

TOWNSHIP OF HOLLAND
COUNTY OF HUNTERDON
REPORT OF AUDIT
December 31, 2020



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

For the Year Ended December 31, 2020

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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, 2020 and 2019, 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, 2020, and the related Notes to the Financial Statements which collectively comprise the Municipality's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on

the effectiveness of the Municipality's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Municipality as of December 31, 2020 and 2019, 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, 2020 and 2019, and the results of operations and changes in fund balance for the years then ended and the related Statement of Revenues - Regulatory Basis, Statement of Expenditures - Regulatory Basis, except for the budgetary information, which was not audited, for the year ended December 31, 2020 in conformity with accounting principles and practices prescribed by the Division, as described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Municipality's basic financial statements. The supplementary schedules presented for the various funds, as listed in the Table of Contents, are presented for purposes of additional analysis as required by the Division and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of State Financial Assistance is presented for purposes of additional analysis as required by the Division through the State of New Jersey's OMB

Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* and is also not a required part of the financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 4, 2021 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Municipality's internal control over financial reporting and compliance.



BKC, CPAs, PC



William M. Colantano
Certified Public Accountant
Registered Municipal Accountant

August 4, 2021
Flemington, New Jersey

FINANCIAL STATEMENTS - REGULATORY BASIS

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

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
Assets			
Regular fund			
Cash			
Treasurer	A-4	\$ 10,378,586	\$ 9,809,183
Tax collector	A-6	169,470	332,544
Change funds	A-8	550	550
		<u>10,548,606</u>	<u>10,142,277</u>
Delinquent property taxes receivable	A-9	231,719	233,060
Tax title liens receivable	A-10	101,749	98,431
Property acquired for taxes - assessed valuation	A-11	5,700	5,700
Revenue accounts receivable	A-12	538	913
Due from federal and state grant fund	A-13	100,000	100,000
Due from other trust funds	A-15	-	288
		<u>439,706</u>	<u>438,392</u>
Total regular fund		<u>10,988,312</u>	<u>10,580,669</u>
Federal and state grant fund			
Cash	A-4	15,612	31,949
Grants receivable	A-18	297,079	300,079
Total federal and state grant fund		<u>312,691</u>	<u>332,028</u>
Total assets		<u>\$ 11,301,003</u>	<u>\$ 10,912,697</u>

See accompanying notes to the financial statements.

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

	Ref.	2020	2019
Liabilities, reserves and fund balance			
Regular fund			
Appropriation reserves	A-3;A-19	\$ 892,112	\$ 515,822
Reserve for encumbrances	A-20	31,254	21,747
Due to State of NJ Veteran's & Senior			
Citizen's deductions	A-21	2,763	1,737
Prepaid taxes	A-22	119,097	94,717
Tax overpayments	A-23	12,232	9,599
Local school tax payable	A-24	4,834,568	4,600,650
Regional high school taxes payable	A-25	2,067,727	1,679,623
County tax payable	A-26	5,239	32,387
Due to outside agencies	A-27	275	275
Due to outside lienholders	A-28	972	972
Due to other trust funds	A-15	53,800	-
Reserve for first aid squad	A-29	23,305	23,305
Reserve for veterans day celebration	A-30	200	200
		<u>8,043,544</u>	<u>6,981,034</u>
Reserve for receivables	A	439,706	438,392
Fund balance	A-1	2,505,062	3,161,243
Total regular fund		<u>10,988,312</u>	<u>10,580,669</u>
Federal and state grant fund			
Due to regular fund	A-32	100,000	100,000
Appropriated reserves for grants	A-33	201,020	218,351
Reserve for encumbrances	A-34	11,671	13,677
Total federal and state grant fund		<u>312,691</u>	<u>332,028</u>
Total liabilities, reserves and fund balance		<u>\$ 11,301,003</u>	<u>\$ 10,912,697</u>

See accompanying notes to the financial statements.

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

	Ref.	2020	2019
Revenues and other income realized			
Fund balance utilized	A-2	\$ 800,000	\$ 725,000
Miscellaneous revenue anticipated	A-2	3,030,729	3,620,436
Receipts from delinquent taxes	A-2	232,558	245,988
Receipts from current taxes	A-2	17,786,188	17,106,003
Non-budget revenue	A-2	108,086	89,484
Other credits to income			
Interfund returns - net	A-2	288	-
Proceeds from the sale of foreclosed property		-	98,626
Unexpended balance of appropriation reserves	A-19	432,014	307,813
Tax overpayments canceled	A-23	75	1,559
Total income		<u>22,389,938</u>	<u>22,194,909</u>
Expenditures			
Budget and emergency appropriations			
Operations			
Salaries and wages	A-3	2,019,700	1,960,600
Other expenses	A-3	2,263,528	2,346,347
Capital improvements	A-3	500,000	500,000
Deferred charges & statutory expenditures	A-3	422,373	417,200
Local district school taxes	A-24	9,669,135	9,201,300
Regional high school taxes	A-25	4,753,424	4,183,203
County taxes	A-26	2,612,221	2,556,301
County share of added taxes	A-26	5,238	32,387
Other debits to income			
Interfund advances - net		-	93,707
Prior year refunds - taxes collected in prior year		-	1,045
Prior year senior citizen deduction disallowed	A-21	500	1,500
Total expenditures		<u>22,246,119</u>	<u>21,293,590</u>

See accompanying notes to the financial statements.

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

	Ref.	2020	2019
Regulatory excess to fund balance		\$ 143,819	\$ 901,319
Balance January 1,	A	3,161,243	2,984,924
		3,305,062	3,886,243
Decreased by			
Utilized as anticipated revenue	A-2	800,000	725,000
Balance December 31,	A	\$ 2,505,062	\$ 3,161,243

See accompanying notes to the financial statements.

TOWNSHIP OF HOLLAND
Statement of Revenues - Regulatory Basis
Current Fund
For the Year Ended December 31, 2020

	Ref.	Unaudited Anticipated		Realized	Excess or Deficit
		Budget	NJS 40:4-87		
Fund balance anticipated	A-1	\$ 800,000	\$ -	\$ 800,000	\$ -
Miscellaneous revenues					
Licenses					
Alcoholic beverage	A-12	5,000	-	5,376	376
Fines and costs					
Municipal court	A-12	9,000	-	7,847	(1,153)
Interest on investments and deposits	A-2	113,498	-	65,495	(48,003)
Interest & cost on taxes	A-6	50,000	-	57,863	7,863
Swimming pool fees	A-12	101,000	-	54,710	(46,290)
Riegel Ridge Community Center fees	A-12	380,000	-	92,122	(287,878)
Snack bar fees	A-12	17,000	-	16,453	(547)
Energy receipts tax	A-12	2,689,482	-	2,689,482	-
Garden state trust fund	A-12	33,093	-	21,453	(11,640)
Recycling tonnage grant	A-18	2,239	-	2,239	-
Clean communities grant	A-18	-	16,601	16,601	-
Body armor	A-18	1,088	-	1,088	-
Total miscellaneous revenues	A-1	3,401,400	16,601	3,030,729	(387,272)
Receipts from delinquent taxes	A-1;A-2	210,000	-	232,558	22,558
Property tax for support of municipal budget appropriations					
Local tax for municipal purposes	A-2	1,193,600	-	1,368,159	174,559
Budget totals		5,605,000	16,601	5,431,446	\$ (190,155)
Nonbudget revenues	A-1;A-2	-	-	108,086	
		<u>\$ 5,605,000</u>	<u>\$ 16,601</u>	<u>\$ 5,539,532</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, 2020

	<u>Ref.</u>			
Analysis of realized revenues				
Allocation of current tax collections				
Tax collections	A-1;A-9			\$ 17,786,188
Allocated to				
Local district school taxes	A-9			9,669,135
Regional high school taxes	A-9			4,547,435
County taxes	A-9			2,617,459
				<u>16,834,029</u>
Balance for support of municipal budget appropriations				952,159
Add: appropriation - reserve for uncollected taxes	A-3			<u>416,000</u>
Realized for support of municipal budget	A-2			<u>\$ 1,368,159</u>
Analysis of delinquent tax collections				
Receipts from delinquent tax collections	A-9			\$ 227,443
Receipts from tax title lien collections	A-10			<u>5,115</u>
	A-2			<u>\$ 232,558</u>
Interest on investments				
Treasurer	A-4			\$ 47,284
Tax collector	A-6			14,044
Other trust fund	A-15			4,167
	A-2			<u>\$ 65,495</u>
	<u>Ref.</u>	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>Increase (Decrease)</u>
Interfund advances and return analysis				
Due from federal and state grant fund	A-13	\$ 100,000	\$ 100,000	\$ -
Due from escrow funds	A-15	<u>-</u>	<u>288</u>	<u>(288)</u>
		<u>\$ 100,000</u>	<u>\$ 100,288</u>	<u>\$ (288)</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, 2020

	<u>Ref.</u>	
Analysis of realized revenues (continued)		
Analysis of nonbudget revenue		
Treasurer		
Cell tower rent	\$	14,600
Planning board fees		4,000
Cable TV franchise fee		20,566
Veteran's & Seniors Citizen's - administrative fees		1,092
Homestead rebate processing fee		150
Clerk - other licenses		25
Perc testing fees		7,750
Registrar fees		3,747
Zoning fees and permits		12,000
Food handling licenses		2,675
Holland book sales		35
Sale of equipment		21,248
Road opening and driveway permits		975
Dumpster tickets		8,300
Recycling sales		1,552
Tire disposal		1,582
Police fees		2,831
Riegel Ridge Rams reimbursements		3,004
Miscellaneous other		<u>1,909</u>
	A-4	\$ 108,041
Tax collector		
Duplicate tax bills	A-6	<u>45</u>
	A-2	<u><u>\$ 108,086</u></u>

See accompanying notes to the financial statements.

TOWNSHIP OF HOLLAND
Statement of Expenditures - Regulatory Basis
Current Fund
For the Year Ended December 31, 2020

	Unaudited					
	Appropriations		Expended by		Balance Canceled	Over- Expended
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operations within CAPS						
General government						
Mayor and committee						
Salaries and wages	\$ 20,000	\$ 20,000	\$ 20,000	\$ -	\$ -	\$ -
Other expenses	46,000	46,000	31,321	14,679	-	-
Municipal clerk						
Salaries and wages	116,000	116,000	108,977	7,023	-	-
Other expenses	35,000	35,000	18,435	16,565	-	-
Financial administration						
Salaries and wages	35,000	35,000	25,266	9,734	-	-
Other expenses	60,000	60,000	54,535	5,465	-	-
Audit services	25,000	22,500	22,500	-	-	-
IT other expenses	25,000	27,000	23,240	3,760	-	-
Assessment of taxes						
Salaries and wages	42,000	42,000	41,475	525	-	-
Other expenses	3,300	3,300	1,316	1,984	-	-
Collection of taxes						
Salaries and wages	26,000	26,000	22,775	3,225	-	-
Other expenses	9,000	9,000	8,822	178	-	-
Legal services and costs						
Other expenses	80,000	52,000	44,714	7,286	-	-
Engineering services & costs						
Other expenses	35,000	39,500	31,228	8,272	-	-
Municipal court						
Salaries and wages	20,000	20,000	18,716	1,284	-	-
Other expenses	24,000	24,000	12,650	11,350	-	-
Municipal prosecutor						
Salaries and wages	7,000	7,000	6,242	758	-	-
Public buildings and grounds						
Salaries and wages	40,000	31,000	21,974	9,026	-	-
Other expenses	206,400	233,400	222,227	11,173	-	-
Land use administration						
Planning board						
Salaries and wages	25,000	24,250	23,800	450	-	-
Other expenses	36,000	36,000	8,529	27,471	-	-

See accompanying notes to the financial statements.

TOWNSHIP OF HOLLAND
Statement of Expenditures - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2020

	Unaudited		Expended by		Balance Canceled	Over- Expended
	Appropriations		Paid or Charged	Reserved		
	Budget	After Modification				
Operations within CAPS (cont'd)						
General government (cont'd)						
Land use administration (cont'd)						
Zoning Board of Adjustment						
Salaries and wages	\$ 12,000	\$ 12,750	\$ 12,500	\$ 250	\$ -	\$ -
Other expenses	9,000	12,000	11,006	994	-	-
Zoning officer						
Salaries and wages	14,000	14,000	13,000	1,000	-	-
Other expenses	1,000	1,000	990	10	-	-
Public safety						
Fire						
Other expenses	23,000	23,000	20,870	2,130	-	-
Aid to volunteer fire companies	70,000	70,000	70,000	-	-	-
Police						
Salaries and wages	725,000	725,000	643,442	81,558	-	-
Other expenses	70,000	70,000	67,773	2,227	-	-
First aid organization contribution	70,000	70,000	70,000	-	-	-
Office of Emergency Management						
Salaries and wages	7,000	7,000	6,647	353	-	-
Other expenses	10,000	10,000	9,446	554	-	-
Public defender						
Salaries and wages	1,500	1,500	1,500	-	-	-
Public works						
Road repairs and maintenance						
Salaries and wages	490,000	490,000	390,316	99,684	-	-
Other expenses	210,000	210,000	139,606	70,394	-	-
Snow removal						
Other expenses	65,000	65,000	15,739	49,261	-	-
Recycling						
Salaries and wages	25,000	25,000	9,441	15,559	-	-
Other expenses	6,000	9,000	8,640	360	-	-

See accompanying notes to the financial statements.

TOWNSHIP OF HOLLAND
Statement of Expenditures - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2020

	Unaudited		Expended by			
	Appropriations				Balance Canceled	Over- Expended
	Budget	After Modification	Paid or Charged	Reserved		
Operations within CAPS (cont'd)						
General government (cont'd)						
Health and welfare						
Board of Health						
Salaries and wages	\$ 1,500	\$ 1,500	\$ 1,364	\$ 136	\$ -	\$ -
Other expenses	2,500	2,500	1,326	1,174	-	-
Environmental health services						
Other expenses	5,000	5,000	2,800	2,200	-	-
Animal control						
Other expenses	20,000	20,000	20,000	-	-	-
Parks and recreation						
Recreation committee						
Salaries and wages	1,500	1,500	540	960	-	-
Other expenses	10,000	10,000	3,880	6,120	-	-
Riegel Ridge Community Center						
Salaries and wages	330,000	330,000	166,614	163,386	-	-
Other expenses	160,000	160,000	81,600	78,400	-	-
Swimming pool						
Salaries and wages	80,000	80,000	67,636	12,364	-	-
Other expenses	30,000	30,000	28,726	1,274	-	-
Snack bar						
Salaries and wages	8,000	8,000	6,062	1,938	-	-
Other expenses	15,000	15,000	9,431	5,569	-	-
Historical preservation commission						
Salaries and wages	1,100	1,100	-	1,100	-	-
Other expenses	7,000	7,000	6,208	792	-	-
Agricultural advisory commission						
Salaries and wages	1,100	1,100	180	920	-	-
Other expenses	11,400	11,400	8,835	2,565	-	-
Insurance						
Worker's Compensation	60,000	60,000	58,160	1,840	-	-
Employee group health	385,000	385,000	361,681	23,319	-	-
Other insurance premiums	130,000	130,000	122,607	7,393	-	-

See accompanying notes to the financial statements.

