAND
Sewer Capital Fund
Schedule of Capital Improvement Fund

	<u>Ref.</u>	
Balance - December 31, 2016	D	\$ 41,545
Increased by		
Current year budget appropriation	D-20	<u>10,000</u>
		51,545
Decreased by		
Appropriated to finance improvement authorizations	D-21	<u>48,000</u>
Balance - December 31, 2017	D	<u><u>\$ 3,545</u></u>

See independent auditors' report.

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

<u>Improvement Description</u>	<u>Original Note</u>	<u>Date of</u>		<u>Interest Rate</u>	<u>Balance 12/31/16</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance 12/31/17</u>
		<u>Issue</u>	<u>Maturity</u>					
Sewer purposes	10/23/14	10/20/16	10/19/17	1.25%	\$ 300,000	\$ -	\$ 300,000	\$ -
Sewer purposes	10/23/14	10/18/17	10/17/18	1.745%	-	250,000	-	250,000
					<u>\$ 300,000</u>	<u>\$ 250,000</u>	<u>\$ 300,000</u>	<u>\$ 250,000</u>
				<u>Ref.</u>	D	Below	Below	D
	Notes reissued			Contra		\$ 250,000	\$ 250,000	
	Paid from budget appropriation			D-4; D-24		-	50,000	
						<u>\$ 250,000</u>	<u>\$ 300,000</u>	

See independent auditors' report.

TOWNSHIP OF HOLLAND

PART II

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

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



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, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated June 8, 2018. 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.

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.

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



William M. Colantano
Certified Public Accountant
Registered Municipal Accountant

June 8, 2018
Flemington, New Jersey

TOWNSHIP OF HOLLAND
Schedule of Expenditure of Federal Awards
For the Year Ended December 31, 2017

Federal Grantor	Award Amount	Grant Period		Balance 12/31/16	Receipts	Expended	Over- Expended/ Canceled	Balance 12/31/17
		From	To					
FEMA Shelter grant	\$ 29,981	01/01/13	12/31/13	\$ 13,895	\$ -	\$ 13,895	\$ -	\$ -
FEMA Shelter grant	750	01/01/13	12/31/13	750	-	750	-	-
FEMA Hazard mitigation grant program	112,000	01/01/13	12/31/13	(112,000)	112,000	-	-	-
<u>Passed-through from federal highway administration</u>								
NJ Department of Environmental Protection - Recreation Trails Program	24,000	01/01/17	12/31/17	<u>(2,239)</u>	<u>-</u>	<u>20,309</u>	<u>-</u>	<u>(22,548)</u>
				<u>\$ (99,594)</u>	<u>\$ 112,000</u>	<u>\$ 34,954</u>	<u>\$ -</u>	<u>\$ (22,548)</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Expenditures of State and Local Awards
For the Year Ended December 31, 2017

Grant	Award Amount	Grant Period		Balance 12/31/16	Receipts	Expended	Over- Expended/ Canceled	Balance 12/31/17
		From	To					
State awards								
Clean communities program	\$ 20,269	01/01/16	12/31/16	\$ 19,644	\$ -	\$ 19,644	\$ -	\$ -
Clean communities program	17,220	01/01/17	12/31/17	-	17,220	12,719	-	4,501
Stormwater management	3,750	01/01/05	12/31/05	416	-	-	-	416
Recycling tonnage grant	32,255	01/01/16	12/31/16	5,441	-	5,441	-	-
Recycling tonnage grant	31,779	01/01/17	12/31/17	-	31,779	31,776	-	3
NJ Body armor	1,318	01/01/13	12/31/13	700	-	-	-	700
NJ Body armor	922	01/01/14	12/31/14	922	-	-	-	922
NJ Body armor	1,005	01/01/15	12/31/15	1,005	-	-	-	1,005
NJ Body armor	981	01/01/16	12/31/16	-	981	-	-	981
NJ Body armor	982	01/01/17	12/31/17	-	982	-	-	982
Uniform fire code violations	375	01/01/08	12/31/08	375	-	-	-	375
Highlands grant second	100,000	01/01/15	12/31/15	(16,598)	4,723	14,008	-	(25,883)
Highlands grant special	25,000	01/01/15	12/31/15	(9,504)	-	862	-	(10,366)
Highlands grant amended plan confirmation	15,000	01/01/17	12/31/17	-	-	14,163	-	(14,163)
NJ Dept. of transportation aid - Improvements to Bellis Road	155,000	01/01/15	12/31/15	(38,750)	27,236	-	-	(11,514)
Total state awards				(36,349)	82,921	98,613	-	(52,041)

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Expenditures of State and Local Awards
For the Year Ended December 31, 2017

Grant	Award Amount	Grant Period		Balance 12/31/16	Receipts	Expended	Over- Expended/ Canceled	Balance 12/31/17
		From	To					
Local awards								
Penneast Pipeline community connect	\$ 5,000	01/01/17	12/31/17	\$ -	\$ 5,000	\$ 5,000	\$ -	\$ -
First Energy donation for community day	1,500	01/01/17	12/31/17	-	1,500	1,500	-	-
Historical commission grant	50,000	01/01/17	12/31/17	-	25,000	25,000	-	-
Historical commission grant	75,000	01/01/17	12/31/17	-	37,500	37,500	-	-
Historical commission grant	79,584	01/01/17	12/31/17	-	79,584	79,584	-	-
Hunterdon County emergency management 2013 EMMA	5,000	01/01/16	12/31/16	5,000	-	-	-	5,000
Total local awards				<u>5,000</u>	<u>148,584</u>	<u>148,584</u>	<u>-</u>	<u>5,000</u>
Total state and local awards				<u>\$ (31,349)</u>	<u>\$231,505</u>	<u>\$ 247,197</u>	<u>\$ -</u>	<u>\$ (47,041)</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Notes to Schedules of Expenditures of Federal, State, and Local Awards
For the Year Ended December 31, 2017

Note 1 - General

The accompanying Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Awards (the Schedules) present the activity of all Federal and State Financial Award Programs of the Township of Holland, County of Hunterdon, State of New Jersey (the Municipality) for the year ended December 31, 2017.

Note 2 - Basis of accounting

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

Note 3 - Relationship to the financial statements

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

Fund	Federal	State	Local	Total
Grant Fund	\$ 34,954	\$ 98,613	\$ 148,584	\$ 282,151

See independent auditors' report.

TOWNSHIP OF HOLLAND

PART III

ADDITIONAL SCHEDULES

STATISTICAL DATA

INSURANCE SCHEDULE

LIST OF OFFICIALS

GENERAL COMMENTS

RECOMMENDATIONS

TOWNSHIP OF HOLLAND
Statistical Data
Current Fund
Comparative Schedule of Operations and Changes
in Fund Balance - Regulatory Basis
For the Years Ended December 31, 2017 and 2016
(Unaudited)

	2017		2016	
	Amount	%	Amount	%
<u>Revenue and other Income Realized</u>				
Fund balance utilized	\$ 700,000	3.22	\$ 700,000	3.32
Miscellaneous - from other than local property Tax levied	4,406,413	20.28	4,073,143	19.34
Collection of delinquent taxes & tax title liens	220,468	1.01	218,202	1.04
Collection of current tax levy	<u>16,400,351</u>	<u>75.49</u>	<u>16,066,968</u>	<u>76.30</u>
Total income	<u>21,727,232</u>	<u>100.00</u>	<u>21,058,313</u>	<u>100.00</u>
<u>Expenditures</u>				
Budget expenditures Municipal purposes	5,239,826	25.32	5,023,612	24.99
County taxes	2,451,073	11.85	2,443,731	12.15
Local school taxes	8,943,061	43.22	8,771,709	43.63
Regional school taxes	4,052,144	19.58	3,862,584	19.21
Other debits to income	<u>6,668</u>	<u>0.03</u>	<u>4,232</u>	<u>0.02</u>
Total expenditures	<u>20,692,772</u>	<u>100.00</u>	<u>20,105,868</u>	<u>100.00</u>
Regulatory excess to fund balance	1,034,460		952,445	
<u>Fund Balance</u>				
Fund balance - January 1,	<u>2,313,298</u>		<u>2,060,853</u>	
	3,347,758		3,013,298	
Less: utilization as anticipated revenue	<u>700,000</u>		<u>700,000</u>	
Fund balance - December 31,	<u>\$ 2,647,758</u>		<u>\$ 2,313,298</u>	

See independent auditors' report.