TOWNSHIP OF HOLLAND
Statement of Expenditures - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2020

	Unaudited		Expended by			
	Appropriations		Paid or Charged	Reserved	Balance Canceled	Over- Expended
	Budget	Budget After Modification				
Operations within CAPS (cont'd)						
Unclassified						
Electricity	\$ 90,000	\$ 90,000	\$ 68,347	\$ 21,653	\$ -	\$ -
Street lighting	20,000	20,000	15,928	4,072	-	-
Telephone	30,000	30,000	27,475	2,525	-	-
Fuel oil	10,000	10,000	3,855	6,145	-	-
Gasoline & diesel fuel	50,000	50,000	16,972	33,028	-	-
Natural gas	20,000	20,000	13,310	6,690	-	-
Trash removal dumpster	30,000	30,000	24,287	5,713	-	-
Total operations within CAPS	<u>4,233,300</u>	<u>4,233,300</u>	<u>3,377,482</u>	<u>855,818</u>	<u>-</u>	<u>-</u>
Contingent	-	-	-	-	-	-
Total operations including contingent within CAPS	<u>4,233,300</u>	<u>4,233,300</u>	<u>3,377,482</u>	<u>855,818</u>	<u>-</u>	<u>-</u>
Detail						
Salaries and wages	2,028,700	2,019,700	1,608,467	411,233	-	-
Other expenses (including contingent)	<u>2,204,600</u>	<u>2,213,600</u>	<u>1,769,015</u>	<u>444,585</u>	<u>-</u>	<u>-</u>
Deferred charges and statutory expenditures						
Statutory expenditures						
Contribution to						
Public employees						
retirement system	103,500	103,500	103,372	128	-	-
Social Security						
system (OASI)	150,000	150,000	119,835	30,165	-	-
Police and Firemen's						
retirement system	152,423	152,423	152,423	-	-	-
Defined contribution						
retirement program	5,950	5,950	3,619	2,331	-	-
State unemployment						
compensation	<u>10,500</u>	<u>10,500</u>	<u>6,830</u>	<u>3,670</u>	<u>-</u>	<u>-</u>
Total deferred charges and statutory expenditures - Municipal within CAPS	<u>422,373</u>	<u>422,373</u>	<u>386,079</u>	<u>36,294</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, 2020

	Unaudited Appropriations		Expended by			
	Budget		Paid or Charged	Reserved	Balance Canceled	Over- Expended
	Budget	After Modification				
Total general appropriations for municipal purposes within CAPS	\$ 4,655,673	\$ 4,655,673	\$ 3,763,561	\$ 892,112	\$ -	\$ -
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	2,239	2,239	2,239	-	-	-
Clean communities						
Other expenses	-	16,601	16,601	-	-	-
NJ Body Armor						
Other expenses	1,088	1,088	1,088	-	-	-
Total operations excluded from CAPS	33,327	49,928	49,928	-	-	-
Detail						
Other expenses	33,327	49,928	49,928	-	-	-

See accompanying notes to the financial statements.

TOWNSHIP OF HOLLAND
Statement of Expenditures - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2020

	Unaudited					
	Appropriations		Expended by		Balance Canceled	Over- Expended
	Budget	Budget After Modification	Paid or Charged	Reserved		
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	60,000	60,000	60,000	-	-	-
Fire equipment	50,000	50,000	50,000			
Purchase of ambulance	15,000	15,000	15,000	-	-	-
Purchase of DPW equipment	125,000	125,000	125,000	-	-	-
RRCC Equipment	50,000	50,000	50,000	-	-	-
Total capital improvements excluded from CAPS	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general appropriation, for municipal purposes excluded from CAPS	<u>533,327</u>	<u>549,928</u>	<u>549,928</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal general appropriations	5,189,000	5,205,601	4,313,489	892,112	-	-
Reserve for uncollected taxes	<u>416,000</u>	<u>416,000</u>	<u>416,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general appropriations	<u>\$ 5,605,000</u>	<u>\$ 5,621,601</u>	<u>\$ 4,729,489</u>	<u>\$ 892,112</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Ref.</u>	A-3	A-3	A-1;A-3	A;A-1		

See accompanying notes to the financial statements.

TOWNSHIP OF HOLLAND
Statement of Expenditures - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2020

	Ref.	Paid or Charged
Paid or charged		
Cash disbursed	A-4	\$ 1,836,901
Due to payroll account	A-16	1,938,459
Due to animal control fund	A-17	20,000
Reserve for encumbrances	A-20	30,979
Reserve for uncollected taxes	A-2	416,000
Due to general capital fund	A-14	500,000
Appropriated reserve for grants	A-33	19,928
		4,762,267
Less		
Appropriation refunds	A-4	32,778
	A-3	\$ 4,729,489
Appropriations		
Budget	A-2	\$ 5,605,000
Added by N.J.S.A. 40A:4-87	A-2	16,601
	A-3	\$ 5,621,601

See accompanying notes to the financial statements.

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

	Ref.	2020	2019
Assets			
Animal control fund			
Cash	B-1	\$ 6,128	\$ 2,957
Other trust funds			
Cash - Treasurer	B-1	627,629	559,747
Loans receivable	B-8	262,949	287,929
Due from current fund	B-6	53,800	-
		<u>944,378</u>	<u>847,676</u>
Total assets		<u><u>\$ 950,506</u></u>	<u><u>\$ 850,633</u></u>
Liabilities and reserves			
Animal control fund			
Reserve for animal control fund expenditures	B-3	\$ 6,061	\$ 2,891
Due to State of New Jersey	B-5	67	66
		<u>6,128</u>	<u>2,957</u>
Other trust funds			
Due to current fund	B-6	-	288
Reserve for encumbrances	B-7	-	1,403
Reserve for escrow funds	B-9	209,742	219,783
Reserve for small cities revolving loan	B-10	463,989	439,620
Reserve for recreation and community services	B-11	572	46
Reserve for development fees	B-12	32,666	15,040
Reserve for tax sale premiums	B-13	61,500	12,000
Reserve for snow removal	B-14	88,000	70,900
Reserve for payroll account	B-15	100	899
Reserve for future legal expenses	B-16	15,133	15,112
Reserve for performance bond	B-17	72,668	72,577
Reserve for POAA	B-18	8	8
		<u>944,378</u>	<u>847,676</u>
Total liabilities and reserves		<u><u>\$ 950,506</u></u>	<u><u>\$ 850,633</u></u>

See accompanying notes to the financial statements.

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

	Ref.	2020	2019
Assets			
Cash	C-2	\$ 2,769,554	\$ 2,381,018
Total assets		\$ 2,769,554	\$ 2,381,018
Liabilities, reserves and fund balance			
Improvement authorizations funded	C-7	\$ 1,263,152	\$ 904,997
Reserve for encumbrances	C-8	390,159	164,778
Capital improvement fund	C-9	929,442	929,442
Reserve for capital projects	C-10	168,833	103,833
Fund balance	C-1	17,968	277,968
Total liabilities, reserves and fund balance		\$ 2,769,554	\$ 2,381,018

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>2020</u>	<u>2019</u>
Balance - January 1	C	\$ 277,968	\$ 327,968
Increased by			
Improvement authorization balances canceled	C-7	<u>250,000</u>	<u>-</u>
		527,968	327,968
Decreased by			
Appropriated to finance improvement authorizations	C-7	<u>510,000</u>	<u>50,000</u>
Balance - December 31	C	<u>\$ 17,968</u>	<u>\$ 277,968</u>

See accompanying notes to the financial statements.

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

	Ref.	2020	2019
Assets			
Operating fund			
Cash			
Treasurer	D-5	\$ 247,025	\$ 247,485
Collector	D-7	26,041	11,583
		273,066	259,068
Receivables with full reserves			
Consumer accounts receivable	D-10	35,331	39,676
Total operating fund		308,397	298,744
Capital fund			
Cash	D-5	172,541	134,541
Fixed capital	D-12	1,314,238	1,314,238
Fixed capital authorized and uncompleted	D-13	150,000	90,000
Total capital fund		1,636,779	1,538,779
Total assets		\$ 1,945,176	\$ 1,837,523

See accompanying notes to the financial statements.

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

	Ref.	2020	2019
Liabilities, reserves and fund balance			
Operating fund			
Liabilities			
Appropriation reserves	D-4;D-14	\$ 82,481	\$ 86,766
Reserve for encumbrances	D-15	-	366
Sewer rent overpayments	D-16	754	1,134
Prepaid sewer rents	D-17	4,388	3,643
Accrued interest on notes	D-18	-	444
		<u>87,623</u>	<u>92,353</u>
Reserve for receivables	D	35,331	39,676
Fund balance	D-1	185,443	166,715
Total operating fund		<u>308,397</u>	<u>298,744</u>
Capital fund			
Bond anticipation note payable	D-24	-	100,000
Improvement authorizations	D-20	95,264	35,264
Capital improvement fund	D-21	1,545	23,545
Reserve for amortization	D-22	1,389,826	1,289,826
Deferred reserve for amortization	D-23	150,000	90,000
Capital fund balance	D-2	144	144
Total capital fund		<u>1,636,779</u>	<u>1,538,779</u>
Total liabilities, reserves and fund balance		<u>\$ 1,945,176</u>	<u>\$ 1,837,523</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,

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
Revenues and other income realized			
Fund balance utilized	D-3	\$ 70,000	\$ 50,000
Sewer service charges	D-3	545,802	555,396
Miscellaneous	D-3	5,116	9,680
Other credits to income			
Unexpended balance of appropriation reserves	D-14	77,360	67,206
Overpaid sewer accounts receivable balances canceled		-	14
Total income		<u>698,278</u>	<u>682,296</u>
Expenditures			
Operating expenses	D-4	468,500	481,500
Capital improvements	D-4	38,000	10,000
Debt service	D-4	101,550	104,596
Deferred charges & statutory expenditures	D-4	1,500	1,500
Total expenditures		<u>609,550</u>	<u>597,596</u>
Statutory excess to fund balance		88,728	84,700
Fund balance			
Balance January 1,	D	<u>166,715</u>	<u>132,015</u>
		255,443	216,715
Decreased by			
Utilized as anticipated revenue	D-3	<u>70,000</u>	<u>50,000</u>
Balance December 31,	D	<u>\$ 185,443</u>	<u>\$ 166,715</u>

See accompanying notes to the financial statements.

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

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
Balance - January 1	D	<u>\$ 144</u>	<u>\$ 144</u>
Balance - December 31	D	<u><u>\$ 144</u></u>	<u><u>\$ 144</u></u>

See accompanying notes to the financial statements.

TOWNSHIP OF HOLLAND
Statement of Revenues - Regulatory Basis
Sewer Utility Fund
For the Year Ended December 31, 2020

	Ref.	Unaudited Anticipated		Realized	Excess or Deficit
		Budget	N.J.S.A. 40:4-87		
Fund balance anticipated	D-1	\$ 70,000	\$ -	\$ 70,000	\$ -
Sewer service charges	D-1;D-10	545,000	-	545,802	802
		<u>615,000</u>	<u>-</u>	<u>615,802</u>	<u>802</u>
Non-budget revenue	D-1;D-3	-	-	5,116	5,116
		<u>\$ 615,000</u>	<u>\$ -</u>	<u>\$ 620,918</u>	<u>\$ 5,918</u>
	<u>Ref.</u>	D-4			
Analysis of non-budget revenue					
Interest on deposits	D-3		\$ 2,339		
Interest and costs on payments	D-7		<u>2,777</u>		
	D-3		<u>\$ 5,116</u>		
Interest on deposits					
Sewer operating	D-5		\$ 1,002		
Collector	D-7		514		
Sewer capital	D-11		<u>823</u>		
	D-3		<u>\$ 2,339</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, 2020

	Unaudited		Expended by		Balance Canceled	Over- Expended
	Appropriations		Paid or Charged	Reserved		
	Budget	Budget After Modification				
Operating						
Salaries and wages	\$ 5,000	\$ 5,000	\$ 4,245	\$ 755	\$ -	\$ -
Other expenses	25,500	25,500	8,797	16,703	-	-
Contribution to Milford sewer	438,000	438,000	374,152	63,848	-	-
Capital improvements						
Capital improvement fund	38,000	38,000	38,000	-	-	-
Debt service						
Payment on bond anticipation notes	100,000	100,000	100,000	-	-	-
Interest on notes	7,000	7,000	1,550	-	5,450	-
Statutory expenditures						
Contribution to Social Security system	1,500	1,500	325	1,175	-	-
	<u>\$615,000</u>	<u>\$ 615,000</u>	<u>\$527,069</u>	<u>\$ 82,481</u>	<u>\$5,450</u>	<u>\$ -</u>

<u>Ref.</u>	D-3	D-3	D-1; Below	D; D-1
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Analysis of Paid or Charged

Disbursements	D-5	\$482,949
Due from payroll account	D-9	4,570
Accrued interest on notes	D-18	1,550
Due to sewer capital fund	D-11	38,000
	D-4	<u>\$527,069</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>2020</u>	<u>2019</u>
General fixed assets		
Land	\$ 2,439,700	\$ 2,439,700
Construction in progress	306,528	192,221
Building and building improvements	7,368,020	7,265,921
Machinery and equipment	<u>5,321,478</u>	<u>5,290,905</u>
Investment in general fixed assets	<u>\$ 15,435,726</u>	<u>\$ 15,188,747</u>

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 1 - Summary of significant accounting policies

Description of reporting entity

The Township of Holland (the Municipality) is located in the County of Hunterdon, State of New Jersey, which was founded by an Act of the New Jersey Legislature in 1879. The Municipality is governed by a five-member committee, which includes a Mayor.

Component unit

Except as noted below, the Financial Statements - Regulatory Basis of 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 no component units of the Municipality as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement Numbers 39, 61 and 80.

Description of funds and account group

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

Current Fund - resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

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

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

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

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 1 - Summary of significant accounting policies (continued)

Description of funds and account group (continued)

Account Groups

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

Basis of accounting

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

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

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

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

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

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

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

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

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 and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. 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 relating to permanent debt issued are shown as funded. Other deferred charges are shown as unfunded.

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

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. The Municipality defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of 5 years.

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. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

No depreciation has been provided for in the financial statements.

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

Compensated absences - are granted to employees for varying amounts of sick and vacation leave in accordance with the Municipality's personnel policy and bargaining agreements, which permits employees to accumulate unused leave and carry forward the amount to subsequent years. Upon retirement, employees shall be paid by the Municipality for the unused leave.