TOWNSHIP OF HOLLAND
Statistical Data
Sewer Operating Fund
Comparative Schedule of Operations and Changes
in Fund Balance - Regulatory Basis
For the Years Ended December 31, 2017 and 2016
(Unaudited)

	2017		2016	
	Amount	%	Amount	%
<u>Revenue and other Income Realized</u>				
Fund balance utilized	\$ 50,000	8.39	\$ 121,750	18.66
Miscellaneous - from other than sewer service charges	34,969	5.87	12,172	1.87
Collection of sewer service charges	<u>510,847</u>	<u>85.74</u>	<u>518,600</u>	<u>79.47</u>
Total income	<u>595,816</u>	<u>100.00</u>	<u>652,522</u>	<u>100.00</u>
<u>Expenditures</u>				
Budget expenditures				
Operating	496,500	88.36	488,000	81.72
Capital improvements	10,000	1.78	10,000	1.67
Debt service	53,895	9.59	55,720	9.33
Deferred charges and statutory expenditures	<u>1,500</u>	<u>0.27</u>	<u>43,500</u>	<u>7.28</u>
Total expenditures	<u>561,895</u>	<u>100.00</u>	<u>597,220</u>	<u>100.00</u>
Regulatory excess to fund balance	33,921		55,302	
<u>Fund Balance</u>				
Fund balance - January 1,	<u>80,038</u>		<u>146,486</u>	
	113,959		201,788	
Less: utilization as anticipated revenue	<u>50,000</u>		<u>121,750</u>	
Fund balance - December 31,	<u>\$ 63,959</u>		<u>\$ 80,038</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	
2017	\$ 0.19	\$ 0.39	\$ 1.43	\$ 0.64	\$ 2.65
2016	0.19	0.39	1.40	0.58	2.56
2015	0.19	0.39	1.40	0.58	2.56
2014*	0.09	0.39	1.37	0.61	2.46
2013	-	0.33	1.11	0.51	1.95
2012	-	0.35	1.08	0.52	1.95
2011	-	0.35	1.09	0.53	1.97
2010	-	0.37	1.08	0.50	1.95
2009	-	0.37	1.05	0.50	1.92
2008	-	0.37	1.00	0.48	1.85

* 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
2017	\$ 626,947,136	\$ 661,057,714	94.84%
2016	628,568,401	659,360,538	95.33%
2015	628,414,718	660,724,128	95.11%
2014*	629,009,734	670,270,971	93.84%
2013	763,875,389	691,448,812	110.47%
2012	767,128,401	783,944,071	97.85%
2011	770,225,050	783,944,701	98.25%
2010	771,939,817	832,100,698	92.77%
2009	770,397,199	830,689,491	92.74%
2008	770,110,821	854,549,495	90.12%

* 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
2017	\$ 16,653,130	\$ 16,400,351	98.48%
2016	16,312,768	16,066,968	98.49%
2015	16,132,875	15,908,743	98.61%
2014	15,534,767	15,286,853	98.40%
2013	14,846,969	14,461,715	97.41%
2012	14,931,139	14,704,177	98.48%
2011	15,216,041	14,971,324	98.39%
2010	15,104,272	14,801,704	98.00%
2009	14,783,316	14,476,124	97.92%
2008	14,326,777	13,990,030	97.65%

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.

TOWNSHIP OF HOLLAND
Statistical Data (continued)
(Unaudited)