The liability for compensated absences has not been accrued. Expenditures are recognized as the payments are made.

Departures from generally accepted accounting principles

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

1. Revenues - GAAP records taxes, utility charges and other revenues as income when levied and there is no reserve for receivables for unpaid balances.
2. Expenditures - GAAP records expenditures when incurred and does not reflect appropriation reserve balances or deferred charges to future taxation.
3. Foreclosed property - GAAP records the value of foreclosed property at the lower of cost or fair market value and would be recorded in the general fixed asset account group.

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 1 - Summary of significant accounting policies (continued)

Departures from generally accepted accounting principles (continued)

4. Interfunds - GAAP does not require offsetting reserves for interfund receivables and resulting revenue recognition when interfunds are liquidated.
5. Inventories - GAAP requires inventories to be reported on the balance sheet at year-end.
6. Fixed assets - GAAP does not require the establishment of a reserve for amortization for utility fixed assets but does require the recording of depreciation as an operating expense of the utility.
7. Grant accounting - GAAP requires that grants be recorded within a special revenue fund and revenues are not to be realized until earned.
8. Capital Funds - GAAP requires separate funds for recording capital projects and payment of debt service. New Jersey requires records these transactions within one fund.
9. Compensated absence liabilities for sick and vacation pay and for contributions to state administered pension plans are not recorded until paid.
10. Losses arising from tax appeals and other contingencies are not recorded until paid.
11. Financial Reporting Model - These statements are not presented on the requirements as promulgated by the following GASB Statements which made a dramatic change to the financial reporting requirements of State and Local governments as it relates to reporting for GAAP purposes:

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

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

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

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

GASB Statement No. 87, *Leases* - Information regarding leases are disclosed rather than reported.

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

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 2 - Deposits and investments

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

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

The cash management plan adopted by the Municipality requires it to deposit funds in public depositories protected from loss under provisions of the act.

Custodial credit risk - deposits

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

As of December 31, 2020 and 2019, the Municipality's bank balances of \$14,480,998 and \$13,537,488, respectively, were exposed to custodial credit risk as follows:

	<u>2020</u>	<u>2019</u>
Insured by the FDIC	\$ 250,000	\$ 250,000
Deposits with New Jersey Cash Management Fund	75,895	75,491
Uninsured and collateralized with securities held by pledging financial institutions	<u>14,155,103</u>	<u>13,211,997</u>
Total	<u>\$ 14,480,998</u>	<u>\$ 13,537,488</u>

Concentration of credit risk

The State of New Jersey does not place any limit on the amount that the Municipality may invest with one issuer. As of December 31, 2020, and 2019, the Municipality's funds were invested in the New Jersey Cash Management Fund.

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 3 - Tax assessments and property taxes

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

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

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

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

Note 4 - Long-term debt

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

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

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

	2020	2019
Issued		
Sewer utility bond anticipation notes	\$ -	\$ 100,000
Net bonds and notes issued and authorized but not issued	\$ -	\$ 100,000

Summary of statutory debt condition - annual debt statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .000%.

Net debt \$- divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended, \$685,788,505 equals .000%.

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

3 ½ % of equalized valuation basis (municipal)	\$ 24,002,598
Net debt	-
Remaining borrowing power	\$ 24,002,598

Changes in long-term debt

During the years ended December 31, 2020 and 2019, the following changes occurred in long-term debt.

	Balance 01/01/20	Additions	Reductions	Balance 12/31/20
Issued				
Sewer utility bond anticipation notes	\$ 100,000	\$ -	\$ 100,000	\$ -
Total	\$ 100,000	\$ -	\$ 100,000	\$ -

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

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 5 - Short-term debt - bond anticipation notes

The Municipality had outstanding bond anticipation notes on December 31, 2019 in the amount of \$100,000 and no outstanding bond anticipation notes on December 31, 2020. The note for December 31, 2019 had a term of October 10, 2019 to October 9, 2020 with an interest rate of 2.00% payable at maturity. Principal and interest on the note were 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 12/31/20	Balance 12/31/19	Balance 12/31/20	Balance 12/31/19
Balance of tax	\$ 4,834,568	\$ 4,600,650	\$ 2,273,716	\$ 2,091,601
Deferred	-	-	205,989	411,978
Tax payable (prepaid)	\$ 4,834,568	\$ 4,600,650	\$ 2,067,727	\$ 1,679,623

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 12/31/20	Balance 12/31/19
Prepaid taxes	\$ 119,097	\$ 94,717
Less: discount allowed	-	-
Cash liability for taxes collected in advance	\$ 119,097	\$ 94,717

Note 8 - Pensions

Employees, who are eligible for a pension plan, are enrolled in one of the following pension systems:

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

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 8 - Pensions (continued)

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

Public employee's retirement system

Plan description

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

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

The following represents the membership tiers for PERS:

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

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

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages for each group as of June 30, 2020, are based on the ratio of each employer's contributions to total employer contributions of the group for the State fiscal year ended June 30, 2020.

Contributions

The contribution policy for PERS is set by N.J.S.A 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for non-contributory group insurance benefits is based on actual claims paid. For State Fiscal Year 2020, the State's pension contribution was less than the actuarial determined amount.

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

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

The Municipality's contractually required contribution rate for the year ended December 31, 2020 and 2019 was 14.72% and 14.05%, respectively, of the Municipality's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

The Municipality contributed \$103,372 and \$103,134 for the year ending December 31, 2020 and 2019, respectively.

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 8 - Pensions (continued)

Public employee's retirement system (continued)

Collective net pension liability and actuarial information

The Municipality's proportionate share of the collective net pension liability for PERS as of December 31, 2020 and 2019 are as follows:

	2020	2019
Net pension liability	\$ 1,734,566	\$ 1,910,463
Proportionate share	0.0106366902%	0.0106027960%
 Plan fiduciary net position as a percentage of the total pension liability	 58.65%	 56.57%

Actuarial assumptions

The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

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

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 8 - Pensions (continued)

Public employee's retirement system (continued)

Collective net pension liability and actuarial information(continued)

Actuarial assumptions (continued)

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

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) 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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
U.S. equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk management strategies	3.00%	3.40%

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 8 - Pensions (continued)

Public employee's retirement system (continued)

Collective net pension liability and actuarial information(continued)

Long-term expected rate of return (continued)

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the Municipality's proportionate share of the collective net pension liability of as of December 31, 2020 and 2019 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Municipality's proportionate share of the net pension liability	<u>2020</u>
At current discount rate (7.00%)	\$ 1,734,566
At a 1% lower rate (6.00%)	2,200,699
At a 1% higher rate (8.00%)	1,364,252
 Municipality's proportionate share of the net pension liability	 <u>2019</u>
At current discount rate (6.28%)	\$ 1,910,463
At a 1% lower rate (5.28%)	2,430,013
At a 1% higher rate (7.28%)	1,497,158

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 8 - Pensions (continued)

Public employee's retirement system (continued)

Collective net pension liability and actuarial information (continued)

Collective deferred outflows of resources and deferred inflows of resources

At December 31, 2020 and 2019, the Municipality reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 31,584	\$ 6,134	\$ 34,290	\$ 8,440
Changes of assumptions	56,271	726,279	190,767	663,116
Net difference between projected and actual earnings on pension plan investments	59,289	-	-	30,157
Changes in proportion and differences between Municipality contributions and proportionate share of contributions	33,799	112,473	59,346	155,426
Total	<u>\$ 180,943</u>	<u>\$ 844,886</u>	<u>\$ 284,403</u>	<u>\$ 857,139</u>

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended December 31, 2020 and 2019:

<u>December 31, 2020</u>	<u>Beginning Balance</u>	<u>Net Change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 34,290	\$ (2,706)	\$ 31,584
Changes of assumptions	190,767	(134,496)	56,271
Differences between projected and actual investment earnings on pension plan investments	-	59,289	59,289
Deferred inflows of resources			
Differences between expected and actual experience	(8,440)	2,306	(6,134)
Changes of assumptions	(663,116)	(63,163)	(726,279)
Differences between projected and actual investment earnings on pension plan investments	(30,157)	30,157	-
Net changes in deferred outflows (inflows) of resources	<u>\$ (476,656)</u>	<u>\$ (108,613)</u>	<u>\$ (585,269)</u>

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 8 - Pensions (continued)

Public employee's retirement system (continued)

Collective net pension liability and actuarial information (continued)

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

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

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 occur in future periods for the year ending December 31, 2020 and 2019 as follows:

	<u>2020</u>		<u>2019</u>
2021	\$ (217,656)	2020	\$ (55,165)
2022	(198,436)	2021	(178,956)
2023	(113,401)	2022	(159,797)
2024	(45,858)	2023	(75,033)
2025	(9,918)	2024	(7,704)
Total	<u>\$ (585,269)</u>	Total	<u>\$ (476,655)</u>

Pension expense

The components of allocable pension expense, which exclude pension expense related to specific liabilities of individual employers, for the Municipality for the year ending December 31, 2020 and 2019 are as follows:

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

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

	2020	2019
Service cost	\$ 81,942	\$ 73,580
Interest on total pension liability	266,993	218,083
Benefit changes	(1,830)	-
Member contributions	(58,244)	(50,680)
Administrative expense	1,393	1,343
Expected investment return net of investment expense	(157,174)	(135,319)
Pension expense related to specific liabilities of individual employers	(730)	(634)
Recognition of deferred inflows/outflows of resources		
Amortization of expected versus actual experience	18,824	16,419
Amortization of assumption changes or inputs	(138,664)	(50,183)
Amortization of projected versus actual investment earnings on pension plan investments	28,936	15,964
Pension expense	<u>\$ 41,446</u>	<u>\$ 88,573</u>

Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established in 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15:c-1 et seq.) and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established maximum compensation limits; employees enrolled in PFRS after May 21, 2010, who earn salary in excess of established maximum compensation limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for Tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010, who do not work the minimum number of hours per week required for Tiers 4 or 5 enrollment, but who earn salary of at least \$5,000 annually. For the year ended December 31, 2020 and 2019, the Municipality contributed \$3,619 and \$5,004 respectively. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program website: www.prudential.com/njdcrp.

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

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 8 - Pensions (continued)

Police and fireman's retirement system

Plan description

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

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

The following represents the Membership Tiers for PFRS:

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

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

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

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

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

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

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

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

The Township's contractually required contribution rate for the year ended December 31, 2020 and 2019 was 30.75 % and 29.73%, respectively, of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

The Municipality contributions were \$152,423 and \$147,128 for the year ending December 31, 2020 and 2019, respectively.

Special funding situation

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

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 8 - Pensions (continued)

Police and fireman's retirement system (continued)

Special funding situation (continued)

During the fiscal year ended June 30, 2020, the State of New Jersey contributed \$21,923 to the PFRS for normal pension benefits on behalf of the Municipality, which is less than the contractually required contributions of \$32,288.

Collective net pension liability and actuarial information

The Municipality's proportionate share of the net pension liability for PFRS as of December 31, 2020 and 2019 are as follows:

	2020	2019
Municipality proportionate share of net pension liability	\$ 2,120,663	\$ 2,138,244
Less: State proportionate share of net pension liability	284,902	291,590
Net pension liability	\$ 1,835,761	\$ 1,846,654
Proportionate share	0.0142072262%	0.0150897315%
Plan fiduciary net position as a percentage of the total pension liability	63.52%	65.00%

Actuarial assumptions

The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

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

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 8 - Pensions (continued)

Police and fireman's retirement system (continued)

Actuarial assumptions (continued)

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For healthy annuitants, post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries, the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

Long-term expected rate of return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2020 are summarized in the following table:

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

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

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
U.S. equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging market equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 8 - Pensions (continued)

Police and fireman's retirement system (continued)

Collective net pension liability and actuarial information (continued)

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

The following presents the Municipality's proportionate share of the collective net pension liability of as of December 31, 2020 and 2019 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>2020</u>
At current discount rate (7.00%)	\$ 2,120,663
At a 1% lower rate (6.00%)	2,820,045
At a 1% higher rate (8.00%)	1,539,772
<u>Municipality's proportionate share of the net pension liability</u>	<u>2019</u>
At current discount rate (6.85%)	\$ 2,138,244
At a 1% lower rate (5.85%)	2,890,127
At a 1% higher rate (7.85%)	1,515,953

Collective deferred outflows of resources and deferred inflows of resources

At December 31, 2020 and 2019, the Municipality reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>2020</u>		<u>2019</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 18,508	\$ 6,588	\$ 15,588	\$ 11,692
Changes of assumptions	4,620	492,157	63,276	596,822
Net difference between projected and actual earnings on pension plan investments	107,639	-	-	25,022
Changes in proportion and differences between Municipality contributions and proportionate share of contributions	81,600	116,637	138,479	30,748
Total	<u>\$ 212,367</u>	<u>\$ 615,382</u>	<u>\$ 217,343</u>	<u>\$ 664,284</u>

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 9 - Pensions (continued)

Police and fireman's retirement system (continued)

Collective net pension liability and actuarial information (continued)

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

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended December 31, 2020 and 2019:

<u>December 31, 2020</u>	<u>Beginning Balance</u>	<u>Net Change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 15,588	\$ 2,920	\$ 18,508
Changes of assumptions	63,276	(58,656)	4,620
Differences between projected and actual investment earnings on pension plan investments	-	107,639	107,639
Deferred inflows of resources			
Differences between expected and actual experience	(11,692)	5,104	(6,588)
Changes of assumptions	(596,822)	104,665	(492,157)
Differences between projected and actual investment earnings on pension plan investments	(25,022)	25,022	-
Net changes in deferred outflows (inflows) of resources	<u>\$ (554,672)</u>	<u>\$ 186,694</u>	<u>\$ (367,978)</u>
<u>December 31, 2019</u>	<u>Beginning Balance</u>	<u>Net Change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 20,718	\$ (5,130)	\$ 15,588
Changes of assumptions	174,798	(111,522)	63,276
Deferred inflows of resources			
Difference between expected and actual experience	(8,427)	(3,265)	(11,692)
Changes of assumptions	(521,895)	(74,927)	(596,822)
Differences between projected and actual investment earnings on pension plan investments	(11,141)	(13,881)	(25,022)
Net changes in deferred outflows (inflows) of resources	<u>\$ (345,947)</u>	<u>\$ (208,725)</u>	<u>\$ (554,672)</u>

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 8 - Pensions (continued)

Police and fireman's retirement system (continued)

Collective net pension liability and actuarial information (continued)

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

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding employer specific amounts, deferrals from the Municipality's contributions subsequent to the measurement date, and deferrals from change on proportion) will be recognized in pension expense for the year ending December 31, 2020 and 2019 are as follows:

	<u>2020</u>		<u>2019</u>
2021	\$ (171,723)	2020	\$ (65,753)
2022	(115,892)	2021	(138,026)
2023	(47,180)	2022	(97,751)
2024	(17,823)	2023	(48,185)
2025	(15,360)	2024	(27,007)
Total	<u>\$ (367,978)</u>	Total	<u>\$ (376,722)</u>

The components of allocable pension expense, which exclude pension expense related to specific liabilities of individual employers, for the Municipality for the year ending December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Service cost	\$ 110,764	\$ 126,841
Interest on total pension liability	390,169	399,641
Member contributions	(51,352)	(54,133)
Administrative expense	1,552	850
Expected investment return net of investment expense	(244,740)	(253,059)
Pension expense related to specific liabilities of individual employers	(997)	(1,226)
Recognition of deferred inflows/outflows of resources		
Amortization of assumption changes or inputs	2,241	(60,176)
Amortization of expected versus actual experience	(125,989)	(1,758)
Amortization of projected versus actual investment earnings on pension plan investments	52,213	41,878
Less: state proportionate share of employer expense	(32,288)	(33,880)
Pension expense	<u>\$ 101,573</u>	<u>\$ 164,978</u>

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 9 - Postretirement benefits

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

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

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

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

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

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 9 - Postretirement benefits (continued)

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

The Municipality's contributions to the SHBP for retirees' postretirement benefits for the years ended December 31, 2019 and 2018 were \$20,159 and \$8,427, which equaled the required benefit contribution for each year.

Allocation methodology

GASB Statement No 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ration of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2018 through June 30, 2019. Employer and non-employer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and non-employer may result in immaterial differences.

Components of net OPEB liability

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

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

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

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 9 - Postretirement benefits (continued)

Components of net OPEB liability (continued)

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

Mortality:

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

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

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

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

Healthcare trend assumptions

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

Discount rate

The discount rate for June 30, 2019 and 2018 was 3.50% and 3.87%, respectively. This represents the municipal bond return rate as chosen by the state. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of net OPEB liability to changes in the discount rate

The following presents the collective net OPEB liability of the participating employers as of December 31, 2019 and 2018, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 9 - Postretirement benefits (continued)

Sensitivity of net OPEB liability to changes in the discount rate

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

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

The following presents the collective net OPEB liability of the participating employers as of December 31, 2019 and 2018, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

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

Collective deferred outflows of resources and deferred inflows of resources

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

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

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 9 - Postretirement benefits (continued)

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

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

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

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 9 - Postretirement benefits (continued)

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

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

Year ending December 31, 2018,

2020	\$ (141,857)
2021	(141,857)
2022	(141,857)
2023	(141,975)
2024	(142,165)
Thereafter	(256,373)
Total	\$ (966,084)

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

Changes in proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 8.14 years for the 2018 amounts and 8.05 years for 2019.

OPEB (benefit) expense

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

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

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 10 - Compensated absences

The Municipality has permitted certain employees to accrue unused sick pay which may be taken off as time or paid at a later date at an agreed upon rate. At December 31, 2020 and 2019, the Municipality's liability is approximately \$52,162 and \$28,511, respectively.

Note 11 - Fixed assets

The following schedule is a summarization of the changes in general fixed assets for the years ended December 31, 2020 and 2019:

	Balance 12/31/19	Additions	Deletions	Balance 12/31/20
Land	\$ 2,439,700	\$ -	\$ -	\$ 2,439,700
Building & building improvements	7,265,921	102,099	-	7,368,020
Furniture, machinery & equipment	5,290,905	177,016	146,443	5,321,478
Construction in progress	192,221	114,307	-	306,528
Total	<u>\$ 15,188,747</u>	<u>\$ 393,422</u>	<u>\$ 146,443</u>	<u>\$ 15,435,726</u>

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

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 12 - Interfunds receivable and payable

The following interfund balances remained on the various balance sheets of the Municipality as of December 31, 2020 and 2019:

December 31, 2020	Interfund Receivable	Interfund Payable
Current fund		
Federal and state grant fund	\$ 100,000	\$ -
Other trust funds	-	53,800
Federal and state grant fund		
Current fund	-	100,000
Other trust funds		
Current fund	53,800	-
	<u>\$ 153,800</u>	<u>\$ 153,800</u>

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. The balance due to the other trust funds from the current fund represents receipts collected for tax sale premiums in the current fund that were not turned over to the other trust funds.

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

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

The balance due to the current fund from the other trust fund represents interest earned but not transferred to the current fund. The balance due to the current fund from the Federal and state grant fund represents a loan as a result of cash flow issues relating to the delayed receipt of grant revenues.

Note 13 - Contingent liabilities
Litigation

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

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 13 - Contingent liabilities (continued)
Grantor agencies

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

Note 14 - Economic dependency

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

Note 15 - Risk management

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

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

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

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 15 - Risk management (continued)

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

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

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

Statewide Insurance Fund
One Sylvan Way, Suite 100
Parsippany NJ 07054
1-862-260-2050
<http://www.swfund.com>

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.

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 16 - Union contracts

As of December 31, 2020, 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, 2020 to December 31, 2024.

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, 2021 to December 31, 2025.

Note 17 - Deferred compensation plan

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

Note 18 - Loans receivable

The Municipality participated in a New Jersey grant program where funding is made available for housing rehabilitation projects for low-and moderate-income households within the Municipality. The loans must be repaid to the Municipality prior to the homeowner selling the property. The loans are non-interest bearing and require no regular principal payment. The balance of outstanding loans is \$262,949 as of December 31, 2020 and \$287,929 as of December 31, 2019.

Note 19 - Risk and uncertainties

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

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Municipality's financial condition, liquidity, and future results of operations.

TOWNSHIP OF HOLLAND
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 20 - Fund balances appropriated

For the year ending December 31, 2020 and 2019, fund balances which are appropriated in the succeeding year's budget and included as anticipated revenue in their own respective funds are as follows:

	2020	2019
Current fund balance appropriated in succeeding year's budget	\$ 900,000	\$ 800,000
Sewer operating fund balance appropriated in succeeding year's budget	50,000	70,000
Total fund balances appropriated	\$ 950,000	\$ 870,000

Note 21 - Subsequent events

The Municipality has determined that no material events or transactions have occurred subsequent to December 31, 2020 and through August 4, 2021 the date of the Municipality's financial statement issuance, which requires additional financial disclosure in the Municipality's financial statements.

SUPPLEMENTARY SCHEDULES

TOWNSHIP OF HOLLAND

COUNTY OF HUNTERDON

2020

CURRENT FUND

TOWNSHIP OF HOLLAND
Schedule of Current Fund Cash - Treasurer

	Ref.	Regular Fund	Federal & State Grant Fund
Balance - December 31, 2019	A	\$ 9,809,183	\$ 31,949
Increased by receipts			
Non-budget revenue	A-2	\$ 108,041	\$ -
Interest on investments and deposits	A-2	47,284	-
Appropriation refunds	A-3	32,778	-
Tax collector	A-6	18,300,000	-
Revenue accounts receivable	A-12	2,890,379	-
Due from other trust fund	A-15	4,455	-
Grants receivable	A-18	-	22,928
Appropriation reserve refunds	A-19	1,330	-
State of NJ - Veteran's & Senior Citizen's deductions	A-21	54,625	-
Due to outside agencies	A-27	525	-
Sales tax payable	A-31	1,090	-
		<u>21,440,507</u>	<u>22,928</u>
		31,249,690	54,877
Decreased by disbursements			
2020 budget appropriations	A-3	1,836,901	-
2019 appropriation reserves	A-19	106,735	-
Revenue accounts receivable refunds and adjustments	A-12	2,936	-
Due from general capital fund	A-14	500,000	-
Due to payroll account	A-16	1,938,459	-
Due from animal control fund	A-17	20,000	-
Tax overpayments refunded	A-23	12,628	-
Local school tax payable	A-24	9,435,217	-
Regional high school tax payable	A-25	4,365,320	-
County taxes payable	A-26	2,644,607	-
Due to outside agencies	A-27	400	-
Due to outside lienholders	A-28	6,811	-
Sales tax payable	A-31	1,090	-
Appropriated reserves for state grants	A-33	-	37,259
Encumbrances payable	A-34	-	2,006
		<u>20,871,104</u>	<u>39,265</u>
Balance - December 31, 2020	A; A-5	<u>\$ 10,378,586</u>	<u>\$ 15,612</u>

See independent auditors' report.

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

	<u>Ref.</u>	<u>Regular Fund</u>	<u>Federal & State Grant Fund</u>
Balance - December 31, 2020	A-4	\$ 10,378,586	\$ 15,612
Increased by			
Receipts		19,364,037	27,977
		<u>29,742,623</u>	<u>43,589</u>
Decreased by			
Disbursements		22,149,720	17,916
		<u>22,149,720</u>	<u>17,916</u>
Balance - May 31, 2021		<u>\$ 7,592,903</u>	<u>\$ 25,673</u>
Cash reconciliation - May 31, 2021			
Balance per statement			
Northfield Bank		\$ 7,513,772	\$ 25,673
NJ Cash Management		75,908	-
Subtotal		<u>7,589,680</u>	<u>25,673</u>
Add: deposits in transit		10,612	-
		<u>7,600,292</u>	<u>25,673</u>
Less: outstanding checks		7,389	-
		<u>7,389</u>	<u>-</u>
Book balance		<u>\$ 7,592,903</u>	<u>\$ 25,673</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Cash - Tax Collector

	<u>Ref.</u>		
Balance - December 31, 2019	A		\$ 332,544
Increased by receipts			
Interest and costs on taxes	A-2	\$ 57,863	
Interest on deposits	A-2	14,044	
Miscellaneous revenue not anticipated	A-2	45	
Taxes receivable	A-9	17,859,848	
Tax title liens receivable	A-10	5,115	
Due to other trust fund	A-15	53,800	
Prepaid taxes	A-22	119,097	
Tax overpayments	A-23	20,303	
Due to outside lienholders	A-28	<u>6,811</u>	
			<u>18,136,926</u>
			18,469,470
Decreased by disbursements			
Paid to treasurer	A-4		<u>18,300,000</u>
Balance - December 31, 2020	A; A-7		<u><u>\$ 169,470</u></u>

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2020	A-6	\$ 169,470
Increased by		
Receipts		8,878,909
		<u>9,048,379</u>
Decreased by		
Disbursements		8,756,239
		<u>8,756,239</u>
Balance - May 31, 2021		<u>\$ 292,140</u>
Cash reconciliation - May 31, 2021		
Balance per statement		
Northfield Bank		\$ 289,230
Add: deposits in transit		2,910
		<u>2,910</u>
Book balance		<u>\$ 292,140</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Change Funds

	<u>Ref.</u>	
Balance - December 31, 2019	A	<u>\$ 550</u>
Balance - December 31, 2020	A	<u><u>\$ 550</u></u>

See independent auditors' report.

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

Year	Balance	2020 Levy	Added	Collected		Transferred	Veteran's &	Tax	Canceled	Balance
	12/31/19		2020	2019	2020	to Tax	Senior	Overpayment		12/31/20
						Title Liens	Citizen's	Applied		
2018	\$ 512	\$ -	\$ -	\$ -	\$ (218)	\$ 31	\$ -	\$ -	\$ 250	\$ 449
2019	232,548	-	750	-	227,661	3,160	-	-	2,477	-
2020	-	18,023,774	36,102	94,717	17,632,405	4,406	54,099	4,967	38,012	231,270
	<u>\$ 233,060</u>	<u>\$ 18,023,774</u>	<u>\$ 36,852</u>	<u>\$ 94,717</u>	<u>\$ 17,859,848</u>	<u>\$ 7,597</u>	<u>\$ 54,099</u>	<u>\$ 4,967</u>	<u>\$ 40,739</u>	<u>\$ 231,719</u>
<u>Ref.</u>	A	Reserve	Reserve	A-22	A-6	A-10	A-21	A-23	Reserve	A

See independent auditors' report.

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

	<u>Ref.</u>	
Analysis of 2020 property tax		
Tax yield		
General purpose tax		\$ 18,023,774
Added and omitted taxes		<u>36,102</u>
	A-9	<u><u>\$ 18,059,876</u></u>
Detail of tax levy		
Authorizations		
Local district school tax	A-2;A-24	\$ 9,669,135
Regional district school tax	A-2;A-25	4,547,435
County tax		\$ 2,188,337
County library tax		214,888
County open space tax		208,996
County share of added and omitted taxes		<u>5,238</u>
Total county taxes	A-2;A-26	2,617,459
Municipal purpose tax	A-2	1,193,600
Additional tax levied		<u>32,247</u>
Total municipal purpose tax		<u>1,225,847</u>
	A-9	<u><u>\$ 18,059,876</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Tax Title Liens Receivable

	<u>Ref.</u>	
Balance - December 31, 2019	A	\$ 98,431
Increased by		
Transferred from taxes receivable	A-9	\$ 7,597
Interest and costs on tax sale	Reserve	<u>836</u>
		<u>8,433</u>
		106,864
Decreased by		
Receipts	A-2; A-6	<u>5,115</u>
Balance - December 31, 2020	A	<u><u>\$ 101,749</u></u>

A-11

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

	<u>Ref.</u>	
Balance - December 31, 2019	A	<u>\$ 5,700</u>
Balance - December 31, 2020	A	<u><u>\$ 5,700</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Revenue Accounts Receivable

	<u>Ref.</u>	<u>Balance 12/31/19</u>	<u>Accrued in 2020</u>	<u>Collected Treasurer</u>	<u>Balance 12/31/20</u>
Alcoholic beverage licenses	A-2	\$ -	\$ 5,376	\$ 5,376	\$ -
Municipal court	A-2	913	7,472	7,847	538
Swimming pool fees	A-2	-	54,710	54,710	-
Riegel Ridge Community Center fees	A-2	-	92,122	92,122	-
Snack bar fees	A-2	-	16,453	16,453	-
Garden State trust fund	A-2	-	21,453	21,453	-
Energy receipts tax	A-2	-	2,689,482	2,689,482	-
		<u>\$ 913</u>	<u>\$ 2,887,068</u>	<u>\$ 2,887,443</u>	<u>\$ 538</u>
	<u>Ref.</u>	A	Reserve	Below	A
Receipts	A-4			\$ 2,890,379	
Less: refunds and adjustments	A-4			<u>2,936</u>	
				<u>\$ 2,887,443</u>	

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2019	A	\$ <u>100,000</u>
Balance - December 31, 2020	A	\$ <u><u>100,000</u></u>

TOWNSHIP OF HOLLAND
Schedule of Due from General Capital Fund

	<u>Ref.</u>	
Balance - December 31, 2019	A	\$ -
Increased by		
Disbursements	A-4	<u>500,000</u>
		500,000
Decreased by		
Current year budget appropriations	A-3	<u>500,000</u>
Balance - December 31, 2020	A	\$ <u><u>-</u></u>