ASSESSED VALUES DISTRIBUTION

Year	Vacant Land	Residential	Apartments	Commercial	Farmland	Industrial	Total Real Property
2008	\$ 13,910,600	\$ 644,816,900	\$ 409,900	\$ 16,192,600	\$ 75,148,600	\$ 17,716,700	\$ 768,195,300
2009	13,960,200	646,967,000	409,900	16,150,100	76,476,600	14,480,500	768,444,300
2010	13,623,600	646,506,300	409,900	16,302,400	78,550,200	14,480,500	769,872,900
2011	12,898,800	646,373,000	409,900	16,202,400	78,375,700	14,026,400	768,286,200
2012	11,043,000	646,768,800	409,900	16,745,200	77,067,200	13,145,500	765,179,600
2013	10,255,300	643,244,500	409,900	16,745,200	78,403,100	13,145,500	762,203,500
2014 (1)	6,480,600	525,191,400	429,300	16,026,211	68,119,310	11,231,600	627,478,421
2015	6,975,500	524,687,600	429,300	15,119,411	68,466,590	11,231,600	626,910,001
2016	7,439,600	526,884,100	429,300	13,883,911	67,235,780	11,231,600	627,104,291
2017	8,046,300	527,053,100	429,300	14,136,311	65,405,630	10,448,100	625,518,741

(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
2008	\$ 320,805	\$ 262,317	\$ 583,122	4.07%
2009	343,477	275,033	618,510	4.18%
2010	350,834	277,313	628,147	4.16%
2011	365,631	222,757	588,388	3.87%
2012	373,879	176,231	550,110	3.68%
2013	91,392	228,425	319,817	2.15%
2014	91,392	246,952	338,344	2.18%
2015	91,392	216,132	307,524	1.91%
2016	91,392	217,730	309,122	1.89%
2017	91,392	231,399	322,791	1.94%

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>
2017	\$ 139,300
2016	139,300
2015	194,300
2014	359,300
2013	424,300
2012	None
2011	None
2010	None
2009	None
2008	None

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Dec. 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	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
	2008	7,602,591	1,700,000

See independent auditors' report.

TOWNSHIP OF HOLLAND
Statistical Data (continued)
(Unaudited)

COMPARATIVE SCHEDULE OF FUND BALANCES

	Year	Dec. 31,	Utilized in Budget of Succeeding Year
Sewer Utility	2017	\$ 63,959	\$ 50,000
	2016	80,038	50,000
	2015	146,486	121,750
	2014	123,181	59,600
	2013	79,780	35,200
	2012	86,141	50,000
	2011	96,008	50,000
	2010	74,801	21,540
	2009	35,261	-
	2008	97	-

See independent auditors' report.

TOWNSHIP OF HOLLAND
Statistical Data
Debt Incurring Capacity as of December 31, 2017
(Unaudited)

Municipal

1. Equalized valuations of real property (2017, 2016, 2015)	\$ 662,187,623
2. Permitted municipal debt limitation (3.5% of \$662,187,623)	23,176,567
3. Net debt issued, outstanding & authorized	250,000
4. Excess school borrowing	-
5. Total charges to borrowing margin	250,000
6. Remaining municipal borrowing capacity	\$ 22,926,567

Local school district

1. Permitted school district debt limitation (3.0% of \$662,187,623)	\$ 19,865,629
2. Debt issued, outstanding & authorized	-
3. Remaining municipal borrowing capacity	\$ 19,865,629

Gross & statutory net debt as of December 31,

Year	Gross Debt Amount	Statutory Net Debt	
		Amount	Percentage
2017	\$ 552,011	\$ 250,000	0.04%
2016	749,093	300,000	0.05%
2015	1,096,956	500,000	0.08%
2014	1,265,488	-	0.00%
2013	1,420,847	-	0.00%
2012	1,206,901	155,492	0.02%
2011	1,693,499	206,900	0.03%
2010	2,092,021	206,900	0.03%
2009	3,322,652	1,045,000	0.12%
2008	3,502,184	825,000	0.10%

See independent auditors' report.

TOWNSHIP OF HOLLAND
Statistical Data
Statement of Indebtedness as of December 31, 2017
(Unaudited)

General purposes			
Bonds, notes and loans issued and outstanding			
Bonds	\$	-	
Notes		-	
Bonds and notes authorized but not issued		-	
		-	\$ -
Sewer utility purposes			
Bonds, notes and loans issued and outstanding			
Bonds		-	
Notes		250,000	
Bonds and notes authorized but not issued		-	
		-	250,000
Local school district			
Bonds, notes and loans issued and outstanding			
Bonds		-	
Notes		-	
Bonds and notes authorized but not issued		-	
		-	-
Regional school district			
Bonds		302,011	
Notes		-	
Bonds and notes authorized but not issued		-	
		-	302,011
Total gross debt			552,011
Statutory deductions			
Municipal		-	
Local school district		-	
Regional school district		302,011	
		302,011	302,011
Total net debt			\$ 250,000
Overlapping debt as of December 31, 2017			
	<u>Debt</u>	<u>Estimated %</u>	
	<u>Outstanding</u>	<u>Applicable</u>	
Local school district debt	\$ -	100.00%	\$ -
Regional school district debt	1,065,000	28.36%	302,011
County debt	85,249,037	3.11%	2,650,138
Total overlapping debt			\$ 2,952,149

See independent auditors' report.