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2019 (due from)	A	\$ 288
Increased by		
Interest on investments	A-2	4,167
		<u>4,455</u>
Decreased by		
Receipts	A-4	\$ 4,455
Tax sale premium receipts	A-6	<u>53,800</u>
		<u>58,255</u>
Balance - December 31, 2020 (due to)	A	<u><u>\$ 53,800</u></u>

A-16

TOWNSHIP OF HOLLAND
Schedule of Due to Payroll Account

	<u>Ref.</u>	
Balance - December 31, 2019	A	\$ -
Increased by		
Disbursements	A-4	1,938,459
		<u>1,938,459</u>
Decreased by		
Current year budget appropriations	A-3	<u>1,938,459</u>
Balance - December 31, 2020	A	<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Due to Animal Control Fund

Balance - December 31, 2019	<u>Ref.</u> A	\$ -
Increased by		
Disbursements	A-4	<u>20,000</u>
		20,000
Decreased by		
Current year budget appropriations	A-3	<u>20,000</u>
Balance - December 31, 2020	A	<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Grants Receivable

Grant	Balance 12/31/19	Revenue in 2020	Received	Balance 12/31/20
National Crime Statistics Exchange Program	\$ 49,851	\$ -	\$ -	\$ 49,851
Highlands grant	115,654	-	-	115,654
NJ Highlands water protection and planning council	18,952	-	-	18,952
Highlands water protection and planning council - amended plan confirmation	15,000	-	-	15,000
Highlands grant	5,122	-	-	5,122
Highlands grant task 13	5,000	-	-	5,000
NJ Body armor grant	-	1,088	1,088	-
Clean communities grant	-	16,601	16,601	-
Small cities grant program	15,000	-	-	15,000
Recycling tonnage grant	-	2,239	2,239	-
Community forestry grant	10,000	-	-	10,000
Hunterdon historical preservation grant	25,000	-	-	25,000
Hunterdon historical preservation grant	37,500	-	-	37,500
Green communities grant	3,000	-	3,000	-
	<u>\$ 300,079</u>	<u>\$ 19,928</u>	<u>\$ 22,928</u>	<u>\$ 297,079</u>
<u>Ref.</u>	A	A-2	A-4	A

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Appropriation Reserves
For the Year Ended December 31, 2020

	Balance 12/31/19	Balance After Transfer	Expended	Balance Lapsed
Mayor and council				
Salaries and wages	\$ 87	\$ 87	\$ -	\$ 87
Other expenses	3,566	3,593	3,593	-
Municipal clerk				
Salaries and wages	3,345	3,345	113	3,232
Miscellaneous other expenses	8,945	9,026	(1,001)	10,027
Financial administration				
Salaries and wages	5,726	5,726	959	4,767
Other expenses	4,891	4,891	596	4,295
Audit services	3,000	3,000	-	3,000
Assessment of taxes				
Salaries and wages	338	338	-	338
Other expenses	2,013	2,027	14	2,013
Revenue administration				
Salaries and wages	4,152	4,152	-	4,152
Other expenses	487	487	14	473
Legal services and costs				
Other expenses	50,286	26,882	2,396	24,486
Engineering service and costs				
Other expenses	9,816	9,816	249	9,567
Municipal court				
Salaries and wages	8,124	8,124	1,041	7,083
Other expenses	7,350	7,350	-	7,350
Municipal prosecutor				
Salaries and wages	880	880	-	880
Public building and grounds				
Salaries and wages	971	971	971	-
Other expenses	5,975	25,857	24,541	1,316
Planning board				
Salaries and wages	520	1,020	692	328
Other expenses	28,540	28,540	89	28,451
Zoning board of adjustment				
Salaries and wages	293	793	692	101
Other expenses	3,834	4,152	1,135	3,017
Zoning officer				
Salaries and wages	1,038	1,038	-	1,038
Other expenses	269	269	-	269

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Appropriation Reserves (continued)
For the Year Ended December 31, 2020

	Balance 12/31/19	Balance After Transfer	Expended	Balance Lapsed
Fire				
Other expenses	\$ 5,841	\$ 6,542	\$ 3,792	\$ 2,750
Police				
Salaries and wages	12,635	12,635	2,160	10,475
Other expenses	1,144	4,021	3,631	390
Office of emergency management				
Salaries and wages	385	385	-	385
Other expenses	335	2,698	2,363	335
Public defender				
Salaries and wages	152	152	-	152
Road repair and maintenance				
Salaries and wages	51,655	51,655	475	51,180
Other expenses	91,035	92,983	5,584	87,399
Snow removal				
Other expenses	22,983	22,983	22,718	265
Recycling				
Salaries and wages	1,276	1,276	-	1,276
Other expenses	2,135	2,960	-	2,960
Board of health				
Salaries and wages	420	420	-	420
Other expenses	1,600	1,600	-	1,600
Environmental health services				
Other expenses	2,200	2,200	-	2,200
Recreation committee				
Salaries and wages	510	510	-	510
Other expenses	6,993	6,993	-	6,993
Riegel Ridge Community Center				
Salaries and wages	2,179	2,179	2,179	-
Other expenses	776	11,486	11,486	-
Swimming pool				
Salaries and wages	1,792	1,792	-	1,792
Other expenses	13,799	15,199	1,419	13,780
Snack bar				
Salaries and wages	1,737	1,737	-	1,737
Other expenses	3,456	3,456	-	3,456

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Appropriation Reserves (continued)
For the Year Ended December 31, 2020

	Balance 12/31/19	Balance After Transfer	Expended	Balance Lapsed
Historical preservation commission				
Salaries and wages	\$ 380	\$ 380	\$ -	\$ 380
Other expenses	2,916	2,916	2,775	141
Agricultural advisory committee				
Salaries and wages	560	560	-	560
Other expenses	7,969	7,969	1,410	6,559
Insurance				
Other insurance premiums	2,056	2,056	-	2,056
Worker's compensation insurance	2,700	2,700	-	2,700
Employee group health	35,542	35,684	142	35,542
Unclassified				
Utilities				
Electricity	13,385	13,385	1,061	12,324
Street lighting	6,599	6,599	544	6,055
Telephone	2,859	4,822	1,963	2,859
Fuel oil	3,481	3,481	-	3,481
Gasoline and diesel fuel	28,265	28,265	-	28,265
Natural gas	5,430	5,430	805	4,625
Trash removal dumpster	12,411	13,161	4,277	8,884
Contribution to				
Public employees retirement system	205	205	-	205
Social Security system	10,382	10,382	-	10,382
Police and Firemen's retirement	72	72	-	72
DCRP contribution	496	496	-	496
Unemployment insurance	630	630	527	103
	\$ 515,822	\$ 537,419	\$ 105,405	\$ 432,014
<u>Ref.</u>	A	Below	Below	A-1
Appropriation reserves	A	\$ 515,822		
Encumbrances payable	A-20	21,597		
		\$ 537,419		
Cash disbursed	A-4		\$ 106,735	
Cash received	A-4		(1,330)	
			\$ 105,405	

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Encumbrances

	<u>Ref.</u>		
Balance - December 31, 2019	A		\$ 21,747
Increased by			
2020 budget charges	A-3	\$ 30,979	
Due to outside agencies	A-27	<u>275</u>	
			<u>31,254</u>
			53,001
Decreased by			
Applied to appropriation reserves	A-19	21,597	
Due to outside agencies	A-27	<u>150</u>	
			<u>21,747</u>
Balance - December 31, 2020	A		<u><u>\$ 31,254</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, 2019	A		\$ 1,737
Increased by			
Prior year Veteran's & Senior Citizen's deductions disallowed by collector	A-1	\$ 500	
Receipts	A-4	<u>54,625</u>	
			<u>55,125</u>
			56,862
Decreased by			
Veteran's deductions per tax billings		46,750	
Senior Citizen's deductions per tax billings		8,750	
Less			
Veteran's & Senior Citizen's deductions disallowed by collector		<u>(1,401)</u>	
	A-9		<u>54,099</u>
Balance - December 31, 2020	A		<u><u>\$ 2,763</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Prepaid Taxes

	<u>Ref.</u>	
Balance - December 31, 2019	A	\$ 94,717
Increased by		
Collection of 2021 taxes	A-6	119,097
		<u>213,814</u>
Decreased by		
Applied to 2020 taxes receivable	A-9	94,717
		<u>94,717</u>
Balance - December 31, 2020	A	<u><u>\$ 119,097</u></u>

A-23

TOWNSHIP OF HOLLAND
Schedule of Tax Overpayments

	<u>Ref.</u>	
Balance - December 31, 2019	A	\$ 9,599
Increased by		
Receipts	A-6	20,303
		<u>29,902</u>
Decreased by		
Overpayments canceled	A-1	\$ 75
Overpayments applied	A-9	4,967
Refunded	A-4	12,628
		<u>17,670</u>
Balance - December 31, 2020	A	<u><u>\$ 12,232</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Local School Tax Payable

	Ref.	
Balance - December 31, 2019	A	\$ 4,600,650
Increased by		
Levy - School year July 1, 2020 to June 30, 2021	A-9	9,669,135
		14,269,785
Decreased by		
Disbursements	A-4	9,435,217
		9,435,217
Balance - December 31, 2020	A	\$ 4,834,568
2020 Liability for local school tax		
Tax paid		\$ 9,435,217
Add: tax payable December 31, 2020		4,834,568
		14,269,785
Less: tax payable December 31, 2019		4,600,650
Amount charged to operations	A-1	\$ 9,669,135

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Regional High School Tax Payable

	<u>Ref.</u>		
Balance - December 31, 2019			
School tax payable	A	\$ 1,679,623	
School tax deferred (9.85%)		<u>411,978</u>	\$ 2,091,601
Increased by			
Levy - School year July 1, 2020 to June 30, 2021	A-9		<u>4,547,435</u>
			6,639,036
Decreased by			
Disbursements	A-4		<u>4,365,320</u>
Balance - December 31, 2020			
School tax payable	A	2,067,727	
School tax deferred (4.53%)		<u>205,989</u>	<u>\$ 2,273,716</u>
2020 liability for Regional High School tax			
Tax paid			\$ 4,365,320
Add: tax payable December 31, 2020			<u>2,067,727</u>
			6,433,047
Less: tax payable December 31, 2019			<u>1,679,623</u>
Amount charged to operations	A-1		<u>\$ 4,753,424</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of County Taxes Payable

	<u>Ref.</u>	
Balance - December 31, 2019	A	\$ 32,387
Increased by		
2020 levy		
County taxes		\$ 2,188,337
County library tax		214,888
County open space tax		208,996
County share of added and omitted taxes		<u>5,238</u>
	A-1;A-9	<u>2,617,459</u>
		<u>2,649,846</u>
Decreased by		
Disbursements	A-4	<u>2,644,607</u>
Balance - December 31, 2020	A	<u><u>\$ 5,239</u></u>

A-27

TOWNSHIP OF HOLLAND
Schedule of Due to Outside Agencies

	<u>Ref.</u>	
Balance - December 31, 2019	A	\$ 275
Increase by		
Receipts	A-4	\$ 525
Encumbrances payable	A-19	<u>150</u>
		<u>675</u>
		950
Decreased by		
Disbursements	A-4	400
Encumbrances payable	A-20	<u>275</u>
		<u>675</u>
Balance - December 31, 2020	A	<u><u>\$ 275</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Due to Outside Lienholders

	<u>Ref.</u>	
Balance - December 31, 2019	A	\$ 972
Increased by		
Receipts	A-6	<u>6,811</u> 7,783
Decreased by		
Disbursements	A-4	<u>6,811</u>
Balance - December 31, 2020	A	<u><u>\$ 972</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for First Aid Squad

	<u>Ref.</u>	
Balance - December 31, 2019	A	<u>\$ 23,305</u>
Balance - December 31, 2020	A	<u><u>\$ 23,305</u></u>

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

	<u>Ref.</u>	
Balance - December 31, 2019	A	<u>\$ 200</u>
Balance - December 31, 2020	A	<u><u>\$ 200</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Sales Tax Payable

	<u>Ref.</u>	
Balance - December 31, 2019	A	\$ -
Increased by		
Receipts	A-4	<u>1,090</u> 1,090
Decreased by		
Disbursements	A-4	<u>1,090</u>
Balance - December 31, 2020	A	<u><u>\$ -</u></u>

A-32

TOWNSHIP OF HOLLAND
Schedule of Due to Regular Fund

	<u>Ref.</u>	
Balance - December 31, 2019	A	<u>\$ 100,000</u>
Balance - December 31, 2020	A	<u><u>\$ 100,000</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Appropriated Reserves for Grants

Grant	Balance 12/31/19	Transferred from 2020 Budget	Paid or Charged	Balance Canceled	Balance 12/31/20
State Grants					
Recycling tonnage grant - 2020	\$ -	\$ 2,239	\$ 2,239	\$ -	\$ -
Body armor grant - 2018	699	-	-	-	699
Body armor grant - 2020	-	1,088	-	-	1,088
Clean communities program - 2019	992	-	992	-	-
Clean communities program - 2020	-	16,601	14,504	-	2,097
NJ D.E.P. storm water management - 2005	416	-	416	-	-
Uniform fire code violations - 2008	375	-	375	-	-
Highlands grant second - 2011	105,956	-	10,635	-	95,321
Highlands grant special - 2015	18,484	-	-	-	18,484
Highlands grant special - 2019	5,122	-	5,098	-	24
Highlands grant task 13	758	-	-	-	758
Green communities grant	3,000	-	3,000	-	-
Community forestry grant	10,000	-	-	-	10,000
Federal grants					
National crime statistics exchange program through NJ Department of law and public safety	22,829	-	-	-	22,829
Local grants					
Hunterdon County emergency management 2013 EMAA - 2016	5,000	-	-	-	5,000
Hunterdon County emergency management grant	5,000	-	-	-	5,000
Hunterdon historical preservation grant	39,720	-	-	-	39,720
	<u>\$ 218,351</u>	<u>\$ 19,928</u>	<u>\$ 37,259</u>	<u>\$ -</u>	<u>\$ 201,020</u>
<u>Ref.</u>	A	A-3	A-4		A

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2019	A	\$ 13,677
Decreased by Disbursements	A-4	<u>2,006</u>
Balance - December 31, 2020	A	<u><u>\$ 11,671</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND

COUNTY OF HUNTERDON

2020

TRUST FUND

TOWNSHIP OF HOLLAND
Schedule of Trust Fund Cash - Treasurer

	<u>Ref.</u>	<u>Animal Control Funds</u>	<u>Other Trust Funds</u>
Balance - December 31, 2019	B	\$ 2,957	\$ 559,747
Increased by receipts			
Animal control fund	B-3	\$ 8,418	\$ -
Due to current fund	B-4	20,055	-
Due to State of New Jersey	B-5	1,163	-
Due from current fund	B-6	-	369
Reserve for escrow funds	B-9	-	46,491
Reserve for small cities revolving loan	B-10	-	49,349
Reserve for recreation and community services	B-11	-	526
Reserve for development fees	B-12	-	17,666
Reserve for snow removal	B-14	-	17,100
Reserve for payroll account	B-15	-	1,952,165
Reserve for future legal expenses	B-16	-	21
Reserve for performance bond	B-17	-	91
		<u>29,636</u>	<u>2,083,778</u>
		32,593	2,643,525
Decreased by disbursements			
Animal control fund	B-3	25,248	-
Due to current fund	B-4	55	-
Due to State of New Jersey	B-5	1,162	-
Due from current fund	B-6	-	4,362
Reserve for encumbrances	B-7	-	1,403
Reserve for escrow funds	B-9	-	52,827
Reserve for development fees	B-12	-	40
Reserve for tax sale premiums	B-13	-	4,300
Reserve for payroll	B-15	-	1,952,964
		<u>26,465</u>	<u>2,015,896</u>
Balance - December 31, 2020	B;B-2	<u>\$ 6,128</u>	<u>\$ 627,629</u>

See independent auditors' report.

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

	Ref.	Animal Control Funds	Other Trust Funds
Balance - December 31, 2020	B-1	\$ 6,128	\$ 627,629
Increased by			
Receipts		27,938	2,072,182
		34,066	2,699,811
Decreased by			
Disbursements		10,047	1,039,591
Balance - May 31, 2021		\$ 24,019	\$ 1,660,220
Cash reconciliation - May 31, 2021			
Balance per statement			
Northfield Bank		\$ 23,866	\$ 1,659,624
Add: deposits in transit		153	2,015
		24,019	1,661,639
Less: outstanding checks		-	1,419
Book balance		\$ 24,019	\$ 1,660,220

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Animal Control Fund Expenditures

	<u>Ref.</u>		
Balance - December 31, 2019	B		\$ 2,891
Increased by			
Animal control fees	B-1	\$ 8,418	
Due from current fund	B-4	<u>20,000</u>	
Animal control fees			<u>28,418</u>
			31,309
Decreased by			
Expenditures under RS 4:119.15	B-1		<u>25,248</u>
Balance - December 31, 2020	B		<u><u>\$ 6,061</u></u>
Animal control collections			
2018			\$ 5,850
2019			<u>5,225</u>
Maximum allowable reserve			<u><u>\$ 11,075</u></u>

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ -
Increased by		
Receipts	B-1	20,055
		<u>20,055</u>
Decreased by		
Disbursements	B-1	\$ 55
Budget appropriation	B-3	20,000
		<u>20,055</u>
Balance - December 31, 2020	B	<u><u>\$ -</u></u>

TOWNSHIP OF HOLLAND
Schedule of Due to State of New Jersey

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 66
Increased by		
State fees collected	B-1	1,163
		<u>1,229</u>
Decreased by		
Disbursements	B-1	1,162
		<u>1,162</u>
Balance - December 31, 2020	B	<u><u>\$ 67</u></u>

See independent auditors' report.

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

	<u>Ref.</u>		
Balance - December 31, 2019 (due to)	B		\$ 288
Increased by			
Interest on investments	B-1	\$ 369	
Due from escrow	B-9	<u>3,705</u>	
			<u>4,074</u>
			4,362
Decreased by			
Disbursements	B-1	4,362	
Tax sale premiums deposited to current fund	B-13	<u>53,800</u>	
			<u>58,162</u>
Balance - December 31, 2020 (due from)	B		<u><u>\$ 53,800</u></u>
		<u>12/31/20</u>	<u>12/31/19</u>
Analysis of balance			
Due to			
Tax sale premuim		\$ 53,800	\$ -
Due from			
Escrow funds		<u>-</u>	<u>288</u>
		<u><u>\$ 53,800</u></u>	<u><u>\$ 288</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Encumbrances
Other Trust Funds

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 1,403
Decreased by		
Disbursements	B-1	<u>1,403</u>
Balance - December 31, 2020	B	<u><u>\$ -</u></u>

B-8

TOWNSHIP OF HOLLAND
Schedule of Loans Receivable

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 287,929
Increased by		
Loans advanced	B-10	<u>33,540</u>
		321,469
Decreased by		
Loans discharged	B-10	<u>58,520</u>
Balance - December 31, 2020	B	<u><u>\$ 262,949</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Escrow Funds

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 219,783
Increased by		
Receipts	B-1	46,491
		<u>266,274</u>
Decreased by		
Disbursements	B-1	\$ 52,827
Due to current fund	B-6	<u>3,705</u>
		<u>56,532</u>
Balance - December 31, 2020	B	<u><u>\$ 209,742</u></u>

B-10

TOWNSHIP OF HOLLAND
Schedule of Reserve for Small Cities Revolving Loan

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 439,620
Increased by		
Receipts	B-1	\$ 49,349
Loans advanced	B-8	<u>33,540</u>
		<u>82,889</u>
		522,509
Decreased by		
Loans discharged	B-8	<u>58,520</u>
Balance - December 31, 2020	B	<u><u>\$ 463,989</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Recreation and Community Services

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 46
Increased by Receipts	B-1	<u>526</u>
Balance - December 31, 2020	B	<u><u>\$ 572</u></u>

TOWNSHIP OF HOLLAND
Schedule of Reserve for Development Fees

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 15,040
Increased by Receipts	B-1	<u>17,666</u>
		32,706
Decreased by Disbursements	B-1	<u>40</u>
Balance - December 31, 2020	B	<u><u>\$ 32,666</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Tax Sale Premiums

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 12,000
Increased by		
Due from current fund	B-6	<u>53,800</u>
		65,800
Decreased by		
Disbursements	B-1	<u>4,300</u>
Balance - December 31, 2020	B	<u><u>\$ 61,500</u></u>

TOWNSHIP OF HOLLAND
Schedule of Reserve for Snow Removal

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 70,900
Increased by		
Receipts	B-1	<u>17,100</u>
Balance - December 31, 2020	B	<u><u>\$ 88,000</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Payroll Account

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 899
Increased by		
Receipts	B-1	<u>1,952,165</u> 1,953,064
Decreased by		
Disbursements	B-1	<u>1,952,964</u>
Balance - December 31, 2020	B	<u><u>\$ 100</u></u>

TOWNSHIP OF HOLLAND
Schedule of Reserve for Future Legal Expenses

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 15,112
Increased by		
Receipts	B-1	<u>21</u>
Balance - December 31, 2020	B	<u><u>\$ 15,133</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Performance Bond

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 72,577
Increased by Receipts	B-1	<u>91</u>
Balance - December 31, 2020	B	<u><u>\$ 72,668</u></u>

TOWNSHIP OF HOLLAND
Schedule of Reserve for POAA

	<u>Ref.</u>	
Balance - December 31, 2019	B	<u>\$ 8</u>
Balance - December 31, 2020	B	<u><u>\$ 8</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND

COUNTY OF HUNTERDON

2020

GENERAL CAPITAL FUND

TOWNSHIP OF HOLLAND
Schedule of General Capital Fund Cash - Treasurer

	<u>Ref.</u>		
Balance - December 31, 2019	<u>C</u>		\$ 2,381,018
Increased by receipts			
Due from current fund	C-5	\$ 500,000	
Refunds to improvement authorizations	C-7	<u>347,956</u>	
	C-4		<u>847,956</u>
			<u>3,228,974</u>
Decreased by disbursements			
Due from clearing account	C-4; C-6		<u>459,420</u>
Balance - December 31, 2020	C;C-3		<u><u>\$ 2,769,554</u></u>

C-3

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

	<u>Ref.</u>		
Balance - December 31, 2020	<u>C-2</u>		\$ 2,769,554
Increased by			
Receipts			<u>561,626</u>
			<u>3,331,180</u>
Decreased by			
Disbursements			<u>499,516</u>
Balance - May 31, 2021			<u><u>\$ 2,831,664</u></u>
Cash reconciliation - May 31, 2021			
Balance per statement			
Northfield Bank			<u><u>\$ 2,831,664</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Cash Activity

Description	Balance	Receipts	Disbursements	Transfers	Balance
	12/31/19			(From) To	12/31/20
Fund balance	\$ 277,968	\$ -	\$ -	\$ (260,000)	\$ 17,968
Capital improvement fund	929,442	-	-	-	929,442
Due to current fund	-	500,000	-	(500,000)	-
Due to clearing account	-	-	459,420	459,420	-
Encumbrances payable	164,778	-	-	225,381	390,159
Reserve for capital projects	103,833	-	-	65,000	168,833
Improvement authorizations					
Preservation of farm land	223,405	-	-	(25)	223,380
Purchase of land for preservation	439,877	-	-	-	439,877
Acquisition of various public works equipment	15,745	-	-	(15,745)	-
Improvement to Township buildings	9,350	347,956	-	(357,306)	-
Improvements to Bellis Road phase III	60,463	-	-	(60,463)	-
Improvement to Township buildings	140,000	-	-	(40,185)	99,815
Acquisition of various public works equipment	13,318	-	-	(13,318)	-
Acquisition of police equipment	2,142	-	-	(2,142)	-
Acquisition of police equipment	697	-	-	(697)	-
Various building improvements	-	-	-	60,000	60,000
Acquisition of fire equipment	-	-	-	5,127	5,127
Acquisition of public works equipment	-	-	-	30,564	30,564
Improvements to various roads	-	-	-	47,006	47,006
Acquisition of RRCC equipment	-	-	-	45,610	45,610
Improvements to Bellis Road phase III	-	-	-	178,553	178,553
Mt Joy Road improvements	-	-	-	133,220	133,220
Total	<u>\$ 2,381,018</u>	<u>\$ 847,956</u>	<u>\$ 459,420</u>	<u>\$ -</u>	<u>\$ 2,769,554</u>
<u>Ref.</u>	C	C-2	C-2		C

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Due to Current Fund

	<u>Ref.</u>	
Balance - December 31, 2019	C	\$ -
Increased by		
Receipts	C-2	500,000
		<u>500,000</u>
Decreased by		
2020 municipal budget appropriations		
Purchase of an ambulance		\$ 15,000
Purchase of a fire truck		50,000
Building improvements		60,000
DPW equipment		125,000
Road improvements		150,000
Recreation facility equipment		50,000
Fire equipment		<u>50,000</u>
	C-10	<u>500,000</u>
Balance - December 31, 2020	C	<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Due from Clearing Account

	<u>Ref.</u>		
Balance - December 31, 2019	C		\$ -
Increased by			
Disbursements	C-2		<u>459,420</u>
			459,420
Decreased by			
Improvement authorization charges	C-7	\$ 343,044	
Encumbrances payable	C-8	<u>116,376</u>	
			<u>459,420</u>
Balance - December 31, 2020	C		<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Improvement Authorizations

Improvement Description	Ordinance		Balance	2020	Paid or	Unexpended	Balance
	Date	Amount	12/31/19				
			Funded				Funded
Preservation of farm land	05/07/13	\$ 550,000	\$ 223,405	\$ -	\$ 25	\$ -	\$ 223,380
Purchase of land for preservation	01/02/18	439,877	439,877	-	-	-	439,877
Acquisition of various public works equipment	03/20/18	75,000	15,745	-	15,745	-	-
Improvement to Township buildings	03/20/18	100,000	9,350	-	9,350	-	-
Improvements to Bellis Road phase III	03/20/18	250,000	60,463	-	(189,537)	250,000	-
Improvement to Township buildings	04/02/19	140,000	140,000	-	40,185	-	99,815
Acquisition of various public works equipment	04/02/19	50,000	13,318	-	13,318	-	-
Acquisition of police equipment	04/02/19	95,000	2,142	-	2,142	-	-
Acquisition of police equipment	04/02/19	50,000	697	-	697	-	-
Various building improvements	03/17/20	60,000	-	60,000	-	-	60,000
Acquisition of fire equipment	03/17/20	50,000	-	50,000	44,873	-	5,127
Acquisition of public works equipment	03/17/20	125,000	-	125,000	94,436	-	30,564
Improvements to various roads	03/17/20	150,000	-	150,000	102,994	-	47,006
Acquisition of RRCC equipment	04/21/20	50,000	-	50,000	4,390	-	45,610
Improvements to Bellis Road phase III	04/21/20	310,000	-	310,000	131,447	-	178,553
Mt Joy Road improvements	04/21/20	200,000	-	200,000	66,780	-	133,220
			<u>\$ 904,997</u>	<u>\$ 945,000</u>	<u>\$ 336,845</u>	<u>\$ 250,000</u>	<u>\$ 1,263,152</u>
	<u>Ref.</u>		<u>C</u>	<u>Below</u>	<u>Below</u>	<u>C-4</u>	<u>C</u>
Summary of 2020 authorizations							
Capital fund balance	C-1			\$ 510,000			
Reserve for capital projects							
Building improvements	C-10			60,000			
DPW equipment	C-10			125,000			
Road improvements	C-10			150,000			
Recreation facility equipment	C-10			50,000			
Fire equipment	C-10			50,000			
				<u>\$ 945,000</u>			
Summary of paid or charged							
Receipts	C-2				\$ (347,956)		
Clearing account	C-6				343,044		
Prior year encumbrances canceled	C-8				(48,402)		
Encumbrances payable	C-8				390,159		
					<u>\$ 336,845</u>		

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Encumbrances

	<u>Ref.</u>	
Balance - December 31, 2019	C	\$ 164,778
Increased by		
Current year capital charges	C-7	<u>390,159</u>
		554,937
Decreased by		
Due to clearing account	C-6	\$ 116,376
Prior year balance canceled	C-7	<u>48,402</u>
		<u>164,778</u>
Balance - December 31, 2020	C	<u><u>\$ 390,159</u></u>

C-9

TOWNSHIP OF HOLLAND
Schedule of Capital Improvement Fund

	<u>Ref.</u>	
Balance - December 31, 2019	C	<u>\$ 929,442</u>
Balance - December 31, 2020	C	<u><u>\$ 929,442</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Capital Projects

Improvement Description	Balance 12/31/19	Increased in 2020	Decreased in 2020	Balance 12/31/20
Park construction	\$ 32,138	\$ -	\$ -	\$ 32,138
Community center parking lot	200	-	-	200
Purchase of an ambulance	69,301	15,000	-	84,301
Purchase of a fire truck	2,194	50,000	-	52,194
Building improvements	-	60,000	60,000	-
DPW equipment	-	125,000	125,000	-
Road improvements	-	150,000	150,000	-
Recreation facility equipment	-	50,000	50,000	-
Fire equipment	-	50,000	50,000	-
	<u>\$ 103,833</u>	<u>\$ 500,000</u>	<u>\$ 435,000</u>	<u>\$ 168,833</u>
<u>Ref.</u>	C	C-5	C-7	C

See independent auditors' report.