TOWNSHIP OF HOLLAND
Statistical Data
Statement of Indebtedness as of December 31, 2017 (continued)
(Unaudited)

	<u>Year</u>	<u>Assessed Valuation</u>		
Gross debt			\$	552,011
Per capita (population 2010 census - 5,124)			\$	108
Percent of average equalized valuation basis	2017	\$ 662,187,623		0.08%
Percent of net valuation taxable	2017	626,947,136		0.09%
 Net municipal debt			 \$	 250,000
Per capita (population 2010 census - 5,124)			\$	49
Percent of average equalized valuation basis	2017	\$ 662,187,623		0.04%
Percent of net valuation taxable	2017	626,947,136		0.04%
 Overall debt			 \$	 3,202,149
Per capita (population 2010 census - 5,124)			\$	625
Percent of average equalized valuation basis	2017	\$ 662,187,623		0.48%
Percent of net valuation taxable	2017	626,947,136		0.51%

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Insurance
For the Year Ended December 31, 2017
(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 & Contents (Policy Limit)	23,338,448	1,000
Excess General Liability - Statewide Insurance Fund	5,000,000	-
Crime Coverage - Statewide Insurance Fund		
Employee Dishonesty	1,000,000	5,000
Surety bond - Selective Insurance		
Tax and sewer collector	200,000	-

Adequacy of insurance coverage is the responsibility of the municipality.

See independent auditors' report.

TOWNSHIP OF HOLLAND
List of Officials

Officials in Office and Surety Bonds

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

Name	Title
Daniel Bush	Mayor
Raymond Krov	Deputy Mayor
Thomas Scheibener	Committeeperson
Robert Thurgarland	Committeeperson
Scott Wilhelm	Committeeperson

* * * * *

Name	Title
Catherine Miller	Municipal Clerk
Margaret Pasqua	Treasurer & Chief Financial Officer
Kay Winzenried (to February 2017)	Tax and Sewer Collector
Diane Laudenbach (From February 2017 to August 2017)	Tax and Sewer Collector
Kris Boxwell (From August 2017)	Tax and Sewer Collector
Michelle Trivigno	Assessor
Gebhardt and Kiefer	Attorney
Maser Consulting	Engineer
Elizabeth McKenzie	Planner

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

TOWNSHIP OF HOLLAND
General Comments

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

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

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

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

Department of Public Works Equipment	Road Materials
Fuel Oil and Gasoline	Fireworks
Police Area Cleaning	Snow and Ice Control Materials
Lawn Mowing Services	Animal Control Services
Riegel Ridge Community Center Renovations	Riegel Ridge Community Center Point of Sale System

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

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

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

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

TOWNSHIP OF HOLLAND
General Comments

Collection of Interest on Delinquent Taxes and Assessments

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

On January 3, 2017, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

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

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

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

Delinquent Taxes and Tax Title Liens

A tax sale was held in the year 2017 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>
2017	1
2016	1
2015	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
General Comments

Finding

2017-01 Receipts collected for the Animal Control Fund were not deposited timely.

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

Management's response (unaudited): Animal control personnel will ensure that receipts are delivered to the municipal building within 48 hours of collection and promptly deposited to the bank.

TOWNSHIP OF HOLLAND
Recommendations

It is recommended that:

- 1) 2017-01 Officials receiving funds for the Animal Control Fund should be advised of the statutory requirements that deposits are to be made within 48 hours of receipt and implement procedures to guarantee timeliness of deposits.

Status of Prior Year's Audit Findings/Recommendations

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

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

The foregoing conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our examination of the financial statements and this report of such conditions does not modify our report dated June 8, 2018.

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

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

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


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