TOWNSHIP OF HOLLAND

COUNTY OF HUNTERDON

2020

SEWER UTILITY FUND

TOWNSHIP OF HOLLAND
Schedule of Cash - Treasurer
Sewer Utility Fund

	Ref.	Operating Fund	Capital Fund
Balance - December 31, 2019	D	\$ 247,485	\$ 134,541
Increased by receipts			
Interest on deposits	D-3	\$ 1,002	\$ -
Sewer collector	D-7	535,000	-
Due from sewer capital fund	D-11	823	-
Due to sewer operating fund	D-19	-	38,823
		<u>536,825</u>	<u>38,823</u>
		784,310	173,364
Decreased by disbursements			
Budget appropriations	D-4	482,949	-
Due from payroll account	D-9	4,570	-
Due from sewer capital	D-11	38,000	-
Appropriation reserves	D-14	9,772	-
Accrued interest on notes	D-18	1,994	-
Due to sewer operating fund	D-19	-	823
		<u>537,285</u>	<u>823</u>
Balance - December 31, 2020	D; D-6	<u>\$ 247,025</u>	<u>\$ 172,541</u>

See independent auditors' report.

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

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance - December 31, 2020	D-5	\$ 247,025	\$ 172,541
Increased by			
Receipts		<u>260,163</u>	<u>125,086</u>
		507,188	297,627
Decreased by			
Disbursements		<u>282,949</u>	<u>86</u>
Balance - May 31, 2021		<u>\$ 224,239</u>	<u>\$ 297,541</u>
 Cash Reconciliation May 31, 2021			
Balance per statement			
Northfield Bank		<u>\$ 224,239</u>	<u>\$ 297,541</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Cash - Collector
Sewer Utility Fund

	<u>Ref.</u>	<u>Operating Fund</u>
Balance - December 31, 2019	D	\$ 11,583
Increased by receipts		
Interest and costs on sewer charges	D-3	\$ 2,777
Interest on deposits	D-3	514
Consumer accounts receivable	D-10	541,605
Sewer rent overpayments	D-16	174
Prepaid rents received	D-17	<u>4,388</u>
		<u>549,458</u>
		561,041
Decreased by		
Paid to sewer treasurer	D-5	<u>535,000</u>
Balance - December 31, 2020	D; D-8	<u><u>\$ 26,041</u></u>

D-8

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

Balance - December 31, 2020	<u>Ref.</u> D-7	\$ 26,041
Increased by		
Receipts		<u>262,909</u>
		288,950
Decreased by		
Disbursements		<u>260,037</u>
Balance - May 31, 2021		<u><u>\$ 28,913</u></u>
Cash Reconciliation May 31, 2021		
Balance per statement		
Northfield Bank		<u><u>\$ 28,913</u></u>

See independent auditors' report.

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

	Ref.	
Balance - December 31, 2019	D	\$ -
Increased by		
Disbursements	D-5	4,570
		4,570
Decreased by		
Budget charges	D-4	4,570
		4,570
Balance - December 31, 2020	D	\$ -

D-10

TOWNSHIP OF HOLLAND
Schedule of Consumer Accounts Receivable
Sewer Utility Fund

	Ref.	
Balance - December 31, 2019	D	\$ 39,676
Increased by		
User fees levied	Reserve	541,500
		581,176
Decreased by		
Collections	D-3; D-7	\$ 541,605
Balances canceled	Reserve	43
Overpayments applied	D-3; D-16	554
Prepayments applied	D-3; D-17	3,643
		545,845
Balance - December 31, 2020	D	\$ 35,331

See independent auditors' report.

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

	Ref.		
Balance - December 31, 2019	D		\$ -
Increased by			
Disbursements	D-5	\$ 38,000	
Interest earned	D-3	823	
			38,823
			38,823
Decreased by			
Current year budget appropriations			
Capital improvement fund	D-4	38,000	
Receipts	D-5	823	
			38,823
Balance - December 31, 2020	D		\$ -

TOWNSHIP OF HOLLAND
Schedule of Fixed Capital
Sewer Capital Fund

Description	Ref.	Balance 12/31/20	Balance 12/31/19
Sanitary sewer system		\$ 989,826	\$ 989,826
Replacement of the Gridley Circle Pump Station		324,412	324,412
	D	\$ 1,314,238	\$ 1,314,238

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Fixed Capital Authorized and Uncompleted
Sewer Capital Fund
For the Year Ended December 31, 2020

Purpose	Ordinance		Balance	Authorizations	Decreased	Balance
	Date	Amount	12/31/19			12/31/20
Improvement and repairs to the sewer lines	10/03/17	\$ 90,000	\$ 90,000	\$ -	\$ -	\$ 90,000
Improvement and repairs to the sewer lines	03/17/20	60,000	-	60,000	-	60,000
			<u>\$ 90,000</u>	<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ 150,000</u>
	<u>Ref.</u>		D	D-23		D

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Appropriation Reserves
Sewer Operating Fund
For the Year Ended December 31, 2020

	Balance 12/31/19	Balance After Transfer	Expended	Balance Lapsed
Operating				
Salaries and wages	\$ 2,812	\$ 2,812	\$ -	\$ 2,812
Other expenses	9,414	9,780	9,772	8
Contribution to Milford Sewer	73,858	73,858	-	73,858
Statutory expenditures				
Contribution to Social Security system	682	682	-	682
	<u>\$ 86,766</u>	<u>\$ 87,132</u>	<u>\$ 9,772</u>	<u>\$ 77,360</u>
<u>Ref.</u>	D	Below	D-5	D-1
Appropriation reserve	D-14	\$ 86,766		
Reserve for encumbrance	D-15	366		
		<u>\$ 87,132</u>		
		Above		

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Reserve for Encumbrances
Sewer Operating Fund

Balance - December 31, 2019	<u>Ref.</u> D	\$ 366
Decreased by		
Transfer to appropriation reserves	D-14	<u>366</u>
Balance - December 31, 2020	D	<u><u>\$ -</u></u>

TOWNSHIP OF HOLLAND
Schedule of Sewer Rent Overpayments
Sewer Operating Fund

Balance - December 31, 2019	<u>Ref.</u> D	\$ 1,134
Increased by		
Overpayments received	D-7	<u>174</u>
		1,308
Decreased by		
Applied to 2020 sewer rents	D-10	<u>554</u>
Balance - December 31, 2020	D	<u><u>\$ 754</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Prepaid Sewer Rents
Sewer Operating Fund

	<u>Ref.</u>	
Balance - December 31, 2019	D	\$ 3,643
Increased by		
Prepayments received	D-7	<u>4,388</u>
		8,031
Decreased by		
Applied to consumer accounts receivable	D-10	<u>3,643</u>
Balance - December 31, 2020	D	<u><u>\$ 4,388</u></u>

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

	<u>Ref.</u>	
Balance - December 31, 2019	D	\$ 444
Increased by		
Current year budget charge	D-4	<u>1,550</u>
		1,994
Decreased by		
Interest paid	D-5	<u>1,994</u>
Balance - December 31, 2020	D	<u><u>\$ -</u></u>

See independent auditors' report.

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

	<u>Ref.</u>		
Balance - December 31, 2019	<u>D</u>		\$ -
Increased by			
Receipts	D-5	\$ 38,000	
Interest earned	D-5	<u>823</u>	
			<u>38,823</u>
			38,823
Decreased by			
Budget appropriation	D-21	38,000	
Disbursements	D-5	<u>823</u>	
			<u>38,823</u>
			38,823
Balance - December 31, 2020	D		<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Improvement Authorizations
Sewer Capital Fund

Improvement Description	Ordinance		12/31/19		2020	Paid or	Balance	12/31/20	
	Date	Amount	Funded	Unfunded	Authorization	Charged	Canceled	Funded	Unfunded
Improvement and repairs to the sewer lines	10/03/17	\$ 90,000	\$ 35,264	\$ -	\$ -	\$ -	\$ -	\$ 35,264	\$ -
Improvement and repairs to the sewer lines	03/17/20	60,000	-	-	60,000	-	-	60,000	-
			<u>\$ 35,264</u>	<u>\$ -</u>	<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,264</u>	<u>\$ -</u>
	<u>Ref.</u>		D	D	D-21			D	D

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Capital Improvement Fund
Sewer Capital Fund

	<u>Ref.</u>	
Balance - December 31, 2019	D	\$ 23,545
Increased by		
Current year budget appropriation	D-19	<u>38,000</u>
		61,545
Decreased by		
Current year improvement authorization	D-20	<u>60,000</u>
Balance - December 31, 2020	D	<u><u>\$ 1,545</u></u>

TOWNSHIP OF HOLLAND
Schedule of Reserve for Amortization
Sewer Capital Fund

	<u>Ref.</u>	
Balance - December 31, 2019	D	\$ 1,289,826
Increased by		
Current year budget appropriation	D-24	<u>100,000</u>
Balance - December 31, 2020	D	<u><u>\$ 1,389,826</u></u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Deferred Reserve for Amortization
For the Year Ended December 31, 2020
Sewer Capital Fund

<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance 12/31/19</u>	<u>Improvements Authorized in 12/31/20</u>	<u>Current Year Budget Appropriation</u>	<u>Balance 12/31/20</u>
Improvement and repairs to the sewer lines	10/03/17	\$ 90,000	\$ -	\$ -	\$ 90,000
Improvement and repairs to the sewer lines	03/17/20	-	60,000	-	60,000
		<u>\$ 90,000</u>	<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ 150,000</u>
	<u>Ref.</u>	D	D-13		D

See independent auditors' report.

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

<u>Improvement Description</u>	<u>Original Note</u>	<u>Date of</u>		<u>Interest</u>	<u>Balance</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u>
		<u>Issue</u>	<u>Maturity</u>					
Sewer purposes	10/23/14	10/10/19	10/09/20	2.000%	\$ 100,000	\$ -	\$ 100,000	\$ -
					<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ -</u>
				<u>Ref.</u>	D		D-22	D

See independent auditors' report.

TOWNSHIP OF HOLLAND

PART II

ADDITIONAL SCHEDULES

STATISTICAL DATA

INSURANCE SCHEDULE

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

	2020		2019	
	Amount	%	Amount	%
<u>Revenue and other Income Realized</u>				
Fund balance utilized	\$ 800,000	3.57	\$ 725,000	3.27
Miscellaneous - from other than local property tax levied	3,571,192	15.95	4,117,918	18.55
Collection of delinquent taxes and tax title liens	232,558	1.04	245,988	1.11
Collection of current tax levy	<u>17,786,188</u>	<u>79.44</u>	<u>17,106,003</u>	<u>77.07</u>
Total income	<u>22,389,938</u>	<u>100.00</u>	<u>22,194,909</u>	<u>100.00</u>
<u>Expenditures</u>				
Budget expenditures				
Municipal purposes	5,205,601	23.40	5,224,147	24.53
County taxes	2,617,459	11.77	2,588,688	12.16
Local school taxes	9,669,135	43.46	9,201,300	43.21
Regional school taxes	4,753,424	21.37	4,183,203	19.65
Other debits to income	<u>500</u>	<u>0.00</u>	<u>96,252</u>	<u>0.45</u>
Total expenditures	<u>22,246,119</u>	<u>100.00</u>	<u>21,293,590</u>	<u>100.00</u>
Regulatory excess to fund balance	143,819		901,319	
<u>Fund Balance</u>				
Fund balance - January 1,	<u>3,161,243</u>		<u>2,984,924</u>	
	3,305,062		3,886,243	
Less: utilization as anticipated revenue	<u>800,000</u>		<u>725,000</u>	
Fund balance - December 31,	<u>\$ 2,505,062</u>		<u>\$ 3,161,243</u>	

See independent auditors' report.

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

	2020		2019	
	Amount	%	Amount	%
<u>Revenue and other Income Realized</u>				
Fund balance utilized	\$ 70,000	10.02	\$ 50,000	7.33
Miscellaneous - from other than sewer service charges	82,476	11.81	76,900	11.27
Collection of sewer service charges	<u>545,802</u>	<u>78.17</u>	<u>555,396</u>	<u>81.40</u>
Total income	<u>698,278</u>	<u>100.00</u>	<u>682,296</u>	<u>100.00</u>
<u>Expenditures</u>				
Budget expenditures				
Operating	468,500	76.86	481,500	80.58
Capital improvements	38,000	6.23	10,000	1.67
Debt service	101,550	16.66	104,596	17.50
Deferred charges and statutory expenditures	<u>1,500</u>	<u>0.25</u>	<u>1,500</u>	<u>0.25</u>
Total expenditures	<u>609,550</u>	<u>100.00</u>	<u>597,596</u>	<u>100.00</u>
Regulatory excess to fund balance	88,728		84,700	
<u>Fund Balance</u>				
Fund balance - January 1,	<u>166,715</u>		<u>132,015</u>	
	255,443		216,715	
Less: utilization as anticipated revenue	<u>70,000</u>		<u>50,000</u>	
Fund balance - December 31,	<u>\$ 185,443</u>		<u>\$ 166,715</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	
2020	\$ 0.19	\$ 0.42	\$ 1.54	\$ 0.72	\$ 2.87
2019	0.19	0.41	1.47	0.67	2.74
2018	0.19	0.40	1.44	0.60	2.63
2017	0.19	0.39	1.43	0.64	2.65
2016	0.19	0.39	1.40	0.58	2.56
2015	0.19	0.39	1.40	0.58	2.56
2014*	0.09	0.39	1.37	0.61	2.46
2013	-	0.33	1.11	0.51	1.95
2012	-	0.35	1.08	0.52	1.95
2011	-	0.35	1.09	0.53	1.97

* 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
2020	\$ 629,102,042	\$ 692,919,971	90.79%
2019	625,896,115	677,890,301	92.33%
2018	626,706,636	668,986,588	93.68%
2017	626,987,136	661,057,714	94.85%
2016	628,568,401	659,360,538	95.33%
2015	628,414,718	660,724,128	95.11%
2014*	629,009,734	670,270,971	93.84%
2013	763,875,389	691,448,812	110.47%
2012	767,128,401	746,069,777	102.82%
2011	770,225,050	783,944,701	98.25%

* 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
2020	\$ 18,059,876	\$ 17,786,189	98.48%
2019	17,352,518	17,106,003	98.58%
2018	16,519,976	16,259,757	98.42%
2017	16,653,130	16,400,351	98.48%
2016	16,312,768	16,066,968	98.49%
2015	16,132,875	15,908,743	98.61%
2014	15,534,767	15,286,853	98.40%
2013	14,846,969	14,461,715	97.41%
2012	14,931,139	14,704,177	98.48%
2011	15,216,041	14,971,324	98.39%

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

See independent auditors' report.

TOWNSHIP OF HOLLAND
Statistical Data (continued)
(Unaudited)

ASSESSED VALUES DISTRIBUTION

Year	Vacant Land	Residential	Apartments	Commercial	Farmland	Industrial	Total Real Property
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 *	6,480,600	525,191,400	429,300	16,026,211	68,119,310	11,231,600	627,478,421
2015	6,975,500	524,687,600	429,300	15,119,411	68,466,590	11,231,600	626,910,001
2016	7,439,600	526,884,100	429,300	13,883,911	67,235,780	11,231,600	627,104,291
2017	8,046,300	527,053,100	429,300	14,136,311	65,405,630	10,448,100	625,518,741
2018	7,665,900	524,938,100	429,300	14,447,811	67,640,830	10,448,100	625,570,041
2019	7,302,800	524,979,900	429,300	14,458,811	67,152,730	10,448,100	624,771,641
2020	9,831,500	526,398,500	429,300	14,565,111	66,552,030	10,198,100	627,974,541

* 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
2011	\$ 365,631	\$ 222,757	\$ 588,388	3.87%
2012	373,879	176,231	550,110	3.68%
2013	91,392	228,425	319,817	2.15%
2014	91,392	246,952	338,344	2.18%
2015	91,392	216,132	307,524	1.91%
2016	91,392	217,730	309,122	1.89%
2017	91,392	231,399	322,791	1.94%
2018	104,975	233,702	338,677	2.05%
2019	98,431	233,060	331,491	1.91%
2020	101,748	231,720	333,468	1.85%

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>
2020	\$ 5,700
2019	5,700
2018	139,300
2017	139,300
2016	139,300
2015	194,300
2014	359,300
2013	424,300
2012	None
2011	None

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Dec. 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
Current fund	2020	\$ 2,505,062	\$ 900,000
	2019	3,161,243	800,000
	2018	2,984,924	725,000
	2017	2,647,758	695,000
	2016	2,313,298	700,000
	2015	2,060,853	700,000
	2014	2,019,743	695,000
	2013	2,681,841	1,346,453
	2012	3,621,364	1,807,654
	2011	4,698,234	1,884,883

See independent auditors' report.

TOWNSHIP OF HOLLAND
Statistical Data (continued)
(Unaudited)

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>December 31,</u>	<u>Amount</u>	<u>Utilized in Budget of Succeeding Year</u>
Sewer utility	2020	\$ 185,443	\$ 50,000
	2019	166,715	70,000
	2018	132,015	50,000
	2017	63,959	50,000
	2016	80,038	50,000
	2015	146,486	121,750
	2014	123,181	59,600
	2013	79,780	35,200
	2012	86,141	50,000
	2011	96,008	50,000

See independent auditors' report.

TOWNSHIP OF HOLLAND
Statistical Data
Debt Incurring Capacity as of December 31, 2020
(Unaudited)

Municipal

1.	Equalized valuations of real property (2020, 2019, 2018)	\$ 685,788,505
2.	Permitted municipal debt limitation (3.5% of \$685,788,505)	24,002,598
3.	Net debt issued, outstanding and authorized	-
4.	Excess school borrowing	-
5.	Total charges to borrowing margin	-
6.	Remaining municipal borrowing capacity	<u>\$ 24,002,598</u>

Local school district

1.	Permitted school district debt limitation (3.0% of \$685,788,505)	\$ 20,573,655
2.	Debt issued, outstanding and authorized	-
3.	Remaining municipal borrowing capacity	<u>\$ 20,573,655</u>

Gross & statutory net debt as of December 31,

Year	Gross Debt Amount	Statutory Net Debt	
		Amount	Percentage
2020	\$ -	\$ -	0.00%
2019	100,000	100,000	0.02%
2018	350,787	-	0.00%
2017	552,011	250,000	0.04%
2016	749,093	300,000	0.05%
2015	1,096,956	500,000	0.08%
2014	1,265,488	-	0.00%
2013	1,420,847	-	0.00%
2012	1,206,901	155,492	0.02%
2011	1,693,499	206,900	0.03%

See independent auditors' report.

TOWNSHIP OF HOLLAND
Statistical Data
Statement of Indebtedness as of December 31, 2020
(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		-	
Bonds and notes authorized but not issued		-	
		-	-
Local school district			
Bonds, notes and loans issued and outstanding			
Bonds		-	
Notes		-	
Bonds and notes authorized but not issued		-	
		-	-
Regional school district			
Bonds, notes and loans issued and outstanding			
Bonds		-	
Notes		-	
Bonds and notes authorized but not issued		-	
		-	-
Total gross debt			-
Statutory deductions			
Municipal		-	
Local school district		-	
Regional school district		-	
		-	-
Total net debt			\$ -
Overlapping debt as of December 31, 2020	<u>Debt</u>	<u>Estimated %</u>	
	<u>Outstanding</u>	<u>Applicable</u>	
Local school district debt	\$ -	100.00%	\$ -
Regional school district debt	-	28.75%	-
County debt	90,647,955	3.15%	2,856,863
Total overlapping debt			\$ 2,856,863

See independent auditors' report.

TOWNSHIP OF HOLLAND
Statistical Data
Statement of Indebtedness as of December 31, 2020 (continued)
(Unaudited)

	<u>Year</u>	<u>Assessed Valuation</u>	<u>Amount</u>
Gross debt			\$ -
Per capita (population 2010 census - 5,291)			-
Percent of average equalized valuation basis	2020	\$ 685,788,505	0.00%
Percent of net valuation taxable	2020	629,102,042	0.00%
Net municipal debt			-
Per capita (population 2010 census - 5,291)			-
Percent of average equalized valuation basis	2020	685,788,505	0.00%
Percent of net valuation taxable	2020	629,102,042	0.00%
Overall debt			2,856,863
Per capita (population 2010 census - 5,291)			558
Percent of average equalized valuation basis	2020	685,788,505	0.42%
Percent of net valuation taxable	2020	629,102,042	0.45%

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Insurance
For the Year Ended December 31, 2020 (Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
	Statutory	
General and auto liability - Statewide Insurance Fund	\$ 10,000,000	\$ -
Public officials liability - Statewide Insurance Fund	6,000,000	10,000
Police professional liability - Statewide Insurance Fund	10,000,000	-
Workers compensation - Statewide Insurance Fund	2,000,000	-
Package policy - Statewide Insurance Fund		
Property - building and contents (policy limit)	22,525,076	1,000
Excess general liability - Statewide Insurance Fund	5,000,000	-
Crime coverage - Statewide Insurance Fund		
Employee dishonesty	2,000,000	7,500
Surety bond - Selective Insurance		
Tax and Sewer collector	200,000	-

Adequacy of insurance coverage is the responsibility of the Municipality.

See independent auditors' report.

TOWNSHIP OF HOLLAND

PART III

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

**SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE
FINANCIAL ASSISTANCE**

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

SCHEDULE OF FINDINGS AND RESPONSES

LIST OF OFFICIALS

GENERAL COMMENTS

ACKNOWLEDGEMENTS



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, 2020 and 2019, and the related notes to the financial statements and have issued our report thereon dated August 4, 2021. 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.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Municipality's financial statements will not be prevented or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as item 2020-01 that we consider to be a significant deficiency.

Compliance and Other Matters

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

Response to Findings

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

Purpose of this Report

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



BKC, CPAs, PC



William M. Colantano
Certified Public Accountant
Registered Municipal Accountant

TOWNSHIP OF HOLLAND
Schedule of Expenditures of Federal Financial Assistance
For the Year Ended December 31, 2020

<u>Grant Award Program</u>	<u>Project Number</u>	<u>Award Amount</u>	<u>Grant Period</u>		<u>Balance 12/31/19</u>	<u>Receipts</u>	<u>Expended</u>	<u>Balance 12/31/20</u>
			<u>From</u>	<u>To</u>				
Passed-through from federal bureau of justice statistics								
National crime statistics exchange program through NJ Department of law and public safety	Not available	\$ 49,851		Ongoing	\$ (27,022)	-	-	\$ (27,022)
Total federal financial assistance					<u>\$ (27,022)</u>	<u>-</u>	<u>-</u>	<u>\$ (27,022)</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Expenditures of State and Local Financial Assistance
For the Year Ended December 31, 2020

Grant Award Program	Project Number	Award Amount	Grant Period		Balance 12/31/19	Receipts	Expended	Adjustment	Balance 12/31/20
			From	To					
State financial assistance									
Clean Communities Program	765-042-4900-004	\$ 18,413	01/01/19	12/31/19	\$ 992	\$ -	\$ 992	\$ -	\$ -
Clean Communities Program	765-042-4900-004	16,601	01/01/20	12/31/20	-	16,601	14,504	-	2,097
Stormwater management	Not available	3,750	01/01/05	12/31/05	416	-	416	-	-
Recycling tonnage grant	752-042-4900-001	2,239	01/01/20	12/31/20	-	2,239	2,239	-	-
NJ body armor	066-1020-718-001	1,046	01/01/19	12/31/19	699	-	-	-	699
NJ body armor	066-1020-718-001	1,088	01/01/20	12/31/20	-	1,088	-	-	1,088
Uniform fire code violations	Not available	375	01/01/08	12/31/08	375	-	375	-	-
Highlands grant second	Not available	174,100		Ongoing	(9,698)	-	10,635	-	(20,333)
Highlands grant special	Not available	25,000		Ongoing	(468)	-	-	-	(468)
Highlands grant amended plan confirmation	Not available	15,000		Ongoing	(15,000)	-	-	-	(15,000)
Highlands grant special	Not available	5,122		Ongoing	-	-	5,098	-	(5,098)
Highlands grant task 13	Not available	5,000		Ongoing	(4,242)	-	-	-	(4,242)
Small cities grant program	Not available	30,000	01/01/18	12/31/18	(15,000)	-	-	-	(15,000)
Green communities grant	Not available	3,000	01/01/19	12/31/19	-	3,000	3,000	-	-
Community forestry grant	Not available	10,000	01/01/19	12/31/19	-	-	-	-	-
NJ Dept. of Transportation aid - improvements to Bellis Road phase II	Not available	152,956	01/01/20	12/31/20	-	152,956	152,956	-	-
NJ Dept. of Transportation aid - improvements to Bellis Road phase III	Not available	150,000	01/01/20	12/31/20	-	112,500	131,447	-	(18,947)
NJ Dept. of Transportation aid - improvements to Mt. Joy Road	Not available	110,000	01/01/20	12/31/20	-	82,500	66,780	-	15,720
Total state financial assistance					<u>(41,926)</u>	<u>370,884</u>	<u>388,442</u>	<u>-</u>	<u>(59,484)</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Schedule of Expenditures of State and Local Financial Assistance
For the Year Ended December 31, 2020

Grant	Project Number	Award Amount	Grant Period		Balance 12/31/19	Receipts	Expended	Adjustment	Balance 12/31/20
			From	To					
Local financial assistance									
Historical Commission Grant	Not available	\$ 75,000	01/01/17	12/31/17	\$ (25,000)	\$ -		\$ -	\$ (25,000)
Historical Commission Grant	Not available	75,000	01/01/19	12/31/19	2,220	-	-	-	2,220
Hunterdon County Emergency Management 2013 EMMA	Not available	5,000	01/01/16	12/31/16	5,000	-	-	-	5,000
Hunterdon County Emergency Management grant	Not available	5,000	01/01/18	12/31/18	5,000	-	-	-	5,000
Total local financial assistance					<u>(12,780)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,780)</u>
Total state and local financial assistance					<u>\$ (54,706)</u>	<u>\$ 370,884</u>	<u>\$ 388,442</u>	<u>\$ -</u>	<u>\$ (72,264)</u>

See independent auditors' report.

TOWNSHIP OF HOLLAND
Notes to the Schedules of Expenditures of Federal, State, and Local Financial Assistance
For the Year Ended December 31, 2020

Note 1 - General

The accompanying Schedule of Expenditures of Federal Financial Assistance and Schedule of Expenditures of State and Local Financial Assistance (the Schedules) present the activity of all Federal, State and Local Financial Award Programs of the Township of Holland, County of Hunterdon, State of New Jersey (the Municipality) for the year ended December 31, 2020.

Note 2 - Basis of accounting

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

Note 3 - Relationship to the financial statements

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

Fund	State
General Capital Fund	\$ 351,183
Grant Fund	37,259
Total	\$ 388,442

Note 4 - Indirect costs

The Municipality has elected not to utilize the 10% de minimis indirect cost rate.

TOWNSHIP OF HOLLAND
Schedule of Findings and Responses

General Comments and Recommendations

Findings relating to the financial statements which are required to be reported in accordance with Generally Accepted Government Auditing Standards.

Finding 2020-01

Type: Internal control over financial reporting.

Criteria: The Municipality must submit all required documentation to various grantor agencies to facilitate the collection of funds for applicable projects.

Condition: The Municipality has not received funds for expenses incurred relating to the applicable projects.

Cause: Unknown

Effect: By not collecting the funds, the Municipality had to take an interfund loan from the current fund. Also, as more time elapses, there is an increased risk that the Municipality will be unable to collect the funds.

Recommendation: The Municipality should ensure that procedures are in place to collect the funds receivable for applicable projects.

Views of Responsible Officials and Planned Corrective Action (unaudited): The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Status of Prior Year's Audit Findings/Recommendations

There were no prior year findings or recommendations.

TOWNSHIP OF HOLLAND
List of Officials

Officials in Office and Surety Bonds

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

Name	Title
Daniel Bush	Mayor
Raymond Krov	Deputy Mayor
Lisa Pezzano-Mickey	Committeeperson
Robert Thurgarland	Committeeperson
Scott Wilhelm	Committeeperson

* * * * *

Name	Title
Catherine Miller	Municipal Clerk
Margaret Pasqua	Treasurer & Chief Financial Officer
Kris Boxwell	Tax and Sewer Collector
Michelle Trivigno	Assessor
Gebhardt and Kiefer	Attorney
Maser Consulting	Engineers and Planners

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

TOWNSHIP OF HOLLAND
General Comments
(Unaudited)

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

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

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

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

Maintenance Services	Road Improvements
Animal Control Services	Public Works Equipment
Recording System	Fire Fighting Equipment
Painting at Riegel Ridge Community Center	Telephone Lines
Information Technology Services	Finance Office Shared Services

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

Auditor	Engineer
Planning Consultants	Risk Consultant
Licensed Sewer Operator	Physician Services
Highlands and COAH Advisors	Municipal Attorney
Health Benefits Advisors	Land Surveying Services
Municipal Prosecutor	Public Defender
Joint Municipal Court	

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

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

TOWNSHIP OF HOLLAND
General Comments
(Unaudited)

Collection of Interest on Delinquent Taxes and Assessments

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

On January 7, 2020, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

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

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

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

Delinquent Taxes and Tax Title Liens

A tax sale was held in the year 2020 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>
2020	6
2019	3
2018	2

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

TOWNSHIP OF HOLLAND
Acknowledgements

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

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



BKC, CPAs, PC



William M. Colantano, Jr.
